

**THE ORIGINS OF ECONOMIC INEQUALITY BETWEEN NATIONS: AN
HISTORICAL SYNTHESIS OF WESTERN THEORIES ON DEVELOPMENT AND
UNDERDEVELOPMENT**

PHD THESIS

**Submitted in partial fulfilment of the requirements for the
degree of Doctor of Philosophy.**

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November 1989

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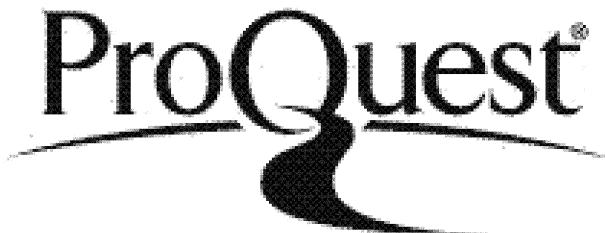


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ABSTRACT

This dissertation examines Western views on the relations between the West and the rest of the world in order to discover explanations for the origins of the economic inequalities between nations as manifested in the contemporary division between the developed and the underdeveloped countries. This research is focussed on three distinct chronological and intellectual phases: 1) "perception of differences" (from classical Antiquity to the 18th century); 2) Eurocentrism and the anti-imperialist reaction (19th century and up to World War II); and 3) capitalist "developmentalism" and the Marxist general theory of economic imperialism (after WWII). The first two phases trace the sources and the evolution of the concepts underlying the theories analysed in the third part, which is the principal and most extensive of the three. The third phase also includes an investigation of the most recent reactions within the developmentalist and the Marxist camps against, respectively, the so-called orthodoxy of development economics and dependency theory. It synthesizes contemporary research on the development of West European capitalism insofar as it sheds light on long-term influences on the appearance of underdevelopment. Aside from the systematic discussion and criticism of the theories themselves, the research yields a "unified field" approach to the problems and issues of underdevelopment, and it further allows a summatory evaluation of the general question of the possibilities of over-all Third World economic development.

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ABBREVIATIONS

AMP	=	Asiatic Mode of Production
GNP	=	Gross National Product
ISI	=	Import-substitution industrialization
LDC	=	Less developed country
MOP	=	Mode of production
NBTT	=	Net Barter Terms of Trade
NIC	=	Newly industrializing country
NIEO	=	New International Economic Order
OECD	=	Organisation for Economic Co-operation and Development
OPEC	=	Organisation of Petroleum Exporting Countries
UNO	=	United Nations Organisation
UNCTAD	=	United Nations Conference for Trade and Development
US or USA	=	United States of America
USSR	=	Union of Soviet Socialist Republics
WW1 and 2	=	World Wars I and II

INTRODUCTION

The main purpose of this dissertation is the search for theories and explanations on the origins of the economic inequality between nations. Inherent to this search was the contemporary concept of underdevelopment, and this led to focussing on successive Western "systems of conceptualization" on the relations between the West and the rest of the world, which in turn determined the chronological structure and the final form of the dissertation.

It is divided into five chapters: the first two, which refer summarily to pre-19th century Western cultural relativism and to 19th-century Eurocentrism, are mainly devoted to the Marx/Engels theory of the Asiatic mode of production and its repercussions and to the anti-imperialist reaction against Eurocentrism, initiated and inspired by the theoretical synthesis of J.A. Hobson; and the last three, which cover the post-WW2 era, principally concern the birth and evolution of development studies and the different versions of the contemporary theory of economic imperialism or dependency theory.

Chapter 1 introduces the concept of perception of differences to define the dominant Western intercultural perception, going back to the Classical Greek cradle of European culture. Perception of differences engendered principally environmental theories to explain cultural diversity, although "ordinary" ethnocentricity was not absent from Western attitudes and it was best expressed in the valorative, political concept of Oriental or Asiatic despotism. From conceptual threads antedating the 19th century and with the active collaboration and support of F.Engels, K.Marx proposed the Asiatic mode of production in the context of his theory of historical stages to account for Asian, principally Indian, economic stagnation. The AMP was complementary to the Marxist idea that capitalism was a relatively progressive MOP and that it could be transplanted to pre-capitalist societies. These tendencies in Marx's thought were carried to self-defeating extremes by

K.Wittfogel and B.Warren. At the end of chapter 1, we especially stress the importance of the theory of the environmental influence on economic performance.

Perception of differences and cultural relativism came a cropper with the rise of Western Europe to economic world hegemony significantly during the 18th century and decisively during the 19th century. In chapter 2, we explore briefly the implications of Eurocentrism as a tentative explanation of intercultural inequalities, as perceived from a strictly Western optic. Eurocentrism is grounded on the complementary ideas of racism and social Darwinism, but it is mainly a tautological affirmation of superiority, and as such it provoked a strong critical reaction in anti-imperialism and the specific theory of economic imperialism. This theory was virtually pre-empted by Marxist thinkers, who elaborated revolutionary theses based upon on it and on Marxist concepts. neither as Hobson expressed it nor in its Marxist formulations, however, was it very convincing in explaining the concrete process of late-19th century colonialist world expansion, mainly expressed in the European scramble for Africa. Economic imperialism became a communist political slogan and banner after the Bolshevik revolution in the deliberations, activities, and congresses of the Comintern, the Third Communist International, which fulfilled an influential bridging role between the specific theory of economic imperialism and the general theory elaborated after WW2 and known as dependency theory. In Europe and at approximately the same time as the anti-imperialist reaction, the process of the development of Western capitalism, perceived without the double intellectual stigmas of racism and social Darwinism, became a legitimate subject of research, and this has led in our times to an interesting and productive path in the exploration of international economic inequality.

Social Darwinism and racism, as the basic ideological components of Eurocentrism, were discredited by two world wars, one catastrophic world economic depression, and the

brutal excesses of Nazism. After WW2, there was a rapid acceptance in the West of the tendency to perceive the capitalist world as divided by economic rather than cultural or political inequalities. The expression of this attitude is best discovered in the concept of underdevelopment, which is the cornerstone of the academic discipline of development economics. Chapter 3 seeks out the origins and traces the evolution of development economics and of development studies in general. In order to do this, it places the Western concern with underdevelopment and economic development in its necessary post-war historical context. It divides the process of development studies into various chronological stages embodying increasing degrees of disenchantment. On the question of the origins of international economic inequality, "Western" development studies exhibit a tendency towards moderate and rational Eurocentrism through an artificially ahistorical attitude which posits the endogenous causation of economic backwardness. Even though development economics was to a significant degree a Western capitalist strategy to combat revolutionary subversion in underdeveloped countries, it had been adumbrated in those countries before its formal configuration and furthermore theorists from those countries were influential during the period of gestation and all along the historical process of developmentalism, as the doctrine of development economics can be legitimately termed.

Chapter 4 has a necessarily contrapuntal relation to the previous chapter. Just as development studies were begotten as a humane, enlightened form of Eurocentrism in relation to underdevelopment, so dependency theory was the Marxist approach to Third World issues as derivation from the Marxist versions of the specific theory of economic imperialism. However, unlike development studies, where one can perceive a straightforward ideological trunk, Marxist theory presents complicated problems of classification. The concept itself of dependency has a long and ambiguous

semantical history having been employed at different times and in different contexts to signify either total colonialist subjection or a status involving considerable margin for political action. Likewise, dependency theory has different, sometimes self-contradictory, avatars, and insofar as it postulates a structural view of economic retardation, it goes against the grain of the Marxist notion of the expansion and progressive impact of international capitalism. However, dependency theory, which can within reason be traced originally to the Russo-American economist P.A. Baran, is the paradigm for theories on the origins of international economic inequality in that it deliberately and purposively tackles the issues involved and actually proposes long-term historical explanations of economic backwardness. Perhaps more even than orthodox developmental doctrine, dependency theory was wholeheartedly adopted by Third World ideologues because it seemed to respond ideally to Third World queries and, possibly also, to Third World insecurities.

Developmentalism and dependency theory are fundamentally incompatible even when they seem to converge on certain policy issues concerning Third World economies. In addition, both developmentalism and dependency theory came under fire almost from their beginnings from critics within their own political camps, that is, developmentalists from capitalist critics and dependency theorists from Marxist critics. These diverse areas of discrepancy and debate came to a head during the 70s and they resulted in what we have termed in chapter 4 as the "overthrow of the orthodoxies". This chapter describes the different debates involving developmentalism and dependency theory. It also attempts a general critique of dependency theory. It does a brief survey of the Western alternatives to developmental doctrine. The chapter closes with considerations on long-view historical research into the development of the West, which, on the issue of comparative non-Western economic retardation, ironically leads back to two fundamental pre-

19th century concepts associated with perception of differences: the concept of environmental causation or influence and the concept of political despotism.

The conclusion very briefly classifies and surveys the principal explanations advanced in the thesis on the origins of international economic inequality and it deduces that nothing in them precludes the possibility of achieving a reasonable degree of economic development for today's Third World.

As the thesis unfolds, it attempts and hopefully achieves various objectives. The primary one is establishing the validity of the concept itself of theories on the origins of the economic inequality between nations. The foundation for this claim is the parallel and often interwoven ideological histories of developmentalism and dependency theory. Notwithstanding their radical antagonism, their field of action is the same. However, they are not to deal with conjointly in the literature, and that is something we have tried to do on the basis of the idea of the origins of international economic inequality. In doing this, we have also gone back to search for the original, and in some cases, the genuine sources for those theories, which again is not a subject that the literature usually undertakes in more than a summarist or casual fashion. The thesis offers clarifications on the use of concepts and terms, some of which we anticipate in this introduction, and in particular, it presents a "taxonomy" of the theories involved in the Western concern with the issues of international economic inequality. Last but not least, at a juncture in time when the orthodoxies of developmentalism and dependency seem to have virtually run out to steam, the thesis proposes a rational and plausible analytical approach to this development and it provides a brief and direct but not uncritical analysis of the alternatives to those orthodoxies.

The question of a priori definitions is crucial in a dissertation dealing mainly in ideas and their evolution.

Certain concepts and some omissions from the start require and are susceptible to definition and justification. "International economic inequality" refers to the economic differences between the advanced capitalist nations and the vast, heterogenous intercontinental bloc of the "capitalist" underdeveloped countries, and not to issues of inequality between the capitalist and the communist blocs, or within the communist world itself. Underdevelopment is conventionally defined in per capita income terms, as in the accompanying per capita GNP international statistical pyramid. (Table 1) The dissertation does not specifically deal with the complications involved in the concepts of human equality and inequality in general. It assumes equality for all peoples, by which we mean that any human group, whether nation or race, is capable of the highest achievements (conventionally defined) attained by any single one of them.

Two significant deliberate omissions from the text merit consideration: the anthropological concept of culture and the so-called communist world. The principal reason why anthropology is not considered as such in this dissertation on theories on international economic inequality, has to do with the fact that its two contributions to the subject: environmental theory and the concept itself of culture, are not original, and all anthropology does--in this specific connection, we must underline--is reinforce or document ideas proposed or elaborated in other fields of study, and these ideas are subsumed in the thesis in the explorations of disciplines and schools of thought that make higher cultures, nations, and blocs of nations their subject in a way that anthropology does not. The exclusion of communist nations can be justified on two grounds: 1) the relative inapplicability to them of the theories defined and studied here, and 2) the *prima facie* special character of the problems of inequality within the "communist world".

To close this "Preface", we shall offer two useful comments on terminology. In dealing with the relations

TABLE 1

THE PER CAPITA GNP PYRAMID (exc. Communist countries)

Countries with GNP/P of over \$12,000 (exc. OPEC)	5
Countries with GNP/P between \$6,000 and \$11,999 (exc. OPEC; inc. Hong Kong, Singapore, and Trinidad and Tobago)	15
Countries with GNP/P between \$1,500 and \$5,999 (inc. OPEC, Spain, Ireland, Israel, Greece, South Africa and Yugoslavia)	19
Countries with GNP/P between \$500 and \$1,499 (inc. OPEC)	24
Countries with GNP/P between \$120 and \$499	28

Over \$12,000

Between \$6000 and \$11,999

Between \$1500 and \$5,999

Between \$500 and \$1499

Between \$120 and \$499

Source: World Development Report 1985

between the advanced capitalist countries and the rest of the world a considerable degree of ambiguity often insinuates itself into the use of the related concepts of colonization, colonialism, imperialism, and economic imperialism, a problem which is further complicated by the elevation in our days of the idea of dependence to the rank of a theory related to all the previous concepts. Colonization is the least problematical of the lot as it has the relatively unambiguous sense of the peopling or settling of "new" lands and there exists besides the verb "to colonialize" in the sense of converting nations and societies into colonies. Since to justify our decisions on usages would mean going into another lengthy essay, and since they have the sanction of wide acceptance anyway, we shall simply state that by colonialism--always in context, in this case as in all the others--we refer to the practices of Western powers in colonialized lands since the beginning of European overseas expansion in the 15th century. We realize, of course, that England colonialized Ireland in the 17th century, that the Hapsburgs and the Ottomans colonialized the Balkans, and that Russia colonialized central Asia, but, since for reasons beyond our choosing, most Western theory on colonialism deals only marginally with these historical expressions of colonialism, we must insist on our reference to Western overseas or intercontinental colonialist expansion, although we do not incline to apply the term colonialism to the former British colonies of settlement, including the Atlantic seaboard colonies of North America, which are colonies in the Greek sense, perhaps in the purest sense, of colonized territories. Over and above the use of "imperialism" and "imperialist" to designate late-19th century European colonialist expansion, we prefer the perfectly legitimate academic term "economic imperialism", which, however, we employ at times--in accordance with a line of argumentation clearly expounded in the thesis--in the same sense as

colonialism. We accept the standard definition of informal imperialism, but always with the economic connotation.

Finally, we use the terms "peoples" and "nations" interchangeably, but not extensively to "tribes" or "savages", and the concepts of "higher cultures", "hochkulturen", and "civilizations" as denoting the same formal reality, preferring the first two over "civilizations", which despite or because of the affinity for it of French authors, such as F. Braudel, and of world historians, such as A. Toynbee, reverberates with a solemnity that does not seem to accord with banausic yet rock-solid economic continuities.

CHAPTER 1

**PERCEPTION OF DIFFERENCES, EUROCENTRISM, AND MARX'S ASIATIC
MODE OF PRODUCTION**

During most of recorded history humanity at any one time has been divided into a scattering of high cultures which competed or warred on their frontiers or when probing the interstices between them by sea or by land but which mostly kept to themselves in self-complacent if struggle-ridden isolation until the 15th century A.D., when the overall pattern started to crack under the weight of European expansion. Nevertheless, up to the 18th century Europe could not claim to be more than a *primus inter pares* with a towering but subjective sense of its own superiority. This had changed dramatically by the middle of the 19th century: Europe by then could not only back its pretensions to superiority with a string of conquests and armed feats stretching to the coast of China and the ramparts of Edo: it could and did arrogate to itself the condition of being the civilization *par excellence*. The matrix which gives form to the capitalist world system in our time became possible with the virtual completion of the process of world integration by the West towards the end of the 19th century. Western capitalist civilization had conquered the world and was imposing its values and mores on it. This was indeed the culmination of its ascent to absolute superiority. Even as it got there, though, it was already under fire from within itself and early into the 20th century it hived off what in Toynbeeian terms is a related but antagonistic revolutionary society in Russia. At the same time Western supremacy was being resented, resisted, and sometimes fought in subject and dependent lands. In the aftermath of World War II, Western ethnocentrism had blended with the wider concept of economic development in the specific form of industrialization, and the rest of the world--with the exception of Japan and of the communist bloc--was being categorized under the general concept of underdevelopment. Development and underdevelopment, like world integration and the world capitalist matrix, are coterminous and mutually reinforcing, in fact, two sides of the same world historical

process which seems to have been leading towards a synthesis of complex disparities.

The process had its beginning in the dawn of Classical Greece, around the 6th century B.C., when the first of an unbroken series of European cultural formations became intensely aware of the wider world around it. The Greeks themselves were a divided nation neighbouring on older if fragile empires. Greek Asia Minor was conquered by Persian satraps and on two occasions Greece itself almost succumbed to Persian invasion. The Greeks were hardly in a position to press claims of absolute superiority over other cultures and what they in effect perceived were the marked differences that separated their own politically disjointed culture from those of other nations. This "perception of differences" was to become the fundamental leit-motif in Western attitudes towards alien cultures until the onset of unchallenged Eurocentrism--the idea of the exceptionality and absolute superiority of Western civilization--in the 19th century. The fundamental reason for the durability of this outlook in the West was the same as in ancient Greece: where there are no clear victors, there can hardly be loud boasting. Perception of differences, however, was in no way incompatible with what for lack of a better designation can be called normal ethnocentricity--the collective self-esteem which is part and parcel of every culture--and if the Greeks despite their vulnerability never renounced their claims to superiority, it is hardly surprising that this was also a constant parallel theme to perception of differences in Western civilization. In fact, the Western perception of differences emerges over a background cacophony of blasting and blustering only because of the clarity of its timbre and the force of its logic. Perception of differences led directly to environmental theory, which affirms that human beings are influenced crucially if not actually determined by the physical world around them, and environmental or climatic theory held good in the West for the explanation of the intercultural perception of differences until it was

superseded by the more gratifying and self-righteous notion of its own material and moral superiority. The point that should be emphasized is that the environment and the notion that it influenced human groups decisively was the one idea that was shared almost universally by intercultural observers and theorists in Europe during the long epoch of the perception of differences. When with increasing frequency during the 18th century and indubitably during the 19th, the West categorised all cultures into superior and inferior, reserving for itself the former category, the environmental hypothesis lost a good deal of its relevance, just as in our times, when economic development became the basic module for international comparisons, the superior/inferior dichotomy fell into disrepute in deference to the idea and the desideratum of potential human equality.

ENVIRONMENT AND DESPOTISM

The general environmental hypothesis traces social behaviour patterns and modes of thinking to the physical conditions in which people live, specifically climate, soil and geography. A further, subordinate extension of this proposition contemplates the influence of the stars on human behaviour, and constitutes the basic principle of astrology, which however is a mostly discredited branch of the theory. From this general point of view, the effects of the environment are pervasive: they extend to physical, intellectual, and moral qualities, and through these, affect politics, society, and history. Environmental thinking of this sort is both materialist and fatalist, for it is grounded on the efficacy of the palpable: given one sort of climate, you obtain certain precise moral qualities, although there exists some ambiguity as to whether climate imprints them indelibly or coaxes them out from people circumstantially. Again, no human community can escape the impact of its milieu and people are collectively determined by it, yet, for one thing, physical circumstances do not entirely cancel out individual free will, thus making moral judgement possible, and for another, within the purview of

this theory it is often possible to modify that impact through wise choice in legislating. Although environmental theory stems from the historical occurrence of intercultural contacts, and therefore, is probably polygenetic, self-perpetuating, and self-reinforcing, it is also true that the strands of the theory that Classical Greece first spun and wove together have been influential, and sometimes decisive, throughout the intellectual history of the West. In the writings of Montesquieu can be found both the most intricately deterministic statement of the environmental hypothesis, and its most forthright limitation through the agency of human design, although it is not humanity freely shaping and modelling itself but observing and using the effects of the environment to its own ends. Human beings, in his view, can not make themselves. They can, however, legislate for their own good against the vices that nature cossets in them, as S. Bolivar, perhaps Montesquieu's most distinguished pupil, proposed to the Congress of Angostura, Venezuela, in 1820.¹

If the theory of environmental determinism can be said to be the ideal intellectual instantiation of pre-19th century Western perceptions of cultural difference and cultural relativism, the concomitant and associated idea of political despotism probably best manifests the tendency towards forthright Western ethnocentricity. Montesquieu established the classical connection between the two with his speculations on the origins of despotism in the central Asian steppes--a concept so beguiling that the contemporary economic historian E.L. Jones has made it the core of his own disquisitions on the origins of inequality--, but the association between environment and Asian despotism goes as far back as Hippocrates, the Greek father of environmental theory, and the historian Herodotus. In post-Renaissance European thought the concept of Asiatic despotism became as firmly entrenched as the linkage between nobiliary feudal privileges and Western political forms, and the juxtaposition environment/despoticism, even though these are

independent intellectual strands, is frequent in the literature on intercultural comparisons. An observer such as the 17th century French physician and traveller F. Bernier, who wrote an influential chronicle on Mughal India, cannot justifiably be excluded from the wide unbroken stream of Western authors who used climate to explain cultural traits, usually with a bias in favour of their own civilization. In any event, by the time A. Smith wrote his The Wealth of Nations (1776), and established therein a correlation between Asiatic governments and the maintenance of public, specifically hydraulic, works for the benefit of agriculture, all the elements were in place for an enquiry on the origins of the West's economic advance over all other cultures, once the evidence for this happening had become manifest and indisputable. (Table 2) But before any serious work on the subject could proceed, the West itself went through a prolonged intellectual phase of hubris and intense self-admiration.²

Despite the often explicit, but by no means unanimous, pre-19th century Western denunciations of Oriental or Asian despotism as a form of governance, despotism itself did not necessarily connote weakness and in reality despotic empires like the Ottoman were not up for easy grabs by Europe even at the start of the 19th century. By then, however, India had succumbed to British Power and J. Mill's celebrated History of British India (1816), in which Indian backwardness is confidently related to the deficiencies of its legal practices, manifested an assertive tone of absolute contempt. The idea that India was afflicted with both lawlessness and despotic excess had been advanced already by Bernier, who unlike Mill had actually been there, but in the pen of the British historian this perception is besmirched by vitriol and it stands as a monumental testimony not to its intrinsic scholarly achievements but on the historical circumstances in which it was written. What can be said unequivocally is that when Mill wrote on India the world balance of strength had been altered radically in

favour of Europe and the case for Eurocentrism was in the way of obtaining a plea of *nolo contendere* from any rival outlook in the West on non-Western cultures. It is not unfair to say that the change from perception of differences to outright Eurocentrism was gradual, determined by events that seemed to occur in slow motion, but that, if the kernel of Eurocentrism was imbedded in the nebulous start of the process, the historical events that gave it definite sanction were probably lagging in respect to the European perception of its own superiority. By the time of the Opium Wars and probably long before them, the change to the unchallengeable Eurocentric vision had already been accomplished. In Goethe and Hegel, in whom Eurocentrism is perhaps less ordinary and less contemptuous than in Mill, this attitude has the disheartening plangency of a curtailing of reason and yet it was as unavoidable as doom. It was the 18th century that consecrated the triumph of Eurocentrism with the accumulated evidence of centuries of European travels, commerce, exploitation, and conquest. The 19th century added the inflexion of self-righteousness and disdain. But what exactly is Eurocentrism?³

EUROCENTRISM: RACISM PLUS SOCIAL DARWINISM

The combination of Western ethnocentricity and Western material advantages over other cultures--expressed in economic, military, and, political terms--, engendered the cultural attitude which is known as Eurocentrism. In one sense, Eurocentrism is a circular and self-justifying affirmation of absolute cultural superiority. It has no other foundation than strength and the "rights" of conquest. In another, however, it is grounded on two signal intellectual manifestations of 19th century Western thought: racism and social darwinism, both again founded in part on the evidence of Western progress and Western expansionism, but with at least the semblance of rational justification. In this particular sense, Eurocentrism would qualify as a legitimate theory on the origins of intercultural and

TABLE 2

MAJOR WESTERN HISTORICAL SOURCES FOR THE
DEFINITION OF ORIENTAL DESPOTISM

State property of land	B3, M2
Lack of juridical restraint	B1, B3, M2
Religious substitution for law	M2
Absence of hereditary nobility	M1, B2, M2
Servile Social Equality	M2, H
Isolated village communities	H
Public hydraulic works	S, M2
Torrid climatic environment	M2, M3
Historical immutability	M2, H, M3

Key: B1 = J.Bodin; B2 = F.Bacon; B3 = F.Bernier;
H = Hegel; M1 = Machiavelli; M2 = Montesquieu;
M3 = J.Mill; S = A.Smith

Source: P.Anderson, The Lineages of the Absolutist States (p. 472)

international inequalities if it were not for its implicit proviso that equality, or some relativistic cultural definition of equality, is simply inconceivable, and where there is nothing to explain there can hardly subsist the need to explain. Finally, and perhaps most significantly over the long-haul, Eurocentrism embodies the universal creed of modernization and material progress. But this perception is something that the world has come to accept as gradually the more invidious aspects of Eurocentrism have fallen by the wayside of history.⁴

Racism offers at least two handholds for analysis, although the subject is admittedly too complex for facile summarization. There is racist thinking, which is a reflexive and patterned way of reacting to ordinary social relations, events, and processes. It can be found in association with normal ethnocentricity, and there probably does not exist a culture that has not indulged in it in one way or another. Western racial thinking, which derived a great deal of its strength and influence from slavery and slave trafficking, spread on the back of Western world hegemony and Western conquest, and thus became a force that far transcended the bounds of Western civilization. Racial thought and racial discrimination in the West--excluding, of course, certain notorious and isolated instances--no longer count with legal or overt social sanctions, and although by no stretch of the imagination can they be said to have disappeared, at least they are no longer as respectable as they once were. Doctrinaire racism, which for the sake of brevity can be identified with pseudo-scientific theories and world-historical interpretations that flourished in the 19th century and survived in etiolated or aberrant forms into the 20th century, crumbled from the lack of solid scientific foundations and from the revulsion of humankind at the excesses that it nurtured and fostered. Social Darwinism was perhaps marginally less intellectually inviable than racism, although the indefeasible symbiosis between them virtually assured that it could not prosper or

even subsist without racism. To put it in a nutshell, and as G. Lichtheim expressed it, social Darwinism is the proposition that the weak deserve their fate. It is founded on the ideas of the pervasiveness of struggle and of the survival of the best and fittest. It was a going proposition before the irruption of Darwin's biological theories, but it gained considerable momentum from them, principally from their adaptation to social theory by H. Spencer although not insignificantly from Darwin's own speculations on the ancestry of humanity. Social Darwinism developed two distinct branches: a social branch, which had a conservative tinge but became really influential only with the elaboration of the theory of Eugenics by F. Galton and K. Pearson, and an international branch, which was almost spontaneously incorporated into imperialist theory and doctrine. In considering the relevance of racism and social Darwinism to Eurocentrism, it is not inaccurate or unreasonable to posit that if racism was the invariant motif throughout the 19th century in all manifestations involving intercultural and international relations, then social Darwinism provided the intellectual mechanics or dialectics whereby racism was employed to proclaim Western superiority. Unlike racism, which had a deep anchorage in cultural prejudice, not to speak of human psychology, social Darwinism died of almost instant death in the indecisive and self-destructive carnage of WW1.⁵

As can be gathered from our reference to J. Mill, the prevalence of Eurocentrism concomitant with Western world hegemony did not signal the demise of the theories that had been used in more relativistic times to explain cultural differences, but there were important changes. What in Montesquieu and many other authors, had been a theory on environmental influence, in a 19th century writer and traveller like E.W. Lane it had become an intellectual reflex to categorize backwardness. The consciousness of the inferiority of non-Western cultures was just as automatic a response, and it overshadowed the importance of environment

as a cultural determinant. The superiority of Western civilization, which was considered to be the result of more than sheer materialism, stood out so clearly that mere climate could hardly explain it; and when the environment did come up as a significant part of theory it had a very definite discriminatory rather than explanatory function. Apart from its inherent inconsistencies and logical failures, which were there, of course, before the 19th century, climatic theory ultimately had reached the end of its useful life in a predominantly Eurocentric context. It sounded superfluous when speculations revolved around the loci of race and social Darwinism, mission civilisatrice and manifest destiny. However, the environmental hypothesis was too powerful to disappear altogether, and come back it did before long. It returned in the challenge/response version in a world historical context, rather than in the vague geographic mould it was cast into before due to the limited scope of knowledge. And especially it returned in the developmentalist post-WW2 awareness that unequal economic development had somehow to do with the differences between the torrid and the temperate latitudes.⁶

The qualification of inferiority implied in the concept of Asiatic despotism did not necessarily indicate hopeless or eternal stagnation, and it is in this spirit that J.S.Mill wrote the following in 1859: "Despotism is a legitimate mode of government in dealing with barbarians, provided the end be their improvement, and the means justified by actually affecting their end. Liberty, as a principle, has no application to any state of things anterior to the time when mankind have become capable of being improved by free and equal discussion. Until then there is nothing for them but implicit obedience to an Akbar or a Charlemagne, if they are so fortunate as to find one". This was consistent with the interpretation that his father, J.Mill, put on Indian history and society, and it was part of the utilitarian programme for the reformation and progress of India. It was on a vision of despotism not

unlike this one that K. Marx and F. Engels founded their theoretical explanation of non-Western economic backwardness, which was the most rational and fecund 19th century elaboration of this type. Although imbued with an outspokenly Eurocentric outlook, Marx and Engels were also sincerely and passionately partisans of the idea of human equality. In less guarded moments, Marx occasionally indulged in racial and cultural slurs--and Engels once at least in print--, but they were never guilty of the catalogues of insults and derogations that apologists of colonialism were wont to prepare in their times about non-European nations and peoples. Marx's Eurocentrism had strictly to do with the fact that the objects of his research and observation were European history and European society. On the other hand, Marx never lost an opportunity to castigate colonialism and to express his support and admiration for nations who resisted European encroachment. Despite his belief that Europe had achieved a superior stage of economic development, he had no patience with all the cant about its civilizing function and its moral and religious duties. And in the final balance of his work, he could even be ambiguous about the universal validity of the West European historical model of socio-economic development.⁷

MARX, ENGELS, AND THE AMP

Between Marx and Engels there arose in the 1850s the rudiments of a theory to explain why Asia never produced capitalism and why it seemed to lag so pathetically behind Europe in economic achievement. Marx in particular was influenced in his attitude towards India by Hegel's dour Eurocentrism. In a crucial interchange of letters, Marx suggested to Engels the idea, which he had culled from Bernier, that economic initiative in India had been stifled by the absence of legal private property, and Engels replied by suggesting that the right of private ownership might have been surrendered in exchange for the state's supreme role as builder and administrator of waterworks for agriculture,

which were vital in climates of unreliable hydrography. With these notions, all of which pre-dated the 19th century, Marx outlined what he termed the Asiatic Mode of Production (AMP) and incorporated this concept into various versions of his theory on historical and socio-economic stages. There does not exist one consistent or canonical definition of the Marxist AMP, but in general it can be said that it is predicated on a blending of the ideas of environmental determinism and of Oriental despotism, and that it manifested itself ideally in the British colonialist perception of Indian society as composed principally of myriad self-sufficient and immutable village communities in which the collective or communal ownership of land was paramount and over which all-powerful monarchs exercised absolute bureaucratic sway and appropriated by force the totality of potentially reproducible surplus, the sine qua non of economic progress. The AMP was then a construct specifically devised to give a rational and materialist explanation for the lack of capitalist development in Asia through the absence of individual enterprise in the void created by precarious or non-existent private ownership. If from nowhere else, you could derive form this sequence of ideas that Marx and Engels considered that capitalism was an engine of historical progress and that its functioning depended on private initiative. Marx's and Engels' use of notions from the time of perception of differences in a rigorously and justifiably Eurocentric context resulted in the first objective, non-parochial, non-superioristic attempt to build a theory on the origins of economic inequality among cultures. The asynchronous blending of outlook and concepts was not however the only potentially conflictual aspect of this elaboration, and the AMP was destined to become a notorious bone of contention among future Marxists. Its formulators themselves never felt totally comfortable with it and it is widely thought that they had a change of heart about it.⁸

The nub of the conflict had to do with the dynamic conception of history that Marx had taken from Hegel and modified to suit his materialist philosophy. Hegel believed that ideas ruled matter; Marx, that material needs and conflicts determined events; both accepted that history was motion and change, and this was of the essence, even more so in Marx than in Hegel. In the realm of ideas, immobility was conceivable, and therefore, Hegel could claim that Asian societies were without history, without progress. The only negation of this proposition that he could have feared would have had to come from the facts and the facts were amenable, docile, for they spelled out one thing and one thing alone: European progress and European supremacy in the face of Asiatic stagnation and irrationality. But a materialist, committed as he had to be to equality of causes and laws, could hardly accept immobility as a valid universal historical principle, and that in effect was what Marx was doing in postulating, with Engels' connivance, an immutable, time-heavy, and politically infantile AMP.⁹

IMPLICATIONS AND CRITIQUES OF THE AMP

I. Habib has countered pour l'honneur of Marxism the two most controversial and damaging implications of the AMP: that the Indian economy before British colonial rule was immobile and that colonialism in India, all things considered, was progressive. His refutations are based on Marx's ambiguous attitude towards colonialism and on his own researches into Mughal economic history. They also hew strictly to Marxist methodological assumptions on socio-historical analysis. Habib does not pretend to demonstrate that pre-colonial Indian society was advancing towards capitalism, but he does try to show that it was dynamic rather than static in that it had experienced changes in its socio-economic organization before the imposition of British political supremacy. Conversely, he has no doubts about the pernicious effects of colonialism, and in this connection he espouses the thesis, convincingly propounded by other Marxists, that Marx evolved from his Eurocentric stance of

the 1850s towards a stance of anti-colonialism and of rejection of the unqualified idea that the capitalist destruction of pre-capitalist agrarian structures was necessary and inevitable. The latter attitude belongs to a phase towards the end of Marx's life during which he was influenced by Russian Narodnist ideas, although it cannot be affirmed unreservedly that Marx accepted those ideas as being more than specifically applicable to social conditions in Russia.¹⁰ There are, however, other bones to be picked in the theory of the AMP.

In the corpus of Marxist theory, mode of production is a complex analytical tool built on the concepts of relations of production, means of production, and forces of production. In any given socio-historical situation, the relations of production determine the ownership of the means of production, and consequently, who benefits from the surplus value produced by labour power, that is, the effort expended on production over and above the effort and time required to create the means necessary for the reproduction of the labour power. The forces of production refer to the organizational and technological means applied to the process of production, and as such, they serve both to characterize the process of production under any specific MOP and to create the conditions for change from one MOP to another. In the capitalist MOP, which is the Marxist paradigm for the definition of the general concept, a tiny minority of capitalists own the means of production--involving such forces of production as the concentration of workers in factories and the mechanization of the productive process--and appropriate surplus value from the labour power of workers, which, measured in time, is the final source of all the value incorporated into commodities for exchange. We shall see more on how, in Marx's view, the capitalist MOP evolves within itself from the operation of the forces of production inside the rigid mould of capitalist relations of production when we consider the theories on imperialism elaborated by R.Luxemburg and V.I.Lenin, but our concern

here is with the marxist use of the concept of MOP in a historico-analytical context.

According to Marxist doctrine, capitalism is the last of the antagonistic MOPs in the sense that from the contradictions inherent in its functioning the only possible issue is the social ownership of the means of production, but capitalism itself had emerged, by the same process of change through the tug of economic contradictions, from another, less efficient MOP. In other words, the Marxist vision of history was informed by a succession of MOPs in time, each of which constituted a distinct historical stage. The concept of historical stages came to Marx via Hegel, though Hegel did not invent it himself. The first Marxist elaboration of the theory of stages appears in The German Ideology, co-authored by Marx and Engels in 1846, and it is virtually identical to the prototypical Marxist historical model in Engels' Anti-Duhring (1876), a work renown for the clarity of its exposition of the Marxist materialist philosophy, of which it is virtually the pontifical source as Engels claimed that Marx gave it his approbation and no one has so far seriously disputed Engels' assertion. The same general formulation also corresponds to the outline mentioned in the Communist Manifesto (1848), and as it is not contradicted by any statement in the Marxist canon, it can rightfully be considered to be the basic scheme of history advanced by Marx and Engels. In it the stages in the evolution of society appear in this order: community, antiquity, feudalism, and bourgeois society. The source for both the Marx/Engels theory on the origins of economic backwardness, i.e. the concept of the AMP, and of one of the most heatedly debated aspects of the theory of stages, is that, between 1848 and 1876, and especially in Marx's Grundrisse (originally written in 1857/8) and in the Preface to a Critique of Political Economy (1859), Marx initiated the series of socio-historical stages with the category of the AMP, and to complicate the issue even further, in the first volume of Capital (1867), although he emphasized the

importance in India of autonomous village communities in lieu of the political despotism idea, he still retained by implication the concept of AMP. By the time of Anti-Duhring, Engels, under the influence of L.H.Morgan's evolutionary anthropological ideas and presumably with Marx's assent, had dropped the concept of AMP and had gone back to the more general idea of communal property with the observation that this social form, for environmental or other causes, could prolong itself indefinitely in time. (Table 3) Engels' tardy rectification notwithstanding, there was enough combustible material in all of this to fuel the prolonged controversy that in time ensued.¹¹

The different formulations by Marx and Engels of a materialist theory of historical stages has led to different contentious interpretations. A dogmatic unilinealist version of Marxism would have it that capitalism was preceded (and would always be preceded in pre-capitalist societies) by the feudal mode of production, and feudalism by an MOP based on slavery, and slavery by a still more primitive MOP characterized by the communal ownership of productive property. This is the orthogenetic view adopted quasi-officially by Soviet historians in a 1931 Leningrad ideological discussion, which rejected the thesis of the AMP for what some see as reasons of political strategy, concretely, the Soviet pursuit of communist alliances with "progressive" nationalist forces in less developed countries. At another extreme a multilineal reading of Marx (and in this case mainly of Marx) holds that it is not the order of succession of stages that matters as much as the formal sequence itself of a variety of possible MOPs in a dynamic historical context. This interpretation was proposed by E.Hobsbawm, who, however, coincided with Soviet orthodoxy in the rejection of the AMP as a viable socio-historical category.¹² In between these two extremes the consensual exegesis of the Marxist canon seems to be that since the Marxist theory of stages embodying successive MOPs was exclusively based on the interpretation of

TABLE 3

THE EVOLVING MARX/ENGELS PRESENTATION OF THE STAGES
IN THE EVOLUTION OF HUMAN SOCIETY

1845-1846 (1)	1848 (2)	1859 (3)
1. Tribal societies	1. Pre-history	1. AMP
2. Antiquity	2. Antiquity	2. Antiquity
3. Feudalism	3. Feudalism	3. Feudalism
4. Bourgeois society	4. Bourgeois society	4. Bourgeois society
1878 (4)	1884 (5)	Corresponding MOP for all outlines
1. Communal Property	1. Savage state	1. Communal Property
2. Antiquity	2. Civilization	2. Slavery
3. Feudalism	3. Civilization	3. Serfdom
4. Bourgeois society	4. Civilization	4. Wage labour

References: 1) German Ideology (Marx/Engels); 2) Communist Manifesto (Marx/Engels); 3) Preface to a Critique of Political Economy (Marx); 4) Anti-Dühring (Engels); 5) Origins of the Family, Private Property and the State (Engels).

Source: M. Molnar, Marx, Engels, et la politique internationale (p. 233).

European economic history, it is principally, and barely not exclusively, valid for the socio-economic analysis of European history, and furthermore, that of all the stages proposed by Marx and Engels, the only ones that can be placed in a necessary successive chronological order are feudalism and capitalism, and always in strict reference to the history of Western Europe. This interpretation can be found in its general enunciation in P. Anderson, G. Lichtheim, and others. On the whole it seems to owe as much to contemporary historical research as to direct Marxist textual sources.¹³

If the fundamental Marxist idea of a succession of different MOPs as the key to the interpretation of universal history has been whittled down to its bare bones, it was only to be expected that the concept of AMP, about which Marx and Engels had such strong latter-day misgivings, should have been cut to shreds by the same and other interpreters of Marx's thinking. The broadest possible refutation of the AMP is implicit in Hobsbawm's rejection of unilinearity on the colorable assumption that "Marxism has always held the view that all peoples of whatever race or historical background, are equally capable of all the achievements of modern civilization once they are free to pursue them". On this premise, also shared by Lichtheim, who characterized Oriental despotism, erroneously it would seem, as "theocratic monarchies", economic retardation had more to do with colonialism than with any endogenous feature of Asian societies. This is reinforced by Hobsbawm's categoric belief in the anti-colonialist Marx, a view which he expressed in this manner: "It seems probable that Marx, who had earlier welcomed the impact of Western capitalism as an inhuman but historically progressive force on the stagnant pre-capitalist economies, found himself increasingly appalled by its inhumanity." Admittedly, Hobsbawm's specific pronouncement could be subjected to a less radical, less anti-imperialist interpretation, but in the context of his wider historical views, in which colonialist

exploitation contributed to the industrial breakthrough in England and the industrial revolution was the fulcrum of the division between the developed and the underdeveloped nations, it seems to discount the likelihood of Marx's belief in what Hobsbawm describes as a theory of "Asiatic exceptionalism", although, strictly speaking, the AMP would seem to be "exceptionalist" only in the absence of its basis on environmental determinism. Hobsbawm's fellow Marxist P. Anderson finds that the AMP, which he describes as a "residual category", is not a sufficiently calibrated instrument of analysis, so that "a very great deal of further historical research is necessary before any true scientific conclusions can be drawn from the variant paths of non-European development".¹⁴ Hobsbawm and Anderson would probably agree with Habib's critique of the thesis of Asiatic immutability. This point of view was endorsed also in F. Braudel's polymathic researches into the nature and evolution of capitalism.

There exist much more intricate refutations of the AMP. B. Hindess and P.Q. Hirst analysed it, as they claim, within the conceptual universe of MOP itself. This meant, according to the rules laid down in their scrutiny, that no touchstone other than the definition of mode of production was applicable, not even the evidence of history. They found, not too surprisingly, that the Asiatic mode of production as conventionally defined did not exist because "the appropriation of surplus labour by the mechanism of the tax/rent cannot define a set of relations of production". M. Rodinson made his critique on the distinction between mode of production and socio-economic formation. The latter is the result of the integration of the economic base--the essential concretion of mode of production in any given social situation--and the socio-political super-structure. The only mode of production which in his view actually engenders a super-structure proper to itself is the capitalist mode of production. All the other modes of production can function with a variety of different super-

structures and that includes so-called feudalism, which he called a mode of production based on serfdom, hence not exclusively defined by its European social structures. Marx's Asiatic mode of production was based on the idea of communal or village property, and Rodinson considered this a universal predicate of any human group at an early stage of technological and social development. Furthermore, the Asiatic mode of production, which, always according to Rodinson, can best be described as "mode de production communautaire primitif", is compatible with institutions other than those (Oriental despotism) which Marx conceived in combination with it, so there again Asiatic mode of production lacked precision and specificity. In an exhaustive study of the international ideas and positions of Marx and Engels, M.Molnar found that the AMP "n'est qu'une porte d'entree sur la matiere plus vaste des formations precapitalistes, finalement tres insuffisament definies par Marx et Engels", principally because their knowledge of such formations was based on their acquaintance with "les ouvrages des specialistes lus un peu au hasard". From these inklings to a fully formed theory, Molnar considered that there was "un grand saut" which he would certainly not dare attempt. Molnar's main point, however, was that the Marx/Engels outlook was totally Eurocentric from which he argued that they considered European world expansion a necessary part of the capitalist "civilizing" integration of the world.¹⁵ If then, as we have seen, Marx and Engels themselves, and the Soviets at a time when the Soviet word still carried the greatest authority amongst Marxists, disallowed the idea of the AMP, which subsequently has been demolished by specialists in different branches of Marxism, what is left, if anything, of the Marxist theory on the long-term historical origins of economic inequality among nations?

A HAVEN IN A SARGASSO SEA OF EUROCENTRISM

When inequality is alluded to here, it is the inequality of underdevelopment. The concept of

underdevelopment in the sense of a condition which implies human equality but is refractory to a process of self-sustaining economic development, is of recent origin. It did not exist at all in 19th-century Western intellectual history, which oscillated from the majoritarian acceptance of extreme Eurocentric racial and cultural prejudices and the particular but implicit Marxist idea that the evolution towards capitalist development was inevitable once the dirty work of the colonialist destruction of traditional social formations had been achieved. The complicated contemporary diagnoses and issues of underdevelopment were unknown to Marx and Engels--perhaps even, in some respects, inconceivable by them--and in fact the economic stagnation of Asian societies commanded their interest only sporadically and briefly. They were committed to universal egalitarian ideals and therefore they spontaneously came up against the problem of Indian economic backwardness in comparison with Europe. The common Eurocentric explanation of inequality was a naked affirmation of superiority on all grounds, that is, it amounted to saying that Europeans were superior because they were. Marx and Engels accepted Europe's material and even intellectual superiority, but this did not square with their evolutive, orthogenetic concept of history. In order to explain this paradox, they had recourse to environmental theory in the broad sense that climate conditions and determines social responses, and to the concept of an Asiatic or Oriental despotism superimposed on self-sufficient, unchanging village communities. To this socioeconomic formation in the Rodinson sense, Marx and Engels gave the name of AMP, a category which they later, and definitely it would seem, subsumed under the more general heading of communal or ancient mode of production. Subsequently critics have upheld the latter attitude by denuding the AMP of any singularity or usefulness. In addition to trying to find a rational explanation for inter-cultural economic inequality, Marx and Engels condemned the brutal side of colonialism in no uncertain terms, recognised its violent destructive nature, and encouraged nationalist

resistance to it. They could not go any further given the perspectival limitations of their times, to which they could not escape altogether.

It must be admitted that their rejection of the AMP did leave a gap in Marxist socio-historical analysis, but it is a gap which we perceive with the benefit of hindsight. Their concern was not inequality but the process of history as they saw it, into which it is not easy to insert the existence of an underdeveloped third world. On the other hand, too, Marx and Engels would probably have been at a loss to explain the appearance and co-existence of social welfare conditions in one part of the capitalist world with the simultaneous condition of sub-exploitation of the greater portion of that world, a paradox which clashes with the Marxist idea of forward, uniformizing historical movement. Any number of dialectical constructs and inferences could be derived from these two blind spots in Marxism. One important neo-Marxist alternative, favoured by critics of the AMP, is that capitalist development fed on colonialism and neo-colonialist exploitation and is therefore responsible for today's underdevelopment. But Marx and Engels did not propose this theoretical solution and they could hardly have glimmered the theory of economic imperialism given the unresolved ambiguities of their varying criteria in judging colonialism. Their statements on the relations of the industrialized nations with the rest of the world run the gamut from outright condemnation to unstinted encouragement of colonialism, but the condemnation was usually based on humanitarian or moral grounds and their scattered negative judgements--with which today's dependency theorists tend to make mountainous systems--must be considered against the fact that in Marx's explicitly systematic writings nothing really gainsays the view that capitalism was an agent of universal historical progress whose contradictions eventually lead towards general misery, internal conflict, and collapse. On the question of the origins of international economic inequality all that can be

said, in sum, is that Marx and Engels covered the territory superficially and in haste because it was not central to their studies and that if in the end they did not elaborate a finished theory, they at least proposed the rudiments of a rational explanation of the origins of international economic inequality and this makes them a safe haven in a Sargasso Sea of rampant Eurocentrism.

The relative fragility of the AMP theory, which can be traced to the difficulties in articulating it with Marx's fundamental perception of historical movement, does not invalidate the fact that Marx did contemplate it and that it had an undeniable if blunt-edged socio-historical foundation in the economic world hegemony of Europe. Therefore, it is not surprising that it retained a certain unpretentious prestige with Marxists even during Engels lifetime. Plekhanov and Lenin, although they differed on how applicable the AMP was to Tsarist Russia, subscribed to it. It had a period of dormancy in the years before and after the Bolshevik Revolution, but it came back into the mainstream of debate in the USSR after 1925 at least until 1938 when Stalin definitely came down in favour of a conventionally unilineal schema of historical stages. The Soviet debate was about Asian societies, China in particular, and their historical evolution, and as such, it was not devoid of interest or merits. It can even be said that it established the agenda for all future discussions of the subject. The debate, which was rigged against the AMP starting in 1931, touched on such basic points as the Marxist legitimacy of the theory, unilinealism v multilinealism in history, the defining features of the AMP, its conceptual assimilation or incompatibility with feudalism, and the necessity of reconciling it with Marxist class theory and analysis. As far as it went, the debate proposed at least four basic features for the AMP: environmental or ecological determinism, burocratic despotism, the immutability of the autarkic village system, and economic exaction in the form of tax/rent. The issue of

class remained undefined, but on the whole the defenders of AMP theory attributed to despotic bureaucracies the characteristics of a class of exploiters. The concept of AMP was especially controversial on two fronts: ideologically, because of its assumptions about Asian exceptionalism, and politically, because it went against the thesis of the progressive/nationalist front. One of the foremost participants in the debate--who entered into it through his affiliation with the Comintern--was the German Marxist theoretician and historian K.A.Wittfogel. It was Wittfogel who gave the thesis its most elaborate and systematic contours with the publication in 1957 of his work Oriental Despotism, unfortunately in the guise of an anti-Bolshevik Phillipic, for by then his recantation of Stalinism had led him to become a fanatical supporter of McCarthyism in the USA. Nonetheless, Wittfogel did single-handedly make the AMP an important subject of intra-Marxist discussion and his work is probably still the contemporary locus classicus of the thesis.¹⁶

THE BLIND ALLEY OF ORIENTAL DESPOTISM

Wittfogel made the theory of the AMP his particular fief in various articles published from 1925 to 1962 and in his thick 1957 tome. In this book he asserted, first, that Marx committed a crime against objectivity by declining to develop the concept of AMP when he realized its affinity to his political programme, which supposedly prefigured the dictatorship of the proletariat, and second, Lenin and the Soviet state belittled and suppressed the thesis in the interest of Soviet legitimacy, because it constituted an indictment of Soviet totalitarian practices. In his large work on the AMP, Wittfogel brought together all the evidence he could find in history, anthropology, sociology, and politics on the characteristics and the prevalence in all non-Western cultures of the repressive, anti-individualist, and non-progressive despotic form of government. In Wittfogel's vast and exhaustive summarization, the reader is laboriously and unflinchingly led on a journey through

millennia of history and into the darkest cultural grottoes producing the deeply engraved representation of a hellish, tentacular, omniscient, and omnipotent monster called the autocratic state, more powerful than society itself. The profligate and indiscriminate use of examples propounds the argument that despotism was of one piece from Cuzco to Samarkand, its frontiers beginning where those of Western Europe and its surrogates ended. This vast and multifarious yet curiously homogenous historico-political panorama had but a single cause: socially necessary, collectively-built, and burocratically-run hydraulic works requiring the efficient social disciplining of the masses. He retained the equivalence between bureaucracy and exploitative class, but this was only a feature in what was essentially a monolithic, immutable organization. The roots of his construct were decidedly Marxist, and Wittfogel never renounced his Marxist origins, but his obsessive concentration on a single theme, in effect, negated that Marxism was an instrument of integral social analysis, for it made most of its concepts irrelevant to the history of the majority of humanity. Since large-scale hydraulic works are hardly exclusive to Oriental autocracies, Wittfogel claimed that the same sort of works undertaken in Europe did not produce the same sort of social consequences as in Asia because of the fragmentation of political power achieved under European feudalism.¹⁷ The waterworks motif in the Oriental despotism schema is indeed the weakest link in Wittfogel's theoretical chain, and it in fact seems less a proof of the necessity and reality of Oriental despotism than a necessary escape hatch in order to avoid the "special mentality" cul-de-sac. After all, what if not some psychological quirk could explain that tyranny flourishes in some lands and withers in others if a necessary explanation like hydraulic works fell by the wayside? The notion of Oriental despotism will always contain a powerful secret inducement to racism, which will certainly prevail if the only defence against it seems embarrassing and unconvincing as the reliance on hydraulic works often seems in Wittfogel.

However, the weakness in the cause/effect linkage that Wittfogel established between hydraulic works and political despotism does not necessarily invalidate the individual elements in his analysis, and in assessing his fully elaborated theory it is possible to approach its two flanks separately.

Wittfogel's theory can be read as an explanation for non-Western economic backwardness in contrast to Western economic development, especially since it originates in Marx's and Engels' attempt to explain Asiatic economic stagnation, but it would be distortionate to emphasize this aspect of it since it is primarily a political thesis about the origins of despotism, or as he himself called it in the subtitle of his major work: "A comparative study of total power". Therefore, since politics is its primary concern and since in politics lies the immediate determination of non-Western societies including their economic organization and performance, we shall start by considering the Wittfogel concept of despotism.

The idea fairly bristles with controversy. For one thing, Western history is not without its quota of despots, the word itself going back to the sources of Western civilization in ancient Greece. Wittfogel got around this with what in effect amounts to arguing from anomaly: if despotism flourished in the East and not in Europe, it was because for some reason feudalism, which appeared in the West but did not take root in Asia, laid the basis of Europe's political liberties and in effect relegated despotism to exceptionality. Japan and the USSR present historical difficulties. If despotic pre-modernization Japan were anything to go by, despotism would be as suffocating and inept at development as Wittfogel claims. Since Japan developed from its own despotic roots with at most a moderate degree of external prodding, Wittfogel--and, obiter dicta, also P. Anderson and F. Braudel --endowed it with a truly feudal past. There is, however, a certain degree of inconsistency in this argument inasmuch as

economic development did not do away in Japan with political despotism, an objection which both Anderson and Braudel anticipated and disarmed by ablating the concept of freedom from politics and fusing it entirely with the economic rights of private ownership and of private enterprise, while Wittfogel did not budge from his rigid political stance. How could Japan have developed under despotic political power both before and after industrialization? Wittfogel's attribution of feudal liberties to Japan seems forced and artificial from his premisses and definitions, the result of the post hoc necessity to explain its economic development rather than of consistent research criteria. The explanation he gave of Japanese feudalism--that "Japan's irrigation agriculture was managed by local rather than by regional or national leaders"--would either invalidate the waterworks/despotism formula, or come perilously close to an exceptionalist, quasi-racist stance. In relation to Soviet economic development, Wittfogel claimed that in 1917 absolutist, pre-Bolshevik Russia, which he compared favourably to the successor communist regime, was on the verge of democracy after years of rapid economic development, and that what the Bolshevik coup did was to bring back and perfect old despotic habits. He affirmed that despotism was extremely efficient at certain activities, like tax-collecting and the social control of the population of a country. Unfortunately, history tends to refute even these relatively unassuming propositions. The Ottoman tax-farming system, a prototypically despotic institution, was inefficient and originated in a lack of sufficient centralized political control. And China is a good example of social unity and stability only if one ignores its periodic political disintegrations.¹⁸

Wittfogel was not unaware of the many historical inconsistencies involved in the abstract correlation between waterworks and despotism. In order to at least paper some of them over, he recurred to the idea, which can be found

originally in Montesquieu, of the artificial (in the sense of not materially explicable or justified) perpetuation of social or political traits. According to this argument despotic habits acquired by a people in one environment could be carried to and imposed in a different environment by a conquering horde. This was particularly the case of Russian despotism, which originated not in the necessity of building hydraulic works but through Tatar imposition. This special line of reasoning was crucial to Wittfogel because it supported his contention that Bolshevism had adopted for its own ends the political system left in place by the Tsarist autocracy, which in turn derived from a dark and remote part of Russia's history. The affinity with Montesquieu of some of his arguments--including the association of despotism and nomadic peoples--reveals their ultimately 18th century rationaliste origin, although no doubt his immediate sources were Marx and Engels, but while their speculations on economic inequality were a tentative and relatively flexible adaptation of pre-19th century concepts in the age of capitalism's European apotheosis, Wittfogel's adoption and elaboration of the sketchy Marx/Engels thesis represented a rigid and unjustifiably generalizing attempt to carry the same ideas over into the 20th century, in order to do which he had to posit some dubious hypotheses about the mode of propagation of despotism. These hypotheses involved the perdurance and transference of social quirks in a manner suggesting, despite the ultimate appeal to the environmental causation, a special psychological tendency in peoples outside the pale of Western civilization, and this could have been interpreted as a reversion to some of the more suspect 19th century Eurocentric speculations on racism and polygenesis.¹⁹

He was certainly not alone in denouncing Soviet autocracy, but from this to reducing its origins to some pristine Asiatic font and underestimating or neglecting other, perhaps more pertinent and immediate influences and

circumstances, there is an inadmissible and vulnerable theoretical impulsiveness, to say the least. As we shall see, Braudel recurred to despotism as the final explanation for the failure of Oriental civilizations--specifically, Islam, India, and China--to reach the upper levels of capitalist development, but he posited despotism as such and did not attempt any further theoretical elaboration, certainly nothing like Wittfogel's totalizing and subsuming vision of non-European cultures, and although this still leaves a blank area in Braudel's world-historical canvas--why was despotism so prevalent in the East? why did it not prosper in Europe?--, it is overshadowed by the richness of his total representation, in which those self same Oriental cultures which Wittfogel relegated to absolute obscurantism had the potential for and showed signs of an incipient but eventually unavailing movement towards capitalism. The pretension that Wittfogel's appeal to despotism was at least rationally based on the determinism of the environment, which Braudel's is not, is invalidated by Wittfogel's frequent and arbitrary unmoorings of the concept from its initial and fundamental environmental post, a theoretical looseness in his apparently rigorous correlation which comes out even more palpably in connection to its other flank, the one involving hydraulic works per se.

P.ANDERSON AND THE IMPORTANCE OF "SUPERSTRUCTURES"

On the assumption that all non-Western cultures and civilizations were despotic and that the political system of despotism was configurated by the social necessity of harnessing collective efforts to the construction and maintenance of agricultural waterworks, it is necessary to go one step further and prove that all despotic systems were based on the environmentally determined necessity of hydraulic projects. Such, however, is not the case. Pharaonic Egypt did build some major canals--in fact, the extent of irrigation in modern Egypt is almost exactly what it was in ancient times--, but its sustenance depended on

the natural rise and fall of the Nile and it probably dedicated most of its surplus and its physical energies and technical prowess to the edification of temples and monuments. Central Asia, where, both in Montesquieu and in Wittfogel, despotism incubated, and from where it supposedly spread to the Asian fringes, is notably devoid of waterworks and canals. The early conquering Arabs, purported propagators of Islamic despotism, are reputed to have wrecked, or at least neglected, the irrigation canals that even the Barbarians spared in North Africa. In India, which was a centerpiece of the AMP for Marx and for Wittfogel, "centralized hydraulic agriculture" was significant neither for the Mauryan and the Vijayanagar empires, nor for the later Islamic social formations: the sultanate and the Mughal Empire. Probably the most telling succinct refutation of Wittfogel, in English at least, was accomplished by a fellow Marxist, P. Anderson, who, like Wittfogel, believes in the historico-political blessings of feudalism. Anderson found no basis in history for the waterworks-cum-despotism correlation. "Very crudely", he wrote, "in relation to the historical evidence with which they [Marx and Engels] were originally concerned, those countries which were marked by the absence of private property in land--Turkey, Persia, and India--never possessed any public irrigation works of importance, while that which possessed major irrigation systems--China--was vice versa marked by private property in land." Anderson perceived the disregard of property rights under Islam as a consequence of its nomadic origins, which also led to the "economic spoliation of agriculture: the exact opposite of the European feudal order with its reliance on land both for power and wealth.²⁰

Anderson's refutation of Wittfogel was embedded in a theory on Western capitalist development which deserves mentioning for its own merits. In Anderson's view, feudalism as an economic system only begets more feudalism, as in Japan, and forward historical movement necessitates an impact external to the system itself. This impact,

according to Anderson, can only proceed from the political, legal, and ideological superstructures: "What, then, was the specificity of European history which separated it so deeply from Japanese history, despite the common cycle which otherwise so closely united the two? The answer surely lies in the perdurable inheritance of classical antiquity." The instrument of this all-transforming influence--in fact, a product itself of it--was the absolutist centralized state, from which, again, Japan never benefited in the strictly Western sense. "The haphazard multiplicity of political unity in late medieval Europe", wrote Anderson, "became in the early modern epoch an organized and interconnected state system...The increase in the political sway of the royal state was accompanied, not by a decrease in the economic security of noble landowners, but by a corresponding increase in the general rights of private property".²¹

Anderson's work adheres to an intellectual tradition--historicism, rationaliste and Marxian--in which Wittfogel also claims a place. When all is said and done, their essential shared position is that inequality is rooted in historical determinisms: it arises as a natural consequence of the economic development of capitalism but not because of the external economic and political repercussions of Western capitalist expansion. From their outlook, dependency theory, which affirms that the West produced underdevelopment in the rest of the world for its own economic benefit, inverts the order of things, because inequality already existed when Europe took the way of world expansion, and the proof of this lies in the possibility itself of that expansion. Marx and Engels, who, in the final reckoning, never really turned their back on their basic original persuasion that 19th century colonialism was ultimately progressive, would probably have accepted those ideas as fair and accurate enough. They were of a piece with the concept of Asiatic despotism, with which Wittfogel tried to go further than historical evidence allowed, but which Anderson, in applying a corrective to Wittfogel's excess,

did not disallow while preferring to concentrate, in connection with the general issue of disparities in economic development between East and West, on the beneficial social legacy of feudalism in conjunction with the bracing influence on Europe of its classical past. It can be said, therefore, that while Wittfogel, on the prompting of tentative Marxist texts, took a wrong turn into a theoretical blind alley, Anderson wisely cut the AMP down to size choosing instead the application to the question of inequality of a more flexible Marxist methodology based on the concepts of MOP and social superstructure. His emphasis on a specifically Western line of historical evolution can be considered part of a tendency of thought on intercultural and international inequalities that seeks primarily to explain the comparative reasons behind Western economic success while not neglecting the analysis of non-Western values and structures. It manifests an unmistakably but moderate Eurocentric attitude whose roots go back to pre-19th century assessments on the political significance of feudalism such as can be found, according to Anderson himself, in N.Machiavelli, Francis Bacon, and Montesquieu.²²

As of the can of worms that Marx opened when he invented the formula AMP, it can be said of Wittfogel's Oriental despotism, which, on the whole, can be equated with AMP, that it set the cat among the Marxist pigeons. Although some researchers tend to downplay Wittfogel's importance in the contemporary AMP debate, the fact is that his mammoth work in comparative history preceded, in the West at least, most of the mainly intra-Marxist research done on the subject. In the early 60s the French Communist Party spawned a brood of AMP theorists, who in turn stimulated further discussion in the USSR itself. From this period, too, comes the main body of essays by the Hungarian F. Tokei vindicating the necessity of the AMP for a true understanding of history. In 1972, the Italian U.Melotti produced a much debated work defending multilinealism. There has been regular output of theoretical works in

English since the 60s, of which we have mentioned concepts and arguments in Hobsbawm, Lichtheim, and Anderson, who placed the AMP in a wider context of historical and social issues. Other theorists have restricted their perspective to the idea of AMP itself and its place in the development of Marx's thinking. The principal points of debate have been whether or not Marx and Engels eventually repudiated their tentative formulation of the theory and whether it expresses a unilineal or multilineal approach to historical and social analysis. Among these writers, the consensus is that there was no repudiation, even when they allow that the theory was principally ancillary to the major concerns of its originators. In 1975, L.Krader did a thorough examination of Marx's sources for the AMP, and concluded on the basis of Marx's ethnological readings and notebooks that he had more a superficial commitment to it, but that it served principally to clarify his understanding and critique of "the political economy of capital as a whole". H.Lubasz ratified this approach when he wrote in 1984 that Marx's observations on India "are what one might call auxiliary statements whose purpose is to help Marx make a point about the capitalist, not the Asiatic, mode of production". In 1977, M.Sawer made an appeal for the "openness of history" from her reading of Marx, which rejected the "quasi-teleological view...that world history consisted in a unitary process of development". In a doctoral dissertation published in 1989, B.O.'Leary expounded a systematic critique of the AMP both from historiographical and from internal Marxist perspectives. He did a thorough job of demolishing Wittfogel's hydraulic hypothesis as it applies to India. However, his contention that neither Marx nor Engels abandoned the AMP was inferential and open to serious questioning.²³

AN IMAGINARY BUT USEFUL CONFRONTATION

According to M. Molnar, the AMP with its implication of historical immutability was a useful but not a necessary argument for Marx and Engels in their consistent view of

colonialism as a callous but inevitable force for world progress. Pulling out that prop did not provoke the collapse of the other, wider, and more important idea. Lenin, who accepted the AMP theory up to a point, was particularly hostile to colonialism, as indeed was a strong current of opinion inside the Second International. In order to justify his position within an orthodox Marxist context, Lenin, always according to Molar, had to ignore the Marx/Engels texts, and moreover he had to affirm that "They had not lived long enough to fully observe the imperialist side of world capitalism", a demonstrably exaggerated claim in view of their perfectly explicit perception of the global nature of capitalism. Nevertheless, the Lenin view gained wide and forceful acceptance within Marxism, as we have seen in referring to opinions held by I.Habib and E.J.Hobsbawm, and it is, as we shall see in extenso, the cornerstone of dependency theory. Even if we were to consider Molnar's view too extreme in the opposite direction, it would still be necessary to take into account that Marx's and Engels' critique of colonialism was halting and ethical in character, that is, not addressed to its transforming and dynamizing socio-economic impact, and this left open another tantalizing theoretical opening that, as in the case of the AMP and Wittfogel, could lead to another intellectual cul-de-sac. It was into this one that the British sociologist B.Warren entered.²⁴

Warren was apparently a fully committed Marxist intellectual, who also managed to defend imperialism and to deny the existence of underdevelopment. In his posthumous and controversial Imperialism: Pioneer of Capitalism (1980), his main contention was that Marx had formulated a coherent theory according to which the inevitable spread of capitalism throughout the world by means of colonialism and of formal and informal imperialism represented a progressive movement and would in the end usher in the stage of worldwide socialist revolution. He based his thesis mainly on Marx's early journalistic statements in The New York Tribune

on the predatory but modernizing British presence in India. He also cited other pronouncements by Marx along the same lines, but he could not allege an actual body of theory on economic imperialism in Marx's works, and in fact his dogmatic assertions rest on a glaring scantiness of sources even in a field where each phrase from the master can be stretched to inordinate lengths. Marx himself did not use the word imperialism, and what later came to be known as the Marxist theory of imperialism was an elaboration by Lenin of J.A. Hobson's idea that the flag follows capital, which flows outwards when it finds obstructions in the way of its gainful or profitable placement at home. Marx did believe, of course, that capital sought outlets when profits fell but he saw this as a general feature of capitalism and did not relate it specifically to colonialism or expansionism, or at least he did not expressly do so. There is no such a thing as a direct or original Marxist theory of imperialism, but on the other hand, there is a Marxist/Leninist theory of imperialism that practically has acquired the status of doctrine. Warren, who dissented vehemently from Lenin as Wittfogel had from Stalinism, got around this orthodoxy by arguing that Lenin turned his back on the pristine Marxist doctrine for reasons of international political strategy and later asked for and got sanction for his views from the Comintern. What Lenin did that cleft him from Marx, according to Warren, was that he chose to posit that international capitalism rather than progressive or modernizing was exploitative and retardatory. Lenin did not actually espouse this view to the hilt, but he gave it revolutionary bona fides and respectability. During the 20s, when communism was being blocked in Europe while gaining adherents in Asia and Latin America, the Leninist alternative, which from the start had been accepted by intellectuals from economically backward countries, was adopted and officialized for the revolution by Comintern congresses.²⁵

Despite his repetitive invoking of Marx, Warren had handicaps from the start in the defence of his thesis. Marx entertained few if any doubts on the cultural as well as on the material superiority of the West to the other important world cultures. This superiority had been possible because of the ripening of economic trends and forces, and the creation of a capitalist world market by hook or by crook contributed essentially to the righting of an historical imbalance. In that sense, and only in that sense, could Marx conceive of something akin to Warren's imperialism, and moreover, this was mostly implicit in his work. In brief, even if Marx's perception of colonialism had been unalloyed by misgivings and recriminations, which Lenin's of course was, it lacked the compulsive, specific economic motivation with which Lenin endowed late-19th century colonialism in transfiguring it, and capitalism as a whole in its alleged final phase, into imperialism. Warren seemed to be pushing Marx too hard in the direction of a fully developed theory of imperialism, in doing which he was also stretching too far Marx's supposed complacent attitude towards European colonialist expansionism. If Marx welcomed the capitalist world market, he could also be an implacable critic of colonialism and this always latent antagonism became more pronounced and more manifest with the passing of time and the intensification of colonialist pressures, which both Marx and Engels did live long enough to perceive.

It was once again I.Habib who took on the task of vindicating the anti-colonialist Marx. In the 1983 essay "Marx's Perception of India", he presented a convincing case negating the Warren version but not overly biased towards any specific theory of economic imperialism. Even though there is no question of a deliberate confrontation, Habib and Warren have written as if they were aiming at each other, and their writings on the subject of Marx the imperialist and Marx the anti-colonialist can be usefully paired and contrasted. Warren affirms that Marx posited a progressive imperialism; Habib claims that Marx understood

the imperialist nature of capitalism and that he condemned it as brutal, harmful, and reactionary. Habib quotes from Capital and from The Poverty of Philosophy, among other Marxian sources. He also, like Warren, quotes from the articles in The New York Tribune, but it is obvious that on the whole both Habib and Warren were rummaging in different Marxist sacks. In order to reach their conclusions, they had to purposefully reject each other's emphases. Who then is right? Will the true Marx please stand up? Warren bases his thesis on a few direct and unambiguous statements by Marx, but he tends to build too high on that minimal foundation. In order to do so he posits a once-for-all-times Marx, and then he has to do a lot of extrapolating on the strength of that static, unchanging Marx. Habib admits that there did exist a Eurocentric Marx who felt that colonialism though brutal fostered socioeconomic change, but he plausibly claims that Marx did not adopt Eurocentrism either as a banner or as a permanent intellectual attitude. With more material than Warren uses, Habib builds an evolving Marx sensitive to the implications and meanings of events and trends. Perhaps he cannot prove that Marx was a theorist of economic imperialism *avant la lettre* but he makes a good case for the idea that he was neither an ally of colonialism nor an unconditional believer in the generative powers of international capitalism. The least we can derive from the Habib/Warren textual confrontation is a healthy scepticism about the existence of a truly Marxist orthodoxy on the subject of economic imperialism.²⁶

THE STATISTICAL DENIAL OF UNDERDEVELOPMENT

Warren can be found even wider of the mark in the extrapolation of his so-called Marxist theory of imperialism to the post-WW2 period in specific connection to the Third World. To start with Warren denied the existence itself of underdevelopment. He took two lines of approach: one, the historical argument that colonialism and imperialism improved the over-all conditions of existence for humanity the world over; and two, the thesis that international

capitalism has stimulated economic development in every society where it has been either adopted or implanted. To defend the latter proposition Warren embarked on a veritable statistical crusade against almost every flank and parapet erected by development studies in the last forty years. This is not necessarily proof that he is wrong, wrongheaded perhaps but not necessarily wrong. However, his statistical leger de main is self-defeating for the simple reason that what he specifically tried to demonstrate--that the non-industrialized nations have been growing since WW2 at a faster clip than the developed capitalist nations--begs the issue in various ways: in admitting the statistical functionality of the group he pretends to deny; in giving self-serving definitions of growth; and in using special, almost doctored series. In the end the reality is still there, for no amount of special pleading can modify the actual fact of the co-existence of capitalism and extreme underdevelopment. Warren's ultimate absurdity was his statement to the effect that the concept of underdevelopment was a product of the pseudo-Marxist theory of economic imperialism, concocted for strictly politico-subversive strategic purposes.²⁷ In point of fact, the concept of underdevelopment is if anything a child of a Western capitalist developmentalist outlook, and its implications are anything but revolutionary, close indeed to Warren's own position: that economic backwardness can be overcome, that it is merely an accidental historical lag, and that it can be made good without deviating from an essentially capitalist model.

The paradigmatic theory on the origins of international economic inequality between the contemporary developed and underdeveloped blocs of nations is the neo-Marxist/Leninist long-view theory of economic imperialism. It holds that underdevelopment is the direct, deliberate, and systematic historical result of capitalism operating on a global scale. No other theory besides this one, not even Marxist/Leninist theories prior to WW2, make such a categoric and sweeping statement. Basing his thesis on fragments of Marx's works,

Warren made precisely the opposite claim: that the world influence of the more developed Western capitalist countries was not retardating but stimulative of growth. Except by implication, there is nothing in this pertinent to an explanation of inequality. Since Warren, however, proclaimed his faith in a pristine Marxist doctrine on expanding world-capitalism, it can be inferred that, like the early Marx, he would have been inclined to attribute backwardness to a combination of climate and despotism. At any rate, his dogged efforts to validate one arguable, disputed, and limited side of Marx's thought, places his theory, in a general sense, on a very precarious footing, and although, as we shall see, there has occurred, in view of the deficiencies of dependency theory, a contemporary re-evaluation of Marxist MOP and class-struggle ideas which seems to contemplate the possibility of real capitalist development for the Third World, Warren's position is not welcome within this trend either because of its neglect of internal social processes in underdeveloped countries.

In closing our discussions of Wittfogel and Warren, we cannot refrain from wanting to emphasize how, despite the seeming disparity in their outlooks and approaches, they represent two aspects of the same Marxist construct and they are, therefore, closer to each other than they are individually to Marx, who proposed that construct with all the doubts and reservations in the world. The conceptual and programmatic complementarity between the AMP and the transforming effects of Western expansion, like historical forces inevitably bound to confront each other, one timeless and immutable, the other dynamic and iconoclastic, presented two distinct avenues of research for these two authors, although in following them at different times and independently of one another they were never very far apart from each other, and what is really most crucial, the enticing vistas that attracted them were reduced at the end to what we have described as intellectual or ideological blind alleys. Both are zealous, and overzealous, Marxists, who fished in the same Marxist waters. Both have a driving

sense of the virtues of Western ways. Both finally sinned through excess: Wittfogel by making too much of the idea of despotism; Warren by unduly idealizing the process of world capitalist expansion. Would it have made any difference if, rather than Oriental despotism and colonialism/imperialism by themselves, these concepts had been taken up and used as inseparable halves of one integral historical vision? Marx and Engels renounced this scheme. Others have found its individual parts much too rough-cast to be able to assemble them smoothly. It does not do, however, to underrate Wittfogel and Warren excessively. Political despotism has been resurrected in recent research--perhaps also less politically prejudiced research than Wittfogel's--as the only viable explanation of non-Western economic stagnation. And Marxists today are going back to the idea that capitalism, devoid of imperialist intentionality, may indeed be inching towards the full industrialization of backward lands. Therefore, it could be put, as a sort of indulgent envoi to these authors, that they erred not in falsifying but in distorting reality.

TOYNBEE'S CHALLENGE-AND-RESPONSE

Up to well into the 19th century, the geographic context of speculations on inequality in the West was not, as today, the division of the world into two blocs of nations, one developed, one underdeveloped, but a small group of different higher cultures with the West on a pedestal amongst them. The integration of the world by Western capitalist forces did not, of course, effect an instantaneous transformation of the political and cultural diversity of mankind, but it did propagate ideas, values, and habits, and it did put in place the means for modernization and for its further spread. Some traditional political and economic structures that functioned only in the context of non-Western cultures became obsolete or obsolescent as a result of world integration. Despotism as a quintessentially non-Western political system retreated to the degree that imperialism either imposed its own one-sided rule or was responsible for indirect change in other

countries. The adoption of Western practices and values did not mean the sudden suppression of despotic habits, but it modified them and tended to put them into a sine die legal limbo. In general, cultural relativism, or the Western acceptance of exotic customs and values as embodying a valid logic of their own, suffered previous damage at the hands of Western world hegemony during the 19th century. These practical and intellectual trends were inevitably also damaging to the pre-19th century ideas on which Western thought had built its explanations and rationalizations of cultural differences and inequalities. Some of those concepts, like the ones that went into the Marxist formulation of the AMP, survived into the 20th century but mostly as relicts: the dying gasps of exhausted, wheezing analytical apparatus. Although the direct and unadorned notion of despotic political power has been making a theoretical comeback, its more problematic juxtaposition to hydraulic works has been discredited. The multifarious group of theories on environmental influence that had prevailed since the beginning of Greek classical thought, ceased to matter much during the 19th century, at least in their old physiological and cultural versions, as a result of Western intercultural ascendancy and of progress in the biological sciences. Nevertheless, of all the pre-19th century concepts used in the West in dealing with other cultures, the one idea that has retained a dogged, polymorphous validity is that human behaviour has somehow to do with the place and the climate in which people live.

Closer to contemporary perceptions than the dubious arguments in Montesquieu is the cultural role of the environment in A. Toynbee's A Study of History. It is defined by the formula challenge-and-response, and although this is not entirely original--for what it does is reiterate the very old notion that cushy environments make for decadence and hardscrabble ones for toughness--in the flexible, probing Toynbeeian grip it uncovers a plethora of examples and illustrations. In the end, though, what emerges is not the historical demonstration that

environmental theory was lacking but a reaffirmation, after the long Eurocentric interlude, of cultural relativism, almost though not quite as it was practiced by the Encyclopedists, because the planet that Toynbee knew was in general more homogeneous, more integrated than before, closer to the notion of one world, and at the same time, more diverse, its corners and pockets less obscure and remote. Relativism had been a product of ignorance. It was rejected by and large by the West, whose espousal of it was never quite unreserved, as soon as it had demonstrated its own superiority over all other cultures. As Toynbee applied it (and it was a crucial aspect of his historical approach), relativism was post-Eurocentric. It was affirmed in the face of evident economic backwardness and on the basis of hard-to-define, non-material values. For our purposes, however, precisely because of his universal outlook, Toynbee has nothing to say on the origins of international or even intercultural inequality.²⁸

THE COMEBACK OF ENVIRONMENTAL THEORY

Challenge-and-response need not be taken only in a context in which civilizations and high cultures form the irreducible units, the atoms themselves of history. In fact, it seems to be part of the general awareness that theorists on underdevelopment have that environmental influences are crucial in their field. The impartial and equable P.Bairoch had to fall back on climate in order to explain the origins of the "ecart des niveaux de developpement". Guy de Bosschere partly attributed underdevelopment to "climats excessifs". The ultimate cause lay in what he called "la chevauchee aryenne", which parcelled the globe and the climates amongst the peoples and determined the eventual separation between the rich and the poor nations. More specifically, though less explicitly, Bosschere was claiming that the white races started making the world their own when they swept into and settled in the European extension of the Asian land mass.²⁹ He was not alone in claiming that the foundations of inequality were laid long before written history began, in the fate-ridden,

unknowable, and probably fortuitous process by which the earth was originally shared out, but most speculation on climate has more immediate concerns. What A.K.Biswas called the "correlation" between climate and development has been made time and again by development economists. J.K.Galbraith did so in a 1951 article titled "Conditions for Economic Change in Underdeveloped Countries". C.P.Kindleberger succinctly expressed it in Economic Development (1965). K. F. Boulding wrote in 1970: "Development, like Economics, has been very largely a Temperate Zone product". P.Streeten and G.Myrdal have both made the connection between climate and economic activity. The former in particular presented a book by A.M.Kamarck which makes explicit some of the crucial specific effects of the tropical climate on economic development: "Compared to the Temperate Zones, there are certain effects of the Tropical climate that, up to the present, hinder agriculture, handicap mineral exploration, and make the population less vigorous through disease and, possibly, through the direct physiological impact of temperature and humidity". Kamarck states significantly: "The effects of Tropical climate are not absolute obstacles to economic development, but they do make many of the problems of economic development in the Tropics sufficiently different from those in the Temperate Zone countries so that an additional hurdle has to be overcome and, consequently, all other relevant factors being equal, the pace of development in Tropical countries tends to be slower".³⁰

The implications of these ideas are vaguely deterministic. P.A.Baran posited the notion that the environment merely retards development in a manner roughly analogous to the effects of the balance in a watch mechanism. In Baran the environment both explained underdevelopment and was a denial of its existence. It was the ultimate explanation of why the West surpassed all other cultures, but since its effects were retardating and not permanently handicapping, as some environmental theories would have it, development was inevitable everywhere and the

persistence of underdevelopment could be explained only as a result of economic imperialism.³¹ Climate theory is a vast non-specific awareness and claim. Biswas tried to pinpoint the influence of climate through a development strategy centered on agriculture. Implicit here was a theory of the purest environmental tenor. Its main contentions were that farming is fundamental to development and, obviously enough, decisively influenced by climate. Always as contributing to a development strategy, but giving support to environmental theory as well, Biswas handled figures and arguments showing the adverse influence of tropical climates on soil management, pest control, and human labour. He did not specifically trace underdevelopment and inequality to the environment, but the inference is inescapable.

We shall return to climate because we have only used these references to illustrate briefly the full circle of environmental theory from its robust Greek beginnings through its diverse and honest Western avatars to its racist Eurocentric misuse and finally back to its groping, tentative rebirth as a last resort explanation of the origins of underdevelopment and international economic inequality. Climate theory began as a human response to foreignness and diversity, and it fulfilled this role diligently up to the 18th century. When the perception of differences gave way to the superior/inferior dichotomy, climate was employed to support Western racism and cultural prejudices. Climate theory fell into disrepute amongst "Westerners" as amongst radicals and Marxists. Eventually however climate resurfaced on the strength of its theoretical legitimacy but it did so by allowing itself only very cautious generalizations and by eschewing a commitment to specific physiological explanations. Is climate theory then correct as the final instance on the issue of the origins of international inequality? To come out and say so without having explored other avenues would be overbold and prejudicial, but we can point out that the contemporary writers on underdevelopment who make use of the concept of the environmental influence on economic development do so as

an ancillary, almost philosophical complement, and not as an end in itself in their researches, with significant exceptions such as Kamarck, or the economic historian E.L.Jones, whose ideas we shall discuss further on. Nevertheless, when climate does come up its implications belie the casual or even subordinate manner in which it tends to be put in context. Climate, in brief, is in some manner related to inequality, but it can be an awkward associate in an era of boundless faith in bounding technology. The environment today from a certain angle seems like a trifling manageable quantity, and yet it is the environment that still scythes through communities and nations with a devastating force that is a reminder of its underlying empire, as when London built a barrier to stem flooding tides from the North Sea only to be hit by an unexpected hurricane from the south four years later. A more telluric perspective would have to admit that man's historical fate has always been bound to the environment, which to a considerable degree still remains attached to him, exerting its forces pitilessly on him.

CHAPTER 2

**THE ANTI-IMPERIALIST REACTION AND THE MARXIST PRE-EMPTION OF
ECONOMIC-IMPERIALISM THEORY**

The history of 19th century European economic and military expansion and conquest has an in crescendo quality that is not easy to reconcile with Little-England and other theories about respites in the advance of colonialism. It is this observable fact that makes Lenin's claim concerning Marx's and Engels' relative ignorance of imperialism seem rather limp, aside, of course, from the overwhelming textual evidence that, far from not being aware of European expansionism, they used this tendency as a recurrent motif in their writings on politics and on history. It was in fact inescapable even in Marx's cold sober economic analyses, such as those in Capital, a work in which colonial issues from the start of colonialism and onwards come up time and again to illustrate technical arguments. Even though it is true that after 1880 there was an indisputable intensification of colonialism coincident with a growth of nationalist tendencies in the major European powers, it is not easy to find a lack of ideological continuity in the history of European 19th century colonialism. For example, the altruistic "white man's burden" motif had never been absent from the literature of colonialism. In one way or another, before and after 1880, the violence of colonialist conquest always submitted to the gloss of world unification or of human progress or of some such fragile idealization. However, the scramble for colonies in the late decades of the 19th century had produced incidents and confrontations between powers and this presaged war, which ill fitted anyone's definition of idealism even if it was itself a social Darwinist paradigm.

The idea of the inevitability of international rivalry and struggle led to the doctrine that has been dubbed social imperialism, a phrase first used by the Marxist K. Renner in 1919 although it applies to positions and ideas that were very much in vogue in Western Europe from the 1880s onwards. Social imperialism, which did away with the idealistic and humanitarian jargon of colonialism and colonialist imperialism, had as its manifest immediate objective the

harnessing of mass support in the advanced capitalist powers to the cause of colonialist expansion and inter-imperialist contentiousness. The distinction is frequently made between social imperialism in an empire-building power like Germany and in a power like Great Britain with an already built-up empire: in the first, social imperialism, relying on social reform, funnelled national energies towards colonial acquisitions; in the second, it promoted belated social reforms in the metropole and high tariff walls all around the empire to confront the challenges to its existing position. The interwoven strands of social Darwinism and social imperialism can be observed in a writer like K. Pearson, for whom international struggle was the *fons et origo* of social reform and of a programme of applied Eugenics. For both forms of social imperialism, one of the crucial ideas was that colonies existed for the benefit of the imperialist centre rather than being in some degree the object of metropolitan care and concern. It was also a proclamation to the effect that the world at large--powers like the USA and Japan excepted--was to be the battleground of the European empires. Given the bluntness of its approach, social imperialism could never become the official state policy of any European power; it was a purely intellectual proposition. It became, however, politically influential, and it is probably no mere coincidence that it was at the height of the social imperialist movement in England that the theory of economic imperialism was launched by the liberal politician and author J.A. Hobson.³²

THE FOUNTAINHEAD OF ANTI-IMPERIALISM

Hobson's theory was expounded in his 1902 book Imperialism: A Study. His choice of title had to do with the fact that imperialism was the appellation that at the time was being given to rampant European colonialism all over the world, but it also signified that he wanted to attack not just colonialism but the whole complex of pseudo-scientific ideas and cultural prejudices which underlay the imperialist project. Among other targets, for instance, he

gave "biological imperialism" a prominent place in his polemic. But he muddled things somewhat by accepting the distinction, current in the 19th century, between imperialism and colonization. The latter term applied to such cases as the British colonies of settlement, which were considered legitimate expressions of nationality, whereas imperialism was the conquest of countries that had nothing in common with the imperialist power. He further complicated matters by also accepting the Eurocentric colonialist argument that certain very backward colonies could be legitimately held by their conquerors in a sort of humanitarian trusteeship. What these unnecessary distinctions and qualifications did was to confuse the general issue of colonialism, its origins, history, and motivations, because he did not explore the continuities between the past of European overseas expansion and the imperialist present that he observed, a historical likelihood that he at least contemplated. Even if his perception of the special character of the self-governing white British colonies was justified, he was quite nonchalant and even sloppy in his general approach to the complicated and historically far-reaching issue of colonialism. His critical appraisal of imperialism applied specifically to colonialism of the late 19th-century variety, yet he decried British colonialist policy in India long before the appearance of what he called imperialism, and despite the obvious affinity between these two views, he seems not to have been tempted to exert a synthesizing or organizing intellectual effort on them. Likewise, it never dawned on him that if his critique of the British destruction of handicraft industry in India was valid, there was as well the possibility that analogous acts of cultural and economic depredation could have been committed in the case of Africa. In the end, however, it must be recognized that these were side issues for him and that his main contention was centred foursquare on the way the British capitalist economy functioned. Hobson's Imperialism, when all is said and done, was less about international

inequalities than about social injustice at home, and perhaps the fact that this was his fundamental concern allowed him to disavow in 1938 a thesis which had so epochal and long-lasting intellectual consequences.³³

Hobson made the following fundamental claims. He reasoned that the unequal distribution of national wealth led to oversaving, which in turn resulted in overproduction inasmuch as workers were not being paid enough wages to permit a levelling out of supply and demand. Oversaving and overproduction together in one country created the necessity for foreign outlets, but since all advanced capitalist powers were in the same economic situation, the pressure of competing for external capital and consumer markets contributed decisively to the development of the political will for the acquisition of colonies which would function as the exclusive economic preserves of each imperialist power. This meant that imperialism was motivated by the capitalist pursuit of economic gain and that capitalism in each advanced nation employed politico-military means to ensure its profits. Behind this reasoning lay the notion--first suggested by A. Smith and later consecrated as a fundamental idea of political economy by an uninterrupted line of thinkers from Malthus to Marx--that over a period of time the rate of profits tended to decline, though generally not the absolute mass of profit, which thus created a problem of realization or investment. The culmination of the imperialist process was the conquest of overseas territories. Hobson used as historical examples the Boer War and the scramble for Africa. The latter was the sharing out of black tropical Africa amongst the imperialist powers, including tiny and backward Portugal, which was a dead giveaway on some of the historical and operational flaws of his thesis: Portugal's claims on empire long anteceded the imperialist grab and could not be easily accounted for in terms of internal capitalist pressures, and even less as a sign of British imperialist benevolence towards an old and weak ally if imperialism was being moved by capitalist

cupidity. In judging Hobson's anti-imperialist stance it must be emphasized that he did not propose a wholesale condemnation of colonialism, although it has to be recognized that he was sensitive and sensible enough to condemn imperialism wherever it did more harm than good, as he saw it. He did not use British India to shore up his main arguments--which in effect put India out of the reach of the early, topical theory of economic imperialism, with important theoretical and ideological implications--, but he did blame colonialism for disrupting the potential for development of its traditional economic foundations. He was not concerned with what we know today as underdevelopment, nor was he particularly interested in the origins of inequality. He attributed the differences in development to the environment without elaborating. He certainly did not blame economic backwardness generally on imperialism. But he did a sound solidly British job of debunking the hollow talk about the duties of civilization to the benighted natives of the colonies. In a manner of speaking, what he said was: "Social imperialism is perfectly right, so let's one and all off with our masks and stop the cant!"³⁴

THE TWO SIDES OF HOBSON'S THESIS

There are at least two basic sides to Hobson's theory: one is its humanitarian anti-colonialism and the other, the logical, well-articulated connection that he established between economics and imperialism. There was nothing really novel about either proposition, and Hobson's prestige and influence have probably more than anything else to do with the way he combined them and with the sort of statistical and documentary support he proposed. On the issue of the colonies, there had always been in Great Britain a strong opposition movement with a powerful if not always pervasive moral component. After the 1830s, the little England liberals, led by J. Cobden and J. Bright, went foursquare against empire as a syphon of labour and capital needed at home. Cobden's main argument was that since empire could not pay for itself, it should be let go rather than be

allowed to become an economic burden on the mother country. For this he was taxed with parochialism and *petitesse d'esprit* by the eulogists of the glories of empire-building. It must be said, however, that there were also humanitarian considerations associated with Cobden's views--notably its affiliation to the anti-slavery movement--, so that in spite of the overwhelming jingoist attacks against it, the anti-colonialist critique never really lost the moral high ground, and over the decades, even as colonialist imperialism prospered, anti-colonialism itself gained momentum becoming particularly strong towards the end of the century.³⁵ Hobson's own critique was prefigured in all its parts by the socialist press of the times.

The other side to his theory, the connection between economics and imperial expansion and conquest, has an even older, in fact an ancient lineage. It had been adumbrated in Classical Greece and certainly by the time of the Cromwellian Navigation Act of 1651 colonies were forthrightly envisioned as strictly economic entities at the disposal of the metropole, which was really not much different from Spanish colonialist policy in America despite the often unctuous tone of the *Leyes de Indias*. In the early 19th century the political economist E.G. Wakefield defended the convenience of transferring both money and populations from the home countries to the colonies as reciprocally beneficial. Wakefield belonged to the group of theoreticians who believed that a capitalist economy tended to produce excess capital. He went them one better in proposing that this excess could more profitably be invested in colonies of settlement, and from this to applying the same criteria to colonies of conquest the only thing that stood in the way was the quasi-semantic distinction between colonization and colonialism. Wakefield had the support of J.S. Mill, who in turn sympathized with Malthus' demographic catastrophism and impugned J.B. Say's theory of recurring equilibria in economic life. In Germany, the nationalist neo-mercantilist F. List expressed in 1841 the

idea that colonies had a strictly economic function for the growth and greatness of the colonialist power. List also defined colonialism as the export of manufactured goods in exchange for raw materials, which was standard mercantilist doctrine but as well as one of the basic definitions in today's dependency theory. In France, Leroy-Beaulieu, taking a cue from the Wakefield school, proposed colonies as logical and natural repositories of metropolitan capitals. His countryman J. Ferry conceived of colonies as necessary outlets for metropolitan production.³⁶ Even though most of these theorists walked a thin line between economic expansionism as reality and as doctrine, between "what is" and "what should be", the net impression from them is that one can not separate colonialism from economic interests and considerations.

Hobson had already worked out the essential line of reasoning for his thesis in a series of articles which appeared from 1898 to 1902.³⁷ By then, however, the basic arguments were well-known. In 1890 the Socialist W. Morris had correlated "the appetite of the World-Market" with colonial expansion. B. Porter considers that Morris was in fact reiterating old arguments: "For years it had been the unblushing assertion of capitalists and traders, accepted and implemented by governments, that the 'flag' should be used in the service of commerce. Both had persistently stressed the necessity of finding new markets for British manufactures and new fields for investment." E.B.Bax wrote in 1899, in the Socialist journal Justice, that "the one hope of prolonging the existence of the present capitalist system lies in the opening up of new territories to commercial and industrial enterprise, in other words, in the extension of the world market and the acquirement of fresh sources of cheap labour", and therefore "it is a thing of vital importance to the early realization of socialism to stem the tide of annexation and colonial expansion without delay". According to Porter, "The theory was less sophisticated than the one J.A. Hobson was to develop a

little later: it confined its attention to commercial capitalism (not financial), and it was never worked out by Bax in any great detail." A similar call was emitted by the International Socialist Congress which met in Paris in 1900. In America C.A. Conant, among others, invoked in 1898 the surplus capital idea as the source of imperialist expansion. He was quoted by A. Thompson in the Socialist magazine Clarion. Porter perceives the influence of Marx over British socialist thinking on imperialism in two concepts: in the overproduction of capital and in capitalism's need to exhaust all possible means of surviving, which clearly pointed to imperialist expansion, although Marx had not made that specific connection.³⁸

THE PATTERNS OF COLONIALISM

Hobson had striven to demonstrate his thesis on the basis of a few examples of imperialist expansion, paramount among which was the manipulative and obviously economically motivated British aggression in South Africa. His original paradigm was the big-power China grab in the wake of the Japanese defeat of China in 1895, which also had self-evident economic causes. On another tack, Hobson correlated statistics on capital outflows from Great Britain with the measurable growth of empire in terms of area and populations. From the series he used, roughly from 1860 to 1890, it has been supposed that he referred to the period embracing what was known as the scramble for Africa.³⁹ However, his theory eventually has had to withstand the test of the entire history of 19th century colonialism, and in fact it has been made extensive in radical contemporary versions all the way back to the start of European colonialism. This means that in effect there are two theories of economic imperialism: one, the special theory that Hobson formulated, on which V.I. Lenin directly patterned his, and two, the general theory, which echoes parts of Lenin's distantly, and which went through the Comintern phase before being elaborated in its original and general form by P.A. Baran. We shall see gradually how

Hobson's theory mushroomed to the vast intellectual dimensions it has, including such forms as "world-system analysis". But in all propriety, it would seem as if Hobson should not be judged except within the confines of his own historical and geographical claims. On the other hand, since European expansion the world over, starting with the Portuguese exploration of the West African coast and the Spanish discovery of America during the 15th century, is all part of the same historical continuity up to the Boer War and beyond, if we think of it at least in terms of intercultural relations and confrontations, it would be helpful, before proceeding to examine the critiques of the specific Hobsonian thesis, to cast a sidelong glance at its possible correlation with the long and complex history of European expansionism.

A summary consideration of the latter reveals the emergence of at least four historical patterns of overseas colonialism: the commercial outpost or entrepot; the Iberian, English, and French colonies of conquest and settlement in America; the plantation colonies; and the Indian colonialist pattern of gradual penetration from a peripheral foothold. Dutch Cape Colony and the British colonies of settlement in the South Seas can be reasonably considered to have been variants on the earlier settlements in America. These patterns demarcate overlapping periods in the history of colonialism up to 1870. The first warehouses or trading ports were founded during the 15th century, but they became the prevailing form of European colonialism in Asia until at least the mid-18th century, when Great Britain initiated the consolidation of her Indian possessions and in the process made herself the foremost power in the subcontinent. They were also the basic form of the European presence in Africa. The second period of colonial history is defined by the establishment of the Iberian and the English settlement colonies in the new World during the 16th and 17th centuries. The third period started with the Anglo-French rivalry for plantation colonies during the War

of Spanish Succession (1700-1713) and culminated with the definite imposition of British ascendancy in India during the Seven Years War. Between 1775 and 1825 there was a wave of decolonization in America. During part of this period, the Napoleonic wars monopolized the attention and the efforts of all the European powers. After 1815, colonialism started anew and carried on to the end of the century but in two waves: during the first, the less rapid phase, variants on the Anglo-Indian pattern were applied in Africa and Asia, with Britain at the head and France a rather distant second; and the second, the rapid phase, was basically the scramble for Africa after 1870, during which a new pattern of colonialism appears. Even though there is not much controversy concerning the underlying economic motivation of European expansion overseas from its beginnings in the 15th century, the question concerning Hobson's theory of economic imperialism really is how extensive it can be made to those historical patterns and stages without falsifying its import. Hobson was very specific in his formulations and this has been the cause of both their prestige and their vulnerability. It is one thing to try to prove with fresh and relatively reliable figures that the flag travels in the hands of Mammon; it is another to make the same assertion for colonial enterprise since Da Gama landed in Malabar. However, if one interprets Hobson as wanting to say that in a general sense individual and collective economic gain is a more potent motivation than politics or religion, or that it takes precedence over policy and over missionary zeal, then a case can certainly be made for a Hobsonian rendering of colonial history. All you need to do is command a sufficiently impressive array of facts and they are there for the picking.

The entrepot and the plantation were both strictly commercial in nature. The Portuguese and Spanish colonies in America were milked for taxes, profits, and raw materials. British America rebelled over taxes and commercial impositions it had not sanctioned. British India

started as the East India Company, a joint-stock company definitely chartered in 1657 that prospered as long as it could set commercial policy for India. It gave up its rather shadowy control in 1857, but by the end of the century it was being claimed that the raj--the British Indian administration that had officially taken over from the East India Company--had been draining India of a yearly fortune for services the country hardly needed. In fact, the distinction between one British Indian administration and another was phantasmagorical, and the proponents of "drain theory" were not inclined to accept it: under either regime, they said, Great Britain blocked Indian development, squeezed imports from India--which were "balanced" through the imposition of a common sterling-based monetary system--, extracted revenues, interest, and transfer payments, and produced misery and famines. One limp response to these charges was simply to deny them on the surmise that the traditional sector of the Indian economy had benefited from economic growth in its margins. According to I. Habib, this was tantamount to claiming that Indian living conditions under the raj were not so bad because they had not appreciably deteriorated since Moghul times.⁴⁰

Another questionable distinction whose critique also points to the primacy of the economic motivation behind colonialism is that between the "old" and the "new" British colonial empires. It is predicated by K.E. Knorr on the parallel changes from mercantilism to economic liberalism and from political liberalism to strict, even despotic, political control, which became effective after the American War of Independence. However, this distinction can be made to stick only if British India is excised from the historical picture, and this can only be sustained on the fiction of an East India Company operating autonomously from British government control or interest. In fact, the only real change from one empire to another was the loss of the Atlantic seabord colonies of North America, whose bonds with Britain were significantly economic but mainly ethnic and

political, and the strongest liens that go from one of those purported empires to the other, best exemplified by the British colonialist connection with India, were economic in nature. The economic bonds held true while the ethnic and political bonds were burst asunder in these historical cases. It would not be amiss to conclude on this issue that the empire held because Britain had the will and the strength to make it hold and that underlying these, regardless of political and policy changes, were strong economic liens and economic interests ultimately emanating in Britain.⁴¹

THE SCRAMBLE FOR AFRICA

But if the bland general reading of Hobson poses few difficulties, such is not the case with the specific theory, which he strapped to a stern programme of proof and verification, and which therefore can not be carried without many qualifications beyond the limits he himself put on it. The rapid phase of European colonial expansion during the 19th century, to which the thesis specifically applies, started by Hobson's reckoning around 1870. Objectively, at least two political trends were evident: one, empires expanded dramatically in a short period of time; and two, imperialist governments seemed to take a more active, more direct role in the process of expansion. Hobson's explanation for this was that capitalist interests, both commercial and manufacturing, wanted imperial outlets and could make governments do their bidding. Populated, semi-populated and even empty territories were reconnoitered and acquired as colonies in lightning marches or campaigns. The military led the way, although they may have come after the trader or the missionary. The colonializers webbed out from enclaves to embrace as much territory as they could before encountering other European occupation or serious resistance of any kind. The French were very nimble at this sort of thing but they were also frequently checked. They were checked by the existence of Morocco during the conquest of Algeria in the 1840s and they were contained by the British

in their dash to the Sudan in 1898. The Germans occupied Tanganyka in 1885 as far south as British and Portuguese zones of influence or occupation, north to British East Africa, and west to Leopoldine commercial occupation in the Congo. The Italians started from Eritrea and were actually defeated and contained by the Ethiopians in 1896. This pattern of colonialism differs from all the others we have defined. The new, late-19th century colonies may have started in many cases as entrepôts but that is the only characteristic they retained from other colonial epochs. They were not settlement colonies and were never meant to be. They were not plantations though they later in some cases became one-crop economies. The analogy with India only extended really to the entrepot origins of both, and they differed significantly in the speed and the mechanics of conquest: it took centuries to conquer India; the scramble for Africa was over before 1900. British India grew by fits and starts depending on international conditions, on British home policies, on political opportunities, on strict commercial considerations, and also on man-on-the-spot initiatives. African empires grew in one fell swoop at one specific lapse of time and mainly either by political decision or with the active consent of policy. How does Hobson's theory stand up to the reality of the scramble for Africa? We shall consider first the alternative political theses and then the cliometric critiques of the theory.

We have used the reference date of 1870 as a kind of demarcation in the 19th century history of world colonialism. In fact that date is as controversial as are the implications of the period which followed it. It was Hobson in his treatise on imperialism who used it as a convenient watershed for his statistical arguments, but in essence what he wanted to indicate was that after that approximate date it became apparent that there had been an increase in the colonialist activities of the European powers. That activity was generally called imperialism, and

Hobson's interest lay in finding an explanation for it. What he thought he found was a ratio between a general trend of capitalism and the growth of colonial empires, and in particular, of the British overseas empire. In fact to him the exact date of the accelerated phase of colonialism was probably immaterial as long as it could be said that the phase existed. The date he singled out does have some outside support but most historians have contested it. R. Robinson and J. Gallagher consider the crucial events to have been the first Suez crisis and the British occupation of Egypt (1882) because of the consequences that derived from them. D.K. Fieldhouse prefers 1884, the year of "Bismarck's sudden claim for German colonies", in fact when Germany initiated the occupation of African territories. W. Baumgart did a comprehensive discussion of the issue. He starts by saying that at one time it had been generally agreed that the age of classical or modern imperialism began about 1880: "At the time [of the events in question], however, the year 1885 was regarded as the starting point. That was the year the Berlin Congo conference ended, and the 'scramble for Africa' supposedly got under way." He cites the authority of Lord Salisbury, who said that he found the European powers at loggerheads over Africa on his return to power in 1885. Baumgart also quotes K. Nkrumah as expressing the general opinion that "the original carve-up of Africa (was) arranged at the Berlin Conference of 1884". However, the emphasis has shifted: "Historians today have concluded that this notion is incorrect. At first they set the year 1882 as the starting point of the scramble, citing the occupation of Egypt in July of that year, and the ratification of the Brazza-Makoto treaty by France in November of the same year, which touched off the struggle for the Congo. More recently the date has been revised backward by another three years to 1879 when the rivalry between Britain and France became especially intense in West Africa. Even those historians who see imperialism rooted in economic and social causes will agree on the years 1879-1882 as the terminus a quo, because that was when they believe

the European powers felt compelled to acquire colonies as an antidote for domestic and economic problems."⁴² But whatever the exact date for the start of the European scramble for African territory, three inferences are possible from the historians' discussion alluded to here: 1) that the accelerated phase of late-19th century colonialism probably began around or after 1880, 2) that since most of the lands acquired in Africa by the European colonialist powers after that date were hardly in a condition to start producing immediate economic benefits, there must have been other than economic motivations behind their acquisition, and 3) that the latter conclusion is supported by the historians mentioned, among other reasons, because when a specific date is identified for the initiation of a historical process, the implication in the nature of things is that politics, which means deliberation and decision-taking, is the underlying predominant force. Since the Gallagher/Robinson analysis of British rapid-phase colonialism is possibly the most elaborate and consistent one ever attempted in view of its consideration of all or most surrounding issues and its concentration on a concrete and likely explanation, let us have a look at its date of 1882 and at its explicitly political explanation.

GALLAGHER AND ROBINSON

It is well known that these authors believe that Great Britain's colonial policy during most of the 19th century was one of moderate expansion preferably through informal imperialism, which refers to all the means of keeping less developed nations docile to free trade and to Western financial practices short of outright military intervention. All of this changed because of the Ottoman inability to exercise adequate sovereignty in Egypt and supposedly to safeguard operations in the Suez canal, Britain's vital link with the Indian Ocean and the bulk of her empire. As a result, and without the hard-to-get cooperation of France, Whitehall unilaterally decided the occupation of Egypt in the hope that it would be lenient, beneficent, and short-

lived. In the event, one thing led to another and from Egypt Britain went into the Sudan and France into Madagascar as compensation for the Sudan, and the division of West Africa entered the rapid phase, and so on and so forth. "Without the occupation of Egypt, there is no reason to suppose that any international scramble for Africa, either west or east, would have begun when they did. There seems to have been no fresh social or economic impulses for imperial expansion which would explain why the partition of tropical Africa should have begun in the early Eighteen-eighties", conclude most emphatically Robinson and Gallagher. But the logic of a statement like that under a magnifying glass is like a fading beauty with a face ravaged by wrinkles. They seem to be saying that without the occupation of Egypt there would have been no partition of Africa. If they are supposing that partition would never have taken place except in those or identical circumstances, apart from this being a trivial proposition, it practically puts the scramble for Africa beyond the pale of the history of colonialism, whose one irrefutable constant is that, given Europe's advantages, its outward expansion was inevitable whatever the special circumstances. If on the other hand they admitted it could have occurred in circumstances different from the point by point scenario they envisage, would they not be recognizing that the African grab could have been the product of forces other than the specific political ones that they seem to favour? Did not historical imbalances make partition inevitable at a time when European powers were indulging themselves in the reckless flaunting of their military strengths? Furthermore, if the imbalance that permitted Europe to intervene at will in Africa was the result of vast material inequalities, does not that make the authors' dismissal of "economic impulses" seem high-handed? What Robinson and Gallagher are saying finally is that for the period they chose (1880s) and with their preordained "frame of reference for colonialist motivations" (the "official mind"), they see no other political solution for the African grab but the

specific time and the specific motives they have chosen. And as to what they call "the frame of reference for colonialist motivations", which in essence consists in going to contemporary evidence on the motivations of British politicians, and in particular the latter's own statements on their feelings and opinions--which Robinson and Gallagher claim to have put into perspective by taking such motivations as "one of the many objective causes of the partition itself"--, their reliance on this evidence is vitiated through the self-evident implication of partisanship.⁴³

In the final analysis, do Robinson and Gallagher achieve what they set out to do? What briefly can be said of their position in terms of their own avowed objectives? Their handling of the soul-searching and the interchange of ideas and feelings that went on in the British inner circles of government is scholarly but alive. It would take endless and probably fruitless arguing to refute all the evidence they amass to prove that imperialism was not just a matter of purely material calculations, or of heedless manoeuvering for territories and populations. They make Gladstone's transformation from passionate anti-imperialist to the invader of Egypt seem plausible and understandable. Likewise, the wrangling for West Africa is presented as an inevitable link in a powerful political chain. There were, of course, no immediate economic benefits involved, but was it not implicit somewhere that, as far as eventual profits were concerned, it was better to have more than to have less territory, especially when if not Britain then France would end up with the lion's share, or should we say, the cockerel's share? The question of 1882 is interesting because other historians that like Gallagher and Robinson interpret imperialism in political terms have chosen other incidents at other times as the starting point of the African grab. The point is that even from the fairly straightforward political perspective it is often not known when things begin and when they end, which is the sort of

accusation that is often thrown at economic imperialism. Gallagher and Robinson insist on their handling of political motives as causes among other causes, but they in fact do not deliver on this promise. At no point during their chronicle do they actually try to place the motives of their protagonists in a spectrum of causes, and in the end it is difficult to gauge from their book that any cause other than politics and political considerations came anywhere near these in influence and importance. This is so evidently true that it is towards the end of their work that they ask a direct question: "So much for the subjective views which swayed the British partitioners. Plainly their preconceptions and purposes were one of the many objective causes of the partition itself. Their remain the ultimate questions: how important a cause were these considerations of government? What were the other causes?" Their answer is brief, summary, and anticlimatic and does not right the imbalance in favour of political motivations that almost their entire lengthy treatise had previously created.⁴⁴

THE FIELDHOUSE CRITIQUE: FOCUSING ON NUMBERS

The theoretical, as opposed to the semantical, distinction between colonialism and imperialism was originally proposed by the specific theory of economic imperialism. Its defense rests on precise statistical facts and series which respond to questions such as, why did the British empire grow by so many hundreds of thousands of square kilometre from such a year to such a year? Or, what was the flow of capital from Great Britain to the Gold Coast during the last decade of the 19th century? Post-WW2 theories of imperialism, with pretensions to a much wider scope of applicability, have in general tended to ignore the distinction. It can not be ignored in considering Hobson's original theory, in which it is, however, one of the weaker flanks. D.K. Fieldhouse, one of the most comprehensive contemporary historians of colonial empires, reduced the central issue of the original restricted version of economic imperialism in this manner: "The question can therefore be

redefined: what economic advantage did Europe extract from her colonies which she could not have gained from other countries, however similar in other ways?" With a superabundance of statistics, which others after him have also tracked down and reiterated, Fieldhouse proved that the imperialist powers did not trade preferentially with their possessions, and in the case of Great Britain in particular, with its African possessions. In the case of investments it was found that the colonies did not offer or provide any special enticements for metropolitan capitals. Furthermore, the investments that were made in the colonies were not particularly profitable, which answered the initial question to a fine edge and in the precise sense that Europe did not derive any special benefits from its colonies. Evidence was dredged up by Fieldhouse and others that colonialists frequently complained about the indifference of investors to their countries own colonies. Finally, it was averred that "not all imperialists were protectionists whereas all protectionists were imperialists" and that expansionism always preceded protectionism, all of which showed the political primacy of colonialism and the unworthiness of the Hobson thesis.⁴⁵ It was assumed in all these arguments that, according to the theory of imperialism, colonies were being deliberately acquired for investment purposes and for trade, which was not an unfair if strict reading of Hobson, one at any rate which showed how difficult it is to sustain it on its own strict conditions. However, Fieldhouse's refutation, perhaps the soundest ever written on the special theory of economic imperialism, was mounted on a circlet of considerations that did not sustain his basic allegations concerning the fundamental nature of colonialism.

Fieldhouse's refutation of the specific theory of economic imperialism pose certain important questions concerning colonialism in general. Like Robinson and Gallagher he is a partisan of the peripheral theory of empire, which can be expressed as meaning that "no European government, political party or social group strongly or

consistently demanded new empire building before the 1880's". This was different "both from the first expansion of the 15th and 16th centuries, and to some extent from events after 1882". His general rule is this: "Although European attitudes were often influenced by domestic forces, the evidence suggests that positive action normally began as a response to existing peripheral problems or opportunities rather than as the product of calculated imperialist policy." Yet Fieldhouse admits that those slapped up empires of opportunity were profitable, some in the extreme: "The culture system became a scandal, but it was nevertheless a staggering financial success. Between 1831 and 1877 it enabled Batavia to transmit a total of 823 million guilders to the Netherlands treasury; an average of 18 million a year when the Dutch budget was about 60 million. This windfall was used in Holland to pay off debts left by the East India Company, reduce the national debt, and build public works. The Netherlands East India Co. was also quite profitable for most of the 17th and 18th centuries." The British colonies of North America by Fieldhouse's own criteria--which meant "how much less the colonist received for their products and how much more they had to pay for their purchases because of the Navigation Acts than...if their commerce had been unfettered"--produced "generalised" profits. The Iberian empires in America "obtained the greatest advantage from a monopoly system", and the Spanish economy was sorely tried when its American empire broke away. The Belgian Congo, closer to our days, was a constant source of benefits even if the rates of return were not spectacular, according to Fieldhouse. Despite this track-record of colonialism, Fieldhouse claims for the post-1880 period that "colonies were seldom deliberately acquired to produce wealth, and they were retained irrespective of their profitability". The queries that these statements provoke are rife. Fieldhouse like Robinson and Gallagher does not eschew controversiality. For him too the scramble for Africa was started by a single

daring political initiative. The immediate cause of this new colonialist age was "Bismarck's sudden call for German colonies". In Robinson and Gallagher the occupation of Egypt leads to a chain of rivalries and confrontations. In Fieldhouse the offshoot is much more civilized: the Berlin conference of 1884-85, "which formulated rules for claiming possessions and precipitated a general grab for the vacant heart of Africa". Yet Fieldhouse's summing up in 1965 was not quite as specific as would be expected from his explanation of the origins of the African grab: "The modern empires, however, were inevitable. At some point between 1700 and the mid-19th century, the balance of power between the Western nations and the rest of the world shifted decisively."⁴⁶

These diverse points of view--peripheral colonialism, refutation of the special theory of economic imperialism, the ultimate inter-cultural imbalance explanation--should have added up to a denial of the specific economic motivations of Western global expansion and their substitution by a checkboard of different, mainly political explanations. Fieldhouse's own evidence, however, prompts two tentative inferences which seem to go against the grain of his arguments: one is that everything suggest a blurring of the distinction between the pre- and the post-1880 colonial periods, and the other, that it does not seem justified to abstract economics from the complex of colonial or imperial motivations at any time or juncture in the history of the West. If he admits the economic function of colonial empires before 1880, why does he deny it in colonial acquisitions after that date? Could Bismarck's call, no matter how influential or stimulative, have sufficed to change colonial history so radically in such a brief time? Even assuming that German foreign policy was powerful enough then to get the rest of Europe jumping through a hoop, why discard the notion of potential or expected profits and advantages? This perfectly reasonable motivation, which has been called "the pre-emptive

mechanism", was described by M.W. Doyle in these terms: "The chance that those lands might prove valuable in themselves or to another power outweighed the prospective costs of management, and expansion was pre-emptive." Lenin deduced from technological progress that colonies did not have to be profitable from the start and that their acquisition had probably more to do with future economic exploitation than with short-term profits. He certainly was not the only one to make that logical inference. In fact, Hobson himself must have seen that the logic of his thesis implies a certain degree of precariousness or of chance. No one ever invests a million dollars with the assurance of getting it back in five years, but if you are going to make a profit, there is always a chance your million dollars might go into a dud. This was not where the Hobson thesis went wrong. Where it distorts, and carries with it people like Fieldhouse and Robinson and Gallagher, is in its restricted definition of economic imperialism.⁴⁷

Historically, colonialist imperialism seems to be one essential unbroken reality, so that the very difficult intellectual task of reducing it to a short period of Western history during the fag-end of the 19th century, which was the task undertaken by Hobson and accepted as such by Lenin, makes its refutation all the easier. It is a matter of the harder you try the easier it is to fall. By an inverted logic, the fallacy of the specific theory of economic imperialism gives way to the myth of the political origins of the African grab. But if Fieldhouse's refutation of Hobson is not a valid refutation of the economic causes of colonialism, what is it then? After 1880 colonialism was notoriously political in character, which does not mean that it was not also interested in profits, but that it was motivated no so much by the defense of profits as by the expectation of future benefits, economic ones not excluded. Whatever or whoever set off the late-19th century scramble for colonies, be it West Africa, Egypt, or Bismarck, the question to ask, in relation to economic imperialism in a

wide sense--which is the bridge between Hobson and contemporary dependency theory and is inferrable in even a formidable critic of Hobson such as Fieldhouse--, should be whether or not the rivalries and the issues involved were devoid of economic significance of any kind. To put it another way: the indiscriminate annexation of territories is not per se a contradiction of the causes implied in economic-imperialism theory. It would be if it were possible to affirm that the acquisition of land obeyed only motives and objectives of a rigorously non-economic character. This was demonstrated neither by Robinson and Gallagher nor by Fieldhouse. What Fieldhouse did prove was that a narrow definition of economic imperialism is practically impossible to defend successfully.

Fieldhouse was not, of course, alone in expressing those ideas, as Robinson and Gallagher were not the sole proponents of the idea of the 19th century importance of informal imperialism. The prominence we accord to Robinson and Gallagher is based on the impact of their program of political review of the economic-imperialism theory, and Fieldhouse, of course, wrote the virtually definitive refutation of its specific economic claims. J.S. Galbraith in 1960 defended the man-on-the-spot explanation of British colonial expansion. F. Crouzet and H. Neisser both probed different chinks in the armour of Hobson's theory: Crouzet denied that the post-1880 colonial expansion contributed to the prosperity of late-Victorian and Edwardian Britain; and Neisser said that apart from a cushioning effect during periods of depression there were for Britain no other economic benefits from empire. Yet the ghost of Hobson's economic imperialism seems never to be laid to rest. A recent book by L. Davis and R. Huttenback, Mammon and the Pursuit of Empire: The Political Economy of British Imperialism. 1860-1912 (1987), tackles all the conceivable issues and implications of the specific theory in pages bristling with statistics, tables, and all the paraphernalia of cliometrics. It proves, for instance, that the people at

large paid for an empire whose most palpable benefits accrued to the economic upper class. But if this indicates a loose connection between empire and gain, neither the import of raw materials, nor trade, nor emigration, nor overseas rates of return--colonial ones were not better than those to be had at home--argue for the profitability of empire.⁴⁸ Even so, according to P.K. O'Brien, the proof that the empire paid or did not pay is not given one way or the other in this work and that mainly because it is not possible to quantify the alternatives of dismantling the empire to compare them to the existing facts and determine conclusively that the empire was demonstrably useless. In other words, the only final proof that imperialism was an unnecessary economic fiasco can only be obtained counterfactually, which means that Messrs. Davis and Huttenback and their battery of computers may not have exhausted the subject.*

THE IDEA OF IMBALANCE

It may be that the only way to encompass imperialism, whether pre- or post-1880, whether political or economic in essence, is to be as unspecific as possible and to work with the broadest possible categories. The notion of imbalance very nearly fits the bill ideally. Fieldhouse's suggestion of the inevitability of the modern colonial empires from the rise of Western global power is reminiscent of T.S. Landes' theory that imperialism is the result of a secular imbalance of power, which he expressed in an article of 1961: "It seems to me that one has to look at imperialism as a multifarious response to a common opportunity that consists simply in disparity of power...So if one seeks to understand the imperialism of the 19th century, one must take into account not only strong economic motives, among others, but even more those technological changes that increased the disparity of force between Europe and the rest of the world

* If they did not exhaust the subject, however, they at least elaborated an impressive set of statistical series, from which we have extracted the synthesis in this table:

and created the opportunity for and possibility of dominions...In this sense, the expansion of the 19th century is only the last phase of a millennial explosion that goes back to the turning point of the Middle Ages when the

EXPORT OF BRITISH FINANCE

Capital called up from 1865-1914 (1,000,000s of £s)
(% in parenthesis)

TOTAL	UK	FOREIGN	SELF-GOVERNING EMPIRE	DEPENDENT EMPIRE	INDIA
5784(100)	1828(31)	2468(43)	1045(18)	156(3)	86(5)
1865-1899 2933(100)	1038(35)	1209(41)	458(16)	55(2)	172(6)
1900-1914 2851(100)	790(28)	1239(44)	587(21)	101(3)	114(4)
Private: 1865-1899 1925(100)	911(47)	733(38)	168(9)	40(2)	84(4)
1900-1914 1757(100)	471(27)	855(49)	292(17)	77(4)	57(3)
Government: 1865-1899 998(100)	128(13)	476(48)	290(29)	15(1)	89(9)
1900-1914 1097(100)	319(29)	403(37)	295(27)	24(2)	56(3)

Source: Marmon and the Pursuit of Empire

David and Huttonback deduce the following on the basis of these statistics: "It must be remembered that arguments based on the concept of finance imperialism concentrate on the fraction of British finance that went into the Empire. Over the entire fifty years from 1865 to 1914, the proportion is about 25 per cent of the total, but that average is biased upwards by the transfers made during the last decade. For the period before 1900, about which Hobson wrote and Lenin paraphrased, the proportion is only about one in five. Furthermore, of either fraction, only one-third went to the dependent Empire and the rest to the colonies with responsible government. In terms of private finance, while foreign firms received almost 45 percent and domestic 40, all Empire firms absorbed less than one-fifth of the total, and only about one pound in eight in the year before 1900. Moreover, the dependent governments received only about a third of that Empire total. The domestic share, on the other hand, was above 40 percent in every decade until 1905 when it declined in response to a wave of finance directed toward the foreign sector and the self-governing colonies. In the case of government finance the story is different. The foreign sector received something less than 40 percent; the Empire's share ballooned to about the same level; but that of the domestic economy fell to just less than a quarter. Of the government total, however, only about one pound in eleven went to India and the dependent colonies.

"The picture is clear. Britain was indeed a major supplier of the world's

plateau of Castile, on the East Iberian plain, along the shores of the Mediterranean."⁴⁹ These ideas have a vague resemblance to Schumpeter's "objectless disposition on the part of a state to unlimited forcible expansion" to the extent that they all posit a lack of specific motivation. By contrast the special theory of economic imperialism aims at being as causally specific as possible. The contemporary reformulations of economic imperialism, however, incline more towards a general concept of economic causation than towards the balance-sheet approach that characterized the theory during its first, essentially Hobsonian phase.

The idea of imbalance and the general theory of economic imperialism could easily be reconciled and made complementary. Certainly imbalance and the notion of a development gap are apposite. The general theory of economic imperialism, precisely because of its non-restrictive protean character, leads smoothly into the question of the origins of international economic inequality. This issue was in fact totally irrelevant to the concerns of Hobson or for that matter of Lenin, for they were both immersed in strictly European political squabbles: Hobson in the question of British overseas expansionism; Lenin in Marxist factional struggles. Neo-imperialist theory is associated with the Third World: it emanates from Third World concerns, and it has been elaborated to a significant extent in the Third World or from a Third World perspective. The specific theory can not escape the taint of intentionality given the nature of its contentions, and this carried over into Stalinism and into contemporary theorization. But aside from this--and, of course, the common ground of economic motivation or causation and the negative results of colonialism--they are two distinct systems of conceptualization with different historical and

finance; but, apart from the last decade, the Empire was not a major recipient of those funds. Despite the Empire's more significant role in the market for government finance, there is little evidence that at any time, at least before 1905, it provided a significant alternative for private funds pushed out of Britain by low domestic returns, or a fertile ground for investment at high 'exploitative monopolistic' rates" (op.cit., pp.40-42).

socio-political sources, different themes and objectives, and different investigative methodologies. Modern dependency theory often protests its relatedness to Lenin's concept of imperialism, but the specific contemporary attempts to revive the latter--notably by H. Magdoff, T. Kemp, and A.K. Bagchi--have not been very convincing.

R. LUXEMBURG AND THE SCHEMA OF ENLARGED REPRODUCTION

In part, Hobson has become identified with the specific theory of economic imperialism because of Lenin's avowed debt to him. Marx himself, as we saw, did not formulate anything that could be described as a theory of economic imperialism, but this does not mean that Marxists did not try to found one on his teachings. One who tried to do so, even though it meant proposing a bruising criticism of Marx's main analysis of capitalism, was the Polish-German Marxist R. Luxemburg. She was a fiery, brilliant, and unyielding intellectual and politician who founded, with K. Liebknecht, the communist Spartakist movement in the aftermath of Germany's defeat in WWI, and who was killed in the insurrection of January 1919 in Berlin by the Freikorps under the social-democratic Weimar Republic. In 1913 she published The Accumulation of Capital, a work in which she tried to come to grips with the question of capitalist economic growth and economic imperialism in terms of complementarity. Given Marx's fundamental definition of capitalism (a term incidentally which he never used himself) as a discrete and finite historical mode of production, he had to explain three processes in relation to it: 1) how it came about, which he called "primitive accumulation"; 2) how it reproduced its relations of production, which he called "simple reproduction"; and 3) how it evolved and expanded towards its own dissolution, which he called "expanded reproduction".⁵⁰ As we shall see, the general theory of economic imperialism, or dependency theory, places the start of capitalism's interference with economico-historical processes in non-European lands virtually during or just after the phase of primitive

accumulation in Europe. The ambiguity here on the exact point in Europe's capitalist development at the start of European colonialist expansion is due principally to the lack of chronological and functional precision in Marx's usage of his analytical concepts, which appear in his writings as purely abstract and theoretical, hence with at most imprecise references to concrete historical situations, as when he placed the start of capitalism in the late Medieval Italian city-states active in international commerce. The most, therefore, that can be inferred from dependency theory is that colonialist expansion could have contributed to the drawn-out process of primitive accumulation in the more advanced European states during the 15th and 16th centuries and that surely it promoted the ensuing capitalist process of self-replication and growth. In the case of Luxemburg's theory on economic imperialism there is no comparable ambiguity, for she explicitly took up Marx's schema when the requirement of expanded reproduction were leading towards the final integration and transformation of the world from its West European centres of power during the imperialist era.

Very synthetically and schematically, it can be said that Luxemburg starts from Marx's division of simple reproduction into a producers' goods sector (department one) and a consumers' goods sector (department two). The first supplies its own and the other sector's needs; the inverse relation holds true as well. This balance, however, was unrealistic, for it did not reflect the reality of economic expansion, and therefore, it implied and required the schema of expanded reproduction. Always following Marx, Luxemburg claimed that any increment in the process of capitalist reproduction had to come from increased production in department one, which meant that surplus value was deflected from hoarding or consumption into increased capitalisation, but this created the problem of the realization of capital in that department two would be interested in supplying the growing needs of department one but did not have the

incentive to absorb its increased production.* The evident reason for this was that capitalist were in the business

* In the development of her argument Luxenburg used Marx's own reproduction diagram representing the total products of departments I and II. The equation for simple reproduction is stated thus:

I.	$4000c + 1000v + 1000s =$	6000
II.	$2000c + 500v + 500s =$	3000
	Total	9000

where c = constant capital, or investment in equipment and raw materials; v = variable capital, or wages; and s = surplus, or the difference between what labour got in wages and the value that labour produced. This schema obeys the following rules: "(a) The product of Department I equals in value the sum of the two constant capitals in Departments I and II. (b) The constant capital of Department II equals the sum of variable capital and surplus value in Department I—a necessary consequence of (a). (c) The product of Department II equals the sum of variable capital and surplus value in both departments—a necessary consequence of (a) and (b)." It assumes a constant c/v ratio of 4 to 1 and a rate of exploitation of 100% ($s/v = 1$). The schema is static in that both departments merely complement each other, that is, Department I supplies the needs of itself and II, and II the needs of itself and I: just enough c is produced in I to cover depreciation and the raw materials required in both departments, and just enough consumer goods are produced in II for the consumption of capitalists and workers in both departments. The aggregate product, therefore, never grows.

Under conditions of enlarged reproduction, however, the product of I must be larger than c in both I and II, and the product of II must be less than the sum of $v + s$ in both departments. The equation thus becomes:

1) I. $4000c + 1000v + 1000s = 6000$
II. $1500c + 750v + 750s = 3000$
Total 9000

The rules for simple reproduction are not adhered to in this schema, although the c/v ratio of 4:1 in Department I is retained as well as the same rate of exploitation for both departments. Why Marx and Luxenburg lower the c/v ratio of Department II to 2:1 is not clear. It is probably what economists call an intuitive proposition. At any rate, given this new equation enlarged reproduction can proceed. The rate of accumulation for capitalisation in Department I is 50% of s ($.50 \times 1000 = 500$), which corresponds exactly to the shortfall in the product of Department II in equation 1). The accumulated surplus is placed as per the 4:1 ratio of Department I into c and v by acquiring 400 of the surplus c and hiring labour to the tune of 100 v . Department II in turn supplies the increased consumption of 100 v in I, and it is then in a position to acquire the left-over 100 c from the original surplus production. Finally, Department II increases its v by 50 according to its enlarged reproduction ration of 2:1. Thus at the end of one period, the results are:

2) I. $4400 + 1100 + 1100 = 6600$
II. $1600 + 800 + 800 = 3200$
Total 9800

for an increase in the aggregate social product of 800 over equation 1). Applying the same procedure once again in another period of enlarged reproduction, the results would be:

3) I. $4840c + 1210v + 1210s = 7260$
II. $1760c + 880v + 880s = 3520$
Total 10780

of making profits for themselves, not for others, and a fortiori, the capitalist mode of production did not operate with the target in view of creating jobs for workers. There was also no question of increasing over-all demand by raising wages, as Hobson had advocated, because Marxism was built on a series of fundamental psychological axioms which did not include the pursuit of social welfare or the exercise of altruism. This also disqualified the argument of natural population increases, for there were no special provisions under capitalism for new workers, unless they were taken on by capitalists as a result of profit-making opportunities, in which case they were already part of the working force and could not exert new demand. Population increase among workers had to be supported by the workers with existing wages, and this could not be considered an injection of new consumers into the economy. Another, perhaps more direct, way of describing the same problem was that the avid search for profits even by the sharpest operators did not guarantee profits in industrialized capitalist economies subject as they were to business cycles and especially to the law of diminishing profits.⁵¹

Was Luxemburg being faithful to Marx in this analysis? She accepted Marx's premisses on capitalist reproduction and she remitted them with respect and punctilio. Where she parted company from him, and did not mince words in pointing out a gap in his theory, was on the question of the growth and expansion of capitalism. In Luxemburg's view Marx's schema of expanded reproduction was not a good enough answer

After a certain number of years it would be seen that the aggregate social product, the social aggregate capital, and the surplus value would have increased considerably from the initial equation. Luxemburg explained: "We may continue the above chain of equations ad infinitum so long as we observe this simple principle: that a certain increase in the constant capital of Department I always necessitates a certain increase in its variable capital, which determines beforehand the extent of the increase in Department II, with which again a corresponding increase in the variable capital must be coordinated" (pp.114-19). The trouble with all this was that "From the capitalist point of view it is absurd to produce more consumer goods merely in order to maintain more workers, and to turn out more means of production merely to keep the surplus of workers occupied" (p.132).

to the question, and even though, as she claims, Marx was aware of the insufficiency in his theory, he had not tried hard enough to cover it. On the other hand, it is not amiss to wonder in this case, as in the case of the origins of economic inequalities between the West and other cultures, to what extent that really was an issue for Marx. E. Mandel apparently thinks that it was, and despite his admiration for Luxemburg and his tendency to agree with her reading of Marx, he criticizes her on this issue on two grounds: 1) that she makes too much of Marx's schemas, which were after all designed to illustrate the capitalist MOP and how it went on reproducing itself; and 2) that at any rate Marx did not finish Capital and that his intention had been to explore the problems of "many capitals", which somewhat inconsistently does seem to imply that Luxemburg had not over-stressed the point of a lack in Marxist theory.

It could be that Marx, who, after all, had offered sufficient reasons to expect the downfall of capitalism, did not feel the need to explain further the mechanics of a system whose expansion must have seemed to him transitory in time and lop-sided in its social effects. In whatever modern sense we employ the word development, whether as economic prosperity or as social welfare conditions or in any combination of these complementary ideas, it was foreign to Marx's concept of capitalism. Capitalism had come about historically and it had created progressive and socially rational economic structures and practices, but it had by no means "developed" either in the sense of abundance or of social justice. As we shall see, this blind spot in Marx's vision invariably leads his contemporary followers into the "development paradox" whereby they feel obliged to deprecate and denounce capitalism while at the same time wishing it on the Third World. Marx had seen in the capitalist system a driving need to increase profits which went about it self-destructively by concentrating capital and laying off workers every time a strong economic crisis struck at its foundations. Luxemburg interpreted the capitalist drive

for profits as the need to incorporate more and more consumers and cheap labour, a possibility that was becoming increasingly more difficult in the industrialized nations. The difference between them lay in that Marx had his sights firmly placed on Europe and more specifically on England, whereas Luxemburg as an intellectual product of the age of imperialism was much more aware than Marx of the spread of capitalism to backward nations. Unlike Lenin she did not make concessions to nationalism because she believed that all it did was divide the working class.⁵² How did Luxemburg formulate her theory of economic imperialism as she solved the problem of expanded reproduction?

Her solution to this problem went back to her criticism of Marx's schema of simple reproduction, which was "that simple reproduction is a fiction not only for capitalist production but also for the progress of civilization in general". The key to growth and expansion was expanded reproduction, and this was only possible if there existed a "third person" to absorb the increase in production as foreseen but not developed by Marx in his schemas. Who or what was the "third person" that other Marxists had also sought without finding? "The decisive fact", she wrote, "is that the surplus value can not be realized by sale either to workers or to capitalists, but only if it is sold to such social organizations or strata whose own MOP is not capitalist." And the difficulties that Marx had experienced in explaining the realization of surplus stemmed from his premiss that once capitalism prevailed it did so "universally", when in fact "real life has never known a self-sufficient capitalist society under the exclusive domination of the capitalist MOP." Nevertheless, capitalism in England and in Germany and generally in what she called the "old bourgeois countries", was probably at its peak, and this was where imperialism came in because there were plenty of non-capitalist societies to bring within the confines of capitalism as purchasers of excess production of capital goods, as provider of raw materials, and as sources of

exploitable labour. Of course, in the long run and by those and other means capitalism would transform non-capitalist societies into replicas of itself and the "young capitalist states" would try to shake off the hold of the older ones, but while that happened capital flowing in to them would get its own back. In the end all would be operating under the same system, heading towards the same apocalypse of greed. Her basic point was that the only avenue for surplus capital was imperialism: "Only the opening of immense non-capitalist lands, through the increase in the number of consumers, has allowed capital to pursue enlarged reproduction."⁵³

In this analysis, Luxemburg showed herself a firm adherent to and a cautious dissenter from Marx. Her use of Marxist definitions and postulates is deferent, even slavish, but the inclusion of the entire globe as a necessary field for the expansion of capitalism before its collapse was carrying Marxist analysis beyond what Marx, who could probably envisage revolution with more ease than decolonization, had foreseen. In doing this she was facing up to something that also troubled other Marxist theorists, and that was the extraordinary tenacity of capitalism in spite of grinding exploitation, cyclical crises, and cut-throat political and economic rivalries. In her view of world capitalism Luxemburg was wrong because of something that her analysis did not reveal to her: she had not the slightest inkling of the notion and the reality of underdevelopment and this for the simple reason that for her, as a good Marxist of another age, exploitation and the conditions of life were the same whether in the imperialist countries or in developing capitalist nations like Egypt or Turkey. A hungry worker in a young capitalist country had nothing to envy his counterpart in a capital-exporting country. To have believed otherwise would have meant for her, as for any true and loyal Marxist, a terrible misperception, indeed a heresy. Whatever else one might have said of capital, it could not be denied that it was an

equalizer of working class conditions, and, as there was no theoretical objection to the export of misery, Luxemburg logically could not conceive the sort of international economic disparities, involving inequalities in employment ratios and dramatic wage differences, that we have become familiar with in our times. This problem has dogged Marxism all the way to the present and Marxists still have not been able to solve it adequately. As is known, those Marxists who engaged in revisionism by recognizing that capitalism could benefit workers by attenuating exploitation were ostracized and expelled from the fold.

HILFERDING AND THE COATTAILED CROCODILES

The Austrian Marxist R. Hilferding had actually taken an ambiguous step towards the perception of underdevelopment in his book Finance Capital, published in 1910.⁵⁴ Hobson's square one had been the problem of low wages and oversaving; Luxemburg's, the Marxist schemas of capitalist reproduction. Hilferding posited finance capital as the fundamental manifestation of capitalist concentration and, in effect, of "organized" capitalism. Bankers were like economic planners who took over industry and streamlined it through initially profitable monopolies and cartels. These achievements, however, could not last without their control of the state, which had to be used to protect profits by means of high tariffs allowing higher prices but at the same time provoking lower sales. Whereas in Marx production and profits continued punctuated by crises which lead to growing concentration and centralization, in Hilferding the combined forces of capitalism within one nation established policies to prevent the decline of the rate of profits. In view of the counterproductive effects of tariffs, exports had to be promoted and provisions made for the safe export of capital. But these measures collided with similar ones by other capital-exporting nations creating rivalries and tensions. The logical outlets were the undeveloped regions of the world, to ensnare which the state was made actively interventionist, and this led to expansionism and finally to

conflict.⁵⁵

For some, Hilferding anticipated in general lines the conditions under which WW1 started. His depiction of bankers, whether considered original to him, or, what is more likely, as a rationalization of a widespread popular perception, became influential in the 20s and 30s. It corresponded to the image of the pudgy, coat-tailed, high-hatted, hedonistic, and unscrupulous financiers represented in the Berlin paintings of G. Grosz and in countless cartoons of the times. His theory on the operations of finance capital was illustrated convincingly and entertainingly in M. Josephson's 1934 socio-historical chronicle The Robber Barons, in which a group of American financiers came within a whisker of taking over the entire economy of the USA. The coincidence between Josephson and Hilferding was probably unwitting since there is no mention in Josephson's book of Hilferding, but in any case both authors demonstrate the powerful hold that bankers had on the imagination and the thought of leftist intellectuals during the early decades of the century. Whatever the cause for this, Hilferding undoubtedly gave finance capital a theoretical status and a notoriety it did not have before--certainly not in Marx, whose villains were the generic class of capitalists, although, perhaps, on a more profound ontological level, what Marx really deplored was greed itself--, and this deserved or undeserved reputation became something of a folk-myth, as during the depression years in America. These are no mean achievements but history has not been kind to Hilferding's theory and today it is generally agreed that banks do not seem to have the power that Hilferding attributed to them. Whether they once had it and then lost it to state control and regulation or to some economic force stronger than theirs, is another question, but then he would have to be faulted for having had an excessively negative and pessimistic view of the state as a tool of special interests under capitalism. Where Hilferding commands respect and attention even today is in

his pioneering if far from infallible exploration of the relations between developed and backward countries.

On this question he commenced with the classic Marxist proposition on the transplantation of capitalism to non-capitalist territories, although he singled out a specific scenario, which Marx never did: Hilferding wrote: "The export of capital, especially since it has assumed the form of industrial and finance capital, has enormously accelerated the overthrow of all the old social relations, and the involvement of the whole world in capitalism. Capitalist development did not take place independently in each individual country, but instead capitalist relations of production and exploitation were imported along with capital from abroad, and indeed imported at the level already attained in the most advanced country." But this did not necessarily create homogeneous conditions all over the world, for there were differences between the capital exporters and the capital importing or debtor countries, as there were international differences based on what Hilferding called the size of the "economic territory", which essentially referred to the ability of an economy to produce and to absorb capital. One of the results of the free flow of capital was the creation of colonies. Another was the establishment of dependency relations, a case in point being the control by foreign capital of the iron mines in Spain and Sweden. Hilferding's fallibility is manifest in his underestimation of Swedish capitalist resilience, although he was not far from the truth in relation to the economic backwardness of Spain. Finally and most significantly, Hilferding described certain traits of capital-importing countries as corresponding not to economies growing to full capitalist status but staying rather at a level of stunted development. A capital surplus, for instance, usually gave a country advantages over less developed economies: "The export of capital had now become a means of ensuring that the capital-exporting countries will be the suppliers of industrial goods. The

customer has no choice: he becomes a debtor and hence a dependent who must accept the conditions imposed by his creditors." There was also what Hilferding called "absentee ownership", by which he meant foreign capital and the profits it sucks out of "small economic territories". "Naturally, this accumulation did not have to take place", he wrote, "in the country where the profit originated; but this capitalist 'absentee ownership' slows down enormously the pace of accumulation, and hence the further development of capitalism, in the debtor country." Hilferding even described a typical phenomenon of today's debtor countries: the flight of capital: "The smaller the economic territory the less the power it has to sustain the competitive struggle successfully by means of large export subsidies, and the stronger is the urge to export capital in order to share in the economic development and higher profits of other greater powers." Of course, Hilferding was often absolutely and totally wrong. He considered the lack of free labour in a new country (citing Australia and Canada) as the greatest obstacle to its development, which even on the eve of WW1 must have sounded like rigmarole. He referred to a supposed preference by British capitalists for an imperial tariff, although that was the particular hobby-horse of a school of social imperialist thought and was never approved or applied.⁵⁶ All in all, one suspects that Hilferding did not lump all capitalisms in the same category and that he considered that attaining to full capitalist status was important and rewarding per se for a country. Likewise, he thought he perceived that the inability to do so was engineered from the more developed capitalist countries, and this was a far cry from the point of view of a dyed-in-the-wool Marxist like R. Luxemburg, or of Marx himself. Marx had said that capitalism creates like wherever it goes. Luxemburg added that capitalism must create like in order to survive. Hilferding implied that capitalism created caricatures of itself from the more developed to the less developed countries.

THE HARVEST OF LENINISM

R. Luxemburg had no doubts whatever about the inevitability of capitalism on a global scale, but it was not a cheery prospect except in that it would presage doom for the system. R. Hilferding had an equally apocalyptic vision, but he was more interested in the mechanics and the effects of capital flows, not that he had any doubts about what their final exploitative intents were. In the process, however, he observed shades and variations. The impact of capital was not the same in every country. Often instead of capitalist development dependence was the result. Likewise, development could be stunted. Hilferding could have been, like the brilliant descriptive economist that he was, on the spoor of underdevelopment as we know it. Lenin's own outlook was influenced by Hilferding. He wrote his treatise Imperialism, the Highest Stage of Capitalism in 1916, in the midst of the Great War, which he was sitting out in Switzerland. But he was far from detached about it and in fact if his essay had one unifying purpose it was to give the coup de grace to K. Kautsky's notion of ultraimperialism, the hypothetical grand alliance between the imperialist powers to divide the world, shattered by the occurrence of the Great War, and to offer his own version of why capitalism always carried in itself the seeds of conflict.

Lenin was also trying to square what he knew about capitalism with the theory of economic imperialism. For the latter he consulted Hilferding and the seminal work by Hobson, and he followed both closely. However, he was also attuned to Marx's vision of the evolution of capitalism towards its downfall. In this respect, it is necessary to retain two principles from Marx: 1) that under capitalism there is a tendency for machinery to replace workers (what Marxists describe as an increase in the "organic composition of capital"); and 2) that, in consequence of the above, while profits for a time might increase in absolute terms, over

the long-haul the tendency of the rate of profit, or the proportion of labour power the capitalist retains as surplus relative to total capital, is downwards. If the mechanization of industry is a natural and rational tendency of the forces of production under capitalism, capitalist greed turns it unwittingly against itself when it uses machinery to lay off workers in order to save on expenditure on variable capital. This is carrying the trend towards concentration of the means of production--in Marx's words, "the facility of appropriating other people's surplus labour in great masses"--to irrational extremes. It also leads to the centralization of capital, a tendency summarized by Marx in the lapidary phrase: "One capitalist always strikes down many capitalists", which resulted in that a tiny few benefited from a system of economic oppression over the vast working majority of society, "trained, united and organized by the very mechanism of the capitalist process of production". Eventually, therefore, "The monopoly of capital becomes a fetter upon the mode of production which has flourished alongside and inside it. The centralization of the means of production and the socialization of labour reach a point at which they become incompatible with their capitalist integument. The integument is burst asunder. The knell of capitalist private property sounds. The

* Owens and Sutcliffe offer the following analytical explanation of the organic composition of capital and the tendency of the rate of profit to fall: "In Marx's analysis of the capitalist MOP the value of a commodity is composed of: first, the value of the constant capital (c), that is, the machinery and raw materials used up in production; second, variable capital (v), the amount of labour used--measured in terms of the wages paid to keep the workers alive; and third, surplus value (s), the excess of the value of a commodity over its cost of production (c + v)... Technical progress in Marx's view tended to raise the organic composition of capital (c/v) in production, reducing the amount of labour needed relative to capital. With the class struggle tending to keep the rate of surplus value, or the rate of exploitation (s/v), constant, it follows that there is a tendency for the rate of profit in Marx's sense s/c+v to fall."

Both technical progress and the class struggle must be understood in terms of the capitalist's drive for greater profit. Using the same simple equation, therefore, it is possible to deduce how the absolute mass of surplus can grow while the rate of profit keeps falling when both c and v grow but c at a faster rate than v, and finally, how a constantly falling rate of profit will lead to one of two outcomes: 1) a reduction of s to increase s/c+v, or 2) the situation where the stronger capitalists will gobble up the weaker. In the meantime, since v diminishes in relation to the growth of the available labour force (in the reserve army and through natural increase), the capitalist MOP arrives at the stage where the tension between the forces of production and the relations of production is such that the system will collapse or will be overthrown.

expropriators are expropriated."* Loyal Marxists such as Mandel would claim that the process is not quite as simple or as facilely determinist as this and that, despite his own words, Marx never meant that it should seem that way. Lenin, however, certainly believed in the ineluctability of those tendencies depicted by Marx. If capitalism had not yet succumbed it was because it compensated for its falling profits at home with its exploitation of non-capitalist or semi-capitalist territories abroad. To reach this conclusion he accepted Hobson's "flag-follows-capital" model and Hilferding's thesis on the primacy of finance capital under modern capitalism and its control over the state in capitalist society. However, the ultimate, and the last, concretion of Marx's centralization process, and the base upon which imperialism rested, was the reduction of the exploiters not to a few individual capitalists but to a handful of capitalist powers in which there was virtually no separation between capital and state.⁵⁷

Lenin believed that the world was ruled by financial capital, concentrated in the "four pillars" of the system: Great Britain, the USA, France and Germany. Capital travelled to wherever it could make profits, especially backward countries. He was well within the traditional Marxist norm: "The export of capital affects and greatly accelerates the development of capitalism in those countries to which it is exported. While, therefore, the export of capital may tend to a certain extent to arrest development in the capital exporting countries, it can only do so by opening and deepening the further development of capitalism throughout the world." When Lenin speaks of "development", though, it should be borne in mind that it is not "development" in the contemporary sense, but in the brutal Marxist sense of the destruction of old social relations and of traditional economic institutions. What capitalism put in its place was not exactly welfare and social justice but the worst forms of economic subjection and drudgery. On the other hand, there was no question for Lenin, as there had

not been for Hilferding and for Luxemburg, of some kind of "structural" impossibility to industrialize. In impeccable Hobsonian fashion, Lenin related the growth of colonialism to the age of financial capital, and he cited the fact that social imperialist thought accompanied and justified colonialism. The conquest of colonies was frequently motivated by the need to control sources of raw materials. Lenin refuted the arguments against imperialism based on the non-profitability of colonies: "Financial capital is interested not only in the already discovered sources of raw materials but also in the potential sources, because present-day technical development is extremely rapid, and land which is useless today may be made fertile tomorrow if new methods are applied...and if large amounts of capital are invested." Finally, Lenin echoed Hilferding's analysis of dependency: "Typical of this epoch is not only the two main groups of countries: those owning colonies and colonies, but also the divers forms of dependent countries which, officially, are politically independent, but in fact, are enmeshed in this net of financial and diplomatic dependence." It is not easy to find consistency in all these points of view unless one keeps in mind that for Lenin financial capital and capitalism in general were unmitigated disasters not "out of any particular malice, but because the degree of concentration which had been reached forces them to adopt this method (division of the world) in order to obtain profits". Up to this point Lenin was well within conventional economic-imperialism analysis, but in what follows he tended to leave the beaten track to pursue certain formulations, some basically of practical politics, which were pregnant with consequences.⁵⁸

Lenin made clear that he considered imperialism to be consubstantial with capitalism at its highest and final stage. The features of imperialism were: a) concentration of production and of capital; b) merging of bank capital with industrial capital in a financial oligarchy; c) export of capital; d) international monopolist capitalist combines

sharing the world; and e) territorial division of the world. This international situation led to war. Far from lessening "the unevenness of contradictions inherent in the world economy, as Kautsky says, imperialism tends to increase them". Lenin cited France's appetite for Lorraine and Germany's for Belgium, but this is as far, really, as his explanation of WWI went in concrete terms. More significantly within this international framework, Lenin looked at the spread of capitalism, which Cunow defended as "inevitable and progressive", and he responded with a singeing refusal. Yet Lenin himself had said pages before that the export of capital "accelerates the development of capitalism", presumably in a historically progressive sense. Now he turns his back on this classic Marxist proposition and throughout the final pages of his treatise he pounds time and again the same keys: exploitation in the colonies and dependencies, coercion of workers everywhere, resistance to imperialism, and so forth. The spread of capitalism means above all the outright exploitation of workers in backward and subject countries. No improvement there, but this was to be expected in a Marxist political tract. However, there is also unequal development: imperialism does not develop except insofar as it can exploit and in order to exploit it has to accentuate inequalities of all sorts. Therefore, it has to be fought politically by all available means in every terrain. His message is simple and direct: fight imperialism now and not when it has finished its work as a catalytic agent of social transformations, because it cannot be trusted to be anything but oppressive and rapacious. The form is obvious and the intention more than evident. There are no possible theoretical contradictions because Lenin's essay is a political tract with an essentially nationalist message: "Monopolies, oligarchy, the striving for domination instead of striving for liberty, the exploitation of an increasing number of small or weak nations by a handful of the richest or most powerful nations--all these have given birth to those distinctive

characteristics of imperialism which compel us to define it as parasitic or decaying capitalism."

To complete the picture, Lenin remitted the concept of opportunism: "Imperialism, which means the partition of the world...which means high monopoly profits for a handful of very rich countries, creates the economic possibility of bribing the upper strata of the proletariat, and thereby fosters, gives form to, and strengthens opportunism." Hobson had said: "There is first the habit of economic parasitism, by which the ruling state has used its provinces, colonies and dependencies in order to enrich its ruling class and to bribe its lower classes into acquiescence." Lenin plays up the idea and puts it on an equal footing with imperialism on a scale of political priorities, because "the fight against imperialism is a sham and a humbug unless it is inseparably bound up with the fight against opportunism". If we collate the different parts of Lenin's essay, we can deduce approximately a cross-bred thesis in which the export of capital develops backward societies to some extent, but having entered the monopolistic imperialist phase capitalism is capable only of exploitation, which it does all over the planet from the few centres where finance capital is concentrated. By toying with the Marxist notion of the export of capitalist forms but giving the upper hand to the ideas on economic imperialism in Hobson and Hilferding, Lenin came up with a call on the patriotic and nationalist sentiments of backward nations. It was a political thesis in essence, but in expressing it, not without its large quota of ambiguity, in fact, the richer for this, he foreshadowed the contemporary notion of a sort of long-term imperialism by which capitalism does not stimulate development and instead generates underdevelopment. It was also the thesis that many nationalists in Asia and Latin America were arriving at, and Lenin's message was calculated to coincide with them and to produce political benefits for communism. The important point here for the architecture of our own work is

that Lenin had expressed to all intents and purposes something approaching a theory on the origins of inequality among nations. The scope of this theory however was too restricted. It concerned itself only with the period of imperialism, which in Lenin's terms of reference had practically begun at the turn of the century.⁵⁹

To arrive at these incipient insights, Lenin had had to solve two doctrinaire problems. One was, as we saw, the equation capitalism equals progress, which he had finally unambiguously denounced. The other was what to do with the so-called bribing of the working class in the centres of finance capital. After all, Lenin could not abandon the call "proletarians arise" for "oppressed nations, fight back". As to the latter problem, he placed the fight against opportunism on the same footing as the struggle against imperialism. This was retreating judiciously from the out-and-out nationalist position he was taking, but it was understandable and the unspoken message was that somehow the proletarians of the world were one class. Lenin was above all a politician and this was politics of the highest order. Concerning the other problem, that is, the transformation of capitalism in its international role, Lenin hit on a brilliant and quite frankly a pregnant idea: he said that capitalism had become imperialism and entered its final phase. Capitalism had not yet exhausted the possibilities of world-wide exploitation. In most colonies all it wanted were raw materials, which is hardly an advanced form of capitalist exploitation. But it had run its course in the centres of financial capital. In both its centre and in the backward nations all over the world, it was the same imperialism and therefore the fight, whatever the social conditions, was the same. In one stroke, he eliminated the objection that it was necessary for advanced capitalism to spread all over the world--which was a refutation of Luxemburg--and the objection that revolution had to begin at the core of capitalism. And this was theory-cum-politics of the most efficacious, almost

prophetic kind.

It is true that Lenin's essay would probably not have gained the influence that it did if Lenin himself had not triumphed as a politician, but surely it would have stood out in any event as a signal elaboration. Of course, the final phase never actually existed as such, and in that sense he was wrong. Lenin, it must be recalled, elaborated his theory of imperialism at a time when, first, the world had virtually been carved up by the main capitalist powers and there were signs and symptoms of restlessness and resistance in the subject lands, and second, the capitalist Armageddon that Marx had envisioned seemed to be coming true in the sense that the different "advanced" and "monopolized" national economic structures were at each others throats in the Great War. But in fact he did not proffer any conclusive evidence that capitalism had actually undergone a qualitative internal change which brought it closer to extinction through the working out of its internal self-destructive logic. He accepted Hobson's arguments and figures, reinforced with others he culled here and there in his own research, and poured the mixture into a Marxist conceptual and analytical framework, and after that he thought he found corroboration for his views in contemporary events. Hobson, however, had not proposed a new foredoomed hypostasis of capitalism, and Lenin's evidence for it was highly selective, netted by political revolutionary prejudices rather than by rigorous inductive methods. Lenin was in fact losing sight of the forest for the trees.

THE CRITIQUE OF THE SPECIFIC THEORY OF ECONOMIC IMPERIALISM

Where did Lenin go specifically wrong in his historical analyses? He went wrong in dismissing the resilience of the centres of capitalism. Monopoly was not as widespread as he supposed. Financial capital had not taken over the system and was managing it through some kind of irresponsible and secretive petit comite. Raw materials were by no means running out. In other words, at the centre there was scope for growth and reform, and revolution was not imminent or

even near because of the state of social conditions. This applied to the industrialized and to rapidly developing nations like Japan, Canada, Australia, and New Zealand. On the other hand, even though capitalism was not doing anything spectacular to improve conditions in the underdeveloped world these nations were working out their own ways and means to resist political control and economic imposition. By and large their concerns were political and even though these often overlapped with socialist economic objectives, politics had the upper hand. Despite Lenin's sweeping optimism the toiling colonial masses ignored that they were in the grip of the international capitalist octopus, and their leaders wanted above all freedom to run their own affairs, even if under a mini-capitalist proto-system. Conversely colonialist powers that had them in their grip were hanging on, but they were slowly becoming aware that they could survive without their colonies. Lenin was also right. He was right in the fundamental vision that revolution could succeed anywhere given the global nature of capitalism in its imperialist phase, hence he was on the qui vive about his own Russia and he did not have the doubts and scruples of the Mensheviks, which would have been fatal for the future revolution. Once in power, Lenin had in place the theoretical basis for the further spread of communism in any direction. He could in good revolutionary law look to the West for more social upheaval, but he could also, if that failed, cast his glance eastwards and southwards in the name of the struggle against imperialism, which in effect happened. His raw and ambiguous theses were the ideal seed-bed for all sorts of practical and convenient theoretical elaborations.⁶⁰

The theoretical critique of the Leninist imperialist hypothesis falls partially within the general critique of the specific economic-imperialism theory. We already saw the statistical critique of the latter. It is, in effect, a critique of Hobson, because after him no one attempted the same sort of rigorous statistical demonstration that he put

forward. We also analysed and criticized the explorations of late-19th century colonialism that over and above economics placed political motivations and rivalries. These criteria, and in particular the Robinson and Gallagher theses, are not an outright denial but a modulation of the economic motivation.

There is also, however, the fundamental ideological negation of the validity of the concept of economic imperialism. The most famous is perhaps J. Schumpeter's over-rated explanation of imperialism, which is more in the nature of an alternative than a critique, and whose vague socio-historical character has had only isolated repercussions. He conceived imperialism as an atavistic tendency to expansion or aggrandizement on the part of the state, more or less pronounced depending on the influence or weight of militarism and other practices associated with absolutist political power. Schumpeter was emphatic about two things: capitalism per se was not imperialistic and the British Empire, despite the apparent contradiction, was not a product of imperialism. He was perhaps close to home insofar as Fascist Italy and Nazi German, whose use of naked bullying power during the 30s set the pattern of international power politics, were near-perfect incarnations of his model. But on the whole his overt distinction between capitalism and the state, between the economic order and the seat of political power, is frankly untenable as seen from almost any analytical and socio-historical point of view. Only economic marginalists and other strictly analytical equilibrium theorists could entertain such a separation and that only on the basis of their own economic and political prejudices. Leninism and economic-imperialism theory can be said to be fairly safe from this critique.⁶¹

In the end, any criticism of Lenin must fall back on the critique of the specific theory of economic imperialism, and therefore it is true of his ideas as of Hobson's that they do not explain adequately enough the specific events that they address. Hobson's statistics have been confuted

by other statistics, perhaps more precise and reliable, and there is certainly more to fin de siecle colonialism than cost/profit accounting can explain. On a wider front, the facts of history have overturned the analysis and the expectations of Hilferding, Luxemburg, and Lenin. Finance capital in our days has been relegated by neo-Leninist analysis to a subordinate position vis a vis the multinational corporations. Despite Luxemburg's rigorous demonstrations, capitalism has not industrialized the world for its own benefit although there is a trend in contemporary Marxism that tends to vindicate the Luxemburg forecast. And decolonization and other processes have left Lenin's theory in tatters, however plausible the concepts of neo-colonialism and contemporary informal imperialism might have seemed in the recent past.

Non-economicist explanations of imperialism, however, also fall short of their objective, and economic imperialism at least has a flexibility and a range of applicability which rigidly political formulations lack. Economic imperialism can have a narrow or a wide meaning. It can be read in the pages of "The Heart of Darkness" and it can be seen in the murals of D. Rivera in Cuernavaca. We shall see shortly how it evolved from the Leninist thesis into the principal, almost spontaneous way by which revolutionaries from the underdeveloped and colonial lands framed or organize their perception of the relations between the rich and the poor countries. Economic imperialism is, in brief, one of the fundamental versions of the way intercultural and international perceptions and relations have evolved in time, on the same level of importance at least as environmental theory and Eurocentrism. By way of contrast, could Robinson and Gallagher have applied their going-to-the-political-sources method to the Spanish conquest of America, where the royal cedulas said one thing and the adelantados did exactly the opposite? Or could Schumpeter's fancy conceptism allow for the likely inference that the British conquest of India could have been nothing other than

a purely capitalist enterprise? Yet these two events were in essence not entirely unlike the scramble for Africa, and for all of them the wide or general theory of economic imperialism could conceivably seem the only possible symposium.

THE DAWN OF A BRAVE, NEW WORLD

The theory of economic imperialism gained immeasurably in prestige and eventually in practical and ideological influence as a consequence of an event that occurred in the midst of the WW1 hecatomb. On 7 November 1917 (October 26 according to the Julian calendar), the Bolsheviks, inspired by Lenin himself, fresh from writing his thesis on imperialism, and implacably led by the redoubtable L. Trotsky, staged a coup d'etat which was, according to Curzio Malaparte, like "striking a blow at a corpse". Before the year was out, Trotsky, the one-man band of the Revolution, signed with the Germans an armistice which effectively took Russia out of the war and freed a million Germans to man the trenches on the Western front. The Western allies in an attempt to get Russia back in the war landed troops in Archangel, on the White Sea, and gave all the support they could to the insurrections which soon broke out all over the country. Thus began the siege of Soviet Russia. This time Trotsky donned the soldier's cap and from his command post on a train like an armoured fortress travelled from one end to the other of Russia successfully leading operations against assorted white generals commanding cossack and other counter-revolutionary contingents. The Bolsheviks were not to be the only ones in trouble. In November 1918 Germany in effect asked for terms and revolutionary agitation, which had been going on before, became active and menacing. Marxist socialists were prominent in the unrest that led to the abdication of the Kaiser shortly after the cessation of hostilities. The republic that followed was thrown at the lap of the social-democrats, who seemed willing enough to accept responsibility for it and for all that it came to mean for Germans as the heir to defeat and anarchy. The

communists hung back and became a vociferous, semi-violent opposition led by K. Liebknecht and R. Luxemburg. For these two there were no half-tints: it was all out revolution or nothing. In Hungary the situation was even more critical because there the communists under Bela Kun had actually taken over the government. Revolution seemed to be spreading in the West after the end of the war in the wake of Soviet Russia, and the Russians were intensely aware of it.

The Bolsheviks were expectant about all these events for diverse good reasons. First of all, they themselves were being besieged by reactionary forces and had an understandable urge to hit back at the Western sponsors of these forces. There was not better way to do it than to carry revolution to the heart of their enemies' societies. Secondly, a Sovietized Germany would be an immeasurably valuable ally in the quest for world revolution. Considering the industrial importance of Germany, her radicalization, Russian leaders fantasized, could very well signify the beginning of the end of capitalism. Finally, there were solid doctrinaire grounds not only for wanting Germany in but also for expecting her to enter into revolution: Germany had the most numerous, the best organized and the most radicalized proletarian movement in the world, she was one of the models of Leninist finance capitalism, and her communization would respond ideally to Marxist principles and expectations. Therefore, even as the Bolsheviks were having to stitch their nation painfully back together, in the process suffering hunger and other deprivations, they felt encouraged and even optimistic when they contemplated the events taking place in Germany. None was more hopeful than the brilliant and irrepressible Trotsky.

THE PROCESS OF THE COMINTERN

The Third Communist International, or Comintern, was founded in March 1919, in Moscow. Its purpose was to promote world revolution, but also, as a matter of course, to obtain support for the Soviet revolution. For our

purposes especially, it embraced a second, intermediate phase in the evolution of economic-imperialism theory. Throughout its life--and it was only shutdown definitely in 1943--the ambiguity about its ultimate objectives hovered over all its actions and initiatives both practical and theoretical, so much so that the history of the Comintern has been classified in terms of the tug on its proceedings of one or another of those two tendencies. Another way of defining the same issue is to enquire into the extent to which the Comintern was from start to finish a mere instrument of Soviet policy. F. Borkenau considers that there was a first phase of Comintern history during which the Soviets did not dominate, when the initiatives were in the hands of German communists, of Kun in Hungary, and of various other local revolutionary movements, and the Comintern was strictly a means for furthering world revolution. Successive defeats to initially promising communist bids for power outside of the USSR, led to the devolution of control within the Comintern to the Soviets, who used the organization, in a second and longer phase, as one of the crucial stages in the Stalin-versus-Trotsky factional struggle, and in a final and even longer phase, as a mere appendage of Stalinist policy. This thesis is also held, along general lines, by I. Deutscher. A more prevalent opinion is that the Comintern could not have escaped Soviet control at any time in view of the organizational structure it gave itself at the founding congress of 1919 and at the two successive ones under the guidance of Lenin, whose avowed intention was doing away with any possibility of "federalism", the cardinal sin, in his opinion, of the Second International. Under the new form of organization all the essential powers in the Comintern devolved to the executive committee, which sat in Moscow and handled affairs from congress to congress and thus could and did turn itself into "an anti-democratic, self-elected oligarchy".⁶²

Nevertheless, just as the Comintern could not control world events, not even all the actions of its members parties all over the world, so the Soviets could not control entirely at first the twists and turns in the debates that went on in the congresses. Towards the close, under the Stalinist boot, the Comintern became nothing more than a wax seal for Soviet foreign policy and for Stalinist ideology, but before that it followed an interesting process which lurched on towards the configuration of the contemporary neo-Marxist/Leninist general theory of economic imperialism, though it never actually got there, and when it started Lenin had already done half the theoretical work. To understand this process the classification proposed by D. Boersner can be handy:

"From 1919 to 1920, the International had its eyes entirely turned to the West, and considered the East only as an auxiliary in the apparently imminent proletarian revolution.

"From 1920 to 1923, i.e., from its Second to its Fourth Congress, the Comintern devoted an equal amount of attention to the West and to the East and distributed its agitational activities very evenly among both.

"From 1923 to 1927, i.e. from the Fourth Congress up to the volte face of the Kuomintang, the International devoted its greatest attention to the East and followed a policy of faithful cooperation with the revolutionary nationalists.

"After 1927, and especially after the Sixth Congress, the Comintern, in spite of the absence of proletarian revolution in the West, entered a phase of ultra-leftism in the Eastern and colonial countries."⁶³ To this internal process, which treaded closely in step with the march of revolutionary events after the Great War, there corresponded an ideological one which had as pivot the questions of the world role of capitalism/imperialism in the historical movement towards revolution and in particular of the effects

it had on the social and economic evolution of backward and dependent lands.

Despite radical opposition to colonialism, the Second International (1989-1914) all in all still lived by the dictum that "The colonies, too, must pass through capitalism. One does not pass from savagery to socialism in a single leap." The colonies, and the rest of the backward countries, were not very important in that period to socialist thinking and strategy. Lenin had a different opinion insofar as he showed himself primarily and intransigently anti-imperialist. He too felt, however, that revolution would take place first in Europe under the leadership of a proletarian-based communist vanguard. The events in Germany after the war were so potent a sign of hope for the Bolsheviks that despite the bloody suppression of the brief Spartakist insurrection in January 1919, when the First Comintern Congress met two months later, the enthusiasm for revolution was virtually intact. It fed on the thesis of the "permanent revolution"--the belief in the furtherance of revolutionary activism on a continuous basis and across international frontiers--, which had its most formidable and influential advocate in Trotsky, although Lenin too figured as a cautious adherent. The demise the same year of the ephemeral Bela Kun regime in Hungary did not dampen hopes either. Trotsky was at the zenith of his military career and of his political power. The Red Army was retaking one by one all the cities and the regions previously forfeited to the counter-revolution. Recognizing the failure of intervention, the British had withdrawn from Murmansk. Understandably enough in view of all these events, the colonies received only a passing mention in the final resolutions of the inaugural Comintern congress. With the recapture of Odessa in 1920, the Russian civil war came to an end, and with the alleviation of the military pressure on the revolution, the issue of the colonies--which became known as the "Oriental question" because it was in the Islamic East that a potential for revolution seemed to

flicker--gained considerably in importance and figured with some prominence in the proceedings of the Second Congress, celebrated the same year. A gathering of Comintern representatives and Persian, Armenian, and Turkish delegates met in Baku after the Congress and proceeded to brand imperialism retrograde. It was also at Baku that John Reed, the American revolutionary journalist, proclaimed the solidarity of Latin America with the peoples of Asia.⁶⁴

In the Third Congress, held in 1921, the enthusiasm for revolution in the East was much subdued due to the Soviet need to maintain good relations with Persia and Turkey, and in its stead, Germany was once again the cynosure of the debates despite the recent defeat of a workers' uprising in the Ruhr. The claims of Asia upon the revolution, however, were met at the Congress of the Toilers of the East, which was held in Moscow in 1922. According to Boersner, the idea that "the national democratic revolution of an underdeveloped country was likely to precede the proletarian transformation of the advanced regions" was first expressed at this meeting. At the Fourth Congress, also in 1922, the colonial question came back strongly on the agenda. The tack taken tended towards the gradualist strategy of communist alliances with local bourgeoisies against imperialism. One of the most prominent theorists of the Comintern, the Indian M.N. Roy, divided colonial and semi-colonial countries into a) the advanced with a class-conscious bourgeoisie; b) those with feudal predominance; and c) the primitive with feudal patriarchalism. Roy also proposed the idea that capitalism promotes decolonization and industrial development in the colonies in order to create markets for producers' goods from the advanced capitalist countries, but this point of view was overwhelmingly rejected. Boersner summarizes thus the proceedings of the Fourth Congress: "The general theses on the Eastern question stated that the World War had weakened imperialism and that the growth of nationalist fermentation in the colonies was steady and mighty. In opposition to

Roy's theory of decolonization, the theses maintained that European capitalism continued to keep the colonies underdeveloped and non-industrial.⁶⁵ It could be said that as early as 1922 communism had taken imperialism, despoiled it of all ambiguities, turned it gradually into the principal enemy of progress and change, and to round things out, had "invented" a national bourgeoisie to stand up against it in alliance with the communists themselves. In this scheme the only thing that was lacking was the dumping of the West as a revolutionary focus, and this was practically inevitable with the failure of the communist insurrection in Hamburg in 1923. Revolution was not likely from that quarter anymore. The Soviet Union on its side had overcome its political birth pangs and was on its way to national consolidation. Revolutionary ferment was strongest in the non-industrialized world, and it was in this direction that Comintern energies seemed to be converging, just as Soviet energies were almost inevitably committed to socialism in one country.

THE "DISCOVERY" OF LATIN AMERICA

The fifth congress of the Comintern was held in 1924, and it centred primarily on China, which was in the throes of extreme social unrest with the communist in precarious alliance with the Kuomintang. Behind the debate loomed the struggle for power in the Soviet Union between Trotsky and Stalin. Despite defeat in the West, where he had been the principal instigator of extremism, Trotsky still believed in permanent revolution and wanted his strategy, which implied a rejection of alliances and compromises, carried out by communists in China. Stalin preferred a more prudent, less adventurous approach, which meant preserving the alliance with the Nationalists, and his point of view prevailed. For its pains, it suffered Chiang Kai-shek's bloody 1927 suppression of communists in Shanghai and elsewhere. Even after the failure of this strategy, plus that of another Stalin-sponsored, Comintern-inspired uprising in Canton the same year, Stalin still managed to crush Trotsky utterly.

The fifth congress also consecrated the revolutionary importance of backward nations, or as Boersner says, it "placed the national and colonial question at the very head of its basic rules of action". Among other things it proposed the following slogan a propos the British Labour government: "The liberation of the workers of England depends on the liberation of the colonies."⁶⁶

The sixth congress (1928), in the words of M. Caballero, "showed, with reference to colonial questions, two main trends. The first was the tendency to reverse the tactics which were dominant in the former congress related to the alliance with the national bourgeoisie. This was a consequence of the attitude of the Kuomintang against the communists...The second trend was what has been called the 'discovery' of Latin America." What did this discovery contribute to Comintern debate and revolutionary theory? For one thing, there was the tentative denial of the existence of a national bourgeoisie in Latin America in the sense of a capitalist class in potential or actual opposition to imperialist penetration. There was also the emphatic presentation of the category of "dependencies" of imperialism as the only adequate one for the Latin American countries. It was put forward at the Congress by the Ecuadorian delegate Ricardo Paredes in these terms: "Therefore a new category must be accepted. This new group would consist of the 'dependencies' which have been penetrated economically by imperialism but which retain a certain political independence either because the economic penetration is not very strong or because they are strong politically." In assessing the relative significance of this clarification by a Latin American in a gathering of dedicated Marxist revolutionaries, it must be remembered that Lenin, who set the essential rules by which the Comintern lived, had been wont to distinguish, outside of the "four pillars" of imperialism, only between colonies and semi-colonies. The Paredes intervention implied a hierarchy, which had been present in the Latin American

awareness of the political division of the world, involving the following categories: a) imperialist powers; b) dependencies, which were sovereign nations with backward economies, hence subject to extreme exogenous influence; c) semi-colonies, that is, internally autonomous countries (not necessarily backward economically) whose defence and foreign affairs were conducted externally, which included the British self-governing dominions, Egypt, et al; and d) colonies proper and other subject territories. Whether this hierarchy was valid or not, whether say, Australia was more of a colony than Ecuador or the other way around, is of course a debatable issue, but in a purely formal political sense, it could be validly proposed and to a Latin American it also must have seemed *prima facie* admissible. This forceful presentation of a widely-held Latin American point of view did not prosper, however, and according to M.Caballero, "In spite of the relative acceptance of the diversity of state forms of dependence, in spite of the formula of Paredes, after 1928 the Comintern tended to use such formulas as 'dependency' less and, in fact, to put the accent on the semi-colonial condition of Latin American countries."⁶⁷

In summing up the relationship between Latin America and the Comintern, Caballero says: "Paradoxically (because the Comintern did not want to be a propaganda association but a practical tool for organizing and leading the revolution), its main influence in Latin America has been in the theoretical realm. Thus, questions related to the definition of Latin American societies, such as if those countries were 'semi-colonies' or if they exhibited another kind of 'dependence' have been at the centre of theoretical and political debates for more than fifty years. Thus, also, the questions related to the 'democratic bourgeois' character of the Latin American Revolution have their doctrinal origin in the discussions over policy sustained within the Comintern."⁶⁸ Here, in a contemporary context, Caballero harks back to the implicit Paredes hierarchy,

which likewise underlies the entire edifice of the theory of dependence defined and outlined by F.H. Cardoso and E. Faletto, in particular the distinction between "dependencies" and "semi-colonies". However, if the latter distinction in the 1920s relied on perceivable formal features proper to the final stages of the long epoch of European colonialism, in the decolonized post-war world even though it still might have seemed valid it was less easy to apprehend and define.

Again, it is Lenin who offers useful guidelines. For him "dependencies" was a portmanteau designation for all non-imperialist countries, as it had been for all colonies of conquest in 19th century British colonialist authors, and that is the sense in which Soviet dogma after WW2 used it in its analyses and propaganda. In some Latin American Marxist circles during the 60s it was used in the Paredes sense of political independence with economic dependence. The implication was that, historically at least, the relations of Latin American nations with the imperialist powers were different, much less externally dictated, than the former colonial relationships as established in Asia and Africa. But even in Latin America at the time there were actually two connotations to "dependence": one was the Paredes definition, a connotation that some non-Latin American Marxists later decried, thus leading to a frank but equivocal rejection of dependency theory (were they rejecting the concept of qualified dependence, or were they rejecting Latin American theses?); and the other was the wider connotation which hardly distinguished between dependence and the related concepts of colonies and semi-colonies.

The narrower definition of dependency fitted into a traditional Latin American point of view, one which received its highest accolade on the political left in the Cardoso/Faletto theory of dependence, but some Latin American thinkers also used "dependency" as a virtual synonym of "colony", which was standard analytical practice

outside of Latin America, and it was this meaning of dependence which eventually became entrenched in the heart of the general theory of economic imperialism in Latin America and outside of Latin America. Thus, even though Paredes' distinction and the hierarchy implied by it did certainly have a contemporary ring, and even though they had an indisputable validity from at least the Latin American historical perspective, they represented an intellectual cul de sac, as did Cardoso and Faletto, as we shall see, within the general trend of neo-Marxist world-historical analysis and thought. And just as the significance of the Paredes distinction can be over-interpreted, so Caballero's attribution of a theoretical primacy on Latin American Marxist issues to Comintern proceedings seems somewhat exaggerated in view of the fact that J.C. Mariategui and V.R. Haya de la Torre, plus a host of other Latin American thinkers and politicians, were deep into the issues Caballero mentions without having participated in Comintern congresses, in fact probably better off intellectually because of that. It can be said, though tip-toeingly, that the Comintern was influential on the general drift of the theory of economic imperialism but that it did not make one single identifiable theoretical contribution, and that it had virtually no impact on individual issues of Marxist theory although it undoubtedly did play an important bridging role between the specific theory of economic imperialism and the post-Stalin general dependency theory.⁶⁹

The Comintern had one final Congress, in 1935, before its dissolution eight years later. It sanctioned yet another strategic volte face with the approval of the "popular front" line, which defended a strategy of political alliances and was a consequence of successive defeats suffered world-wide by the communist movement. The Nazi-Soviet Pact of 1939 made the direction of the Comintern a delicate almost impossible affair, and the wartime pact between the USSR and the Anglo-American alliance practically

condemned it to inoperativeness, thus putting paid to its useful life.

THE GENERAL THEORY OF ECONOMIC IMPERIALISM

The contemporary general theory of economic imperialism, that is, dependency theory, exhibits the following characteristics (and others, on all of which much more will be said further on): a) it considers that capitalism does not just inhibit development but that it is actually and historically "underdeveloping"; b) it tends to smear over the distinctions between capitalism, colonialism, and imperialism; c) it puts in doubt the validity and/or utility of the concept of national bourgeoisie; and d) it virtually rejects the feudalism/capitalism schema of socio-historical analysis. It goes without saying that it acknowledges the Marxist concepts of mode of production and class struggle, but it places the greater emphasis on the external aspect of socio-economic processes in underdeveloped countries. Already Lenin had taken a few halting steps in that direction. He practically did an outright reversal on the Marx/Engels conception of the modernizing or progressive final effects of capitalism on backward nations. Furthermore, he probably was not completely convinced of the virtues of bourgeois nationalism, and in fact, he said that the phase of development that in a backward nation the bourgeoisie stood for could actually be skipped with revolutionary help from the outside. Even granting the significant differences in the worlds known by Marx and by Lenin, Lenin's deviations from strict Marxism would still merit the coinage of the term Leninism.

The Comintern went a few steps closer to our time ideologically without actually overstepping the bounds of Marxism/Leninism. This was due to the presence in its deliberations of representatives from the underdeveloped countries themselves, whose experience of economic

backwardness and of foreign penetration was practical and direct.

Comintern theses and resolutions, once the mirage of permanent revolution was dissipated, placed more emphasis on the retrograde influence of imperialism than Lenin himself had actually done, while at the same time, with the arrival en masse of Latin American delegates, identifying the significance of relative political independence. Comintern debates played up the notion of national bourgeoisie, but they contained different even opposed criteria, ultimately perhaps distrust having the upper hand. In the balance the most significant contribution of the Comintern to theory was probably formal in character and consisted in the constant collating of ideas and reality which over the years and despite the presence of the Bolshevik landlord-cum-censor in the background was inimical to orthodoxy and dogmatism. The Comintern debates did not produce the contemporary general version of the theory of economic imperialism, nor did they put forth any theory at all on the origins of inequality, which after all could not be further from their concerns and preoccupations. They had however the right conditions for it: the reality of imperialism, a fluid theoretical point of view, and the presence of parties which did not need prodding to blame imperialism for all the evils in the world since the beginning of time. The Comintern, however, lacked agility, it lacked the free-wheeling view that came with the post-WW2 era of decolonization and de-Stalinization, and then perhaps too the Soviet gendarme was not there for nothing. Comintern influence cannot be circumscribed to the narrow Marxist revolutionary circles which were its normal intellectual clients. It can safely be taken to have flowed into a mainstream of theoretical work that carried on into the post-WW2 era in conjunction with the momentous historical processes that got their headstart in that conflict. In the meantime, what had happened to Eurocentrism, which we last saw on its social-imperialist

high horse and certainly not to be run down by Marxist rantings from Moscow?

THE HUMANE FACE OF EUROCENTRISM

Marxist theory and anti-imperialism hardly affected the pride of Eurocentrism, but WW1 did, and so did the Bolshevik Revolution and the threat of revolutionary unrest in the West. Furthermore, the "inferior races" in the colonies and in semi-colonies like Egypt and Persia were getting edgy. Violence is a dangerous leveller, and WW1 left the scent of violence in the air. Racism had not disappeared but it was no longer aired so openly. After the trenches and the slaughter and the indecisiveness of war, social Darwinism would have one last insane fling in Fascist Italy and especially in Nazi Germany. It was like a deadly caricature of militant Eurocentrism: Italians bombing Ethiopian hamlets from the air and Nazis carrying out the logic of race supremacy in the extermination camps. However, Eurocentrism had more humane and rational aspects. One that incides indirectly on the question of the origins of international economic inequality was the theoretical work on the subject of the development of the West.

Marx's oeuvre, which spans the period when industrialism entered a mature pan-Western phase was significantly, perhaps crucially, responsible for making capitalism aware of itself, but awareness is not necessarily admiration and capitalism was admirable in many ways, at least on its own turf. Just how admirable was the task that a group of theorists straddling the 20th century set themselves. These theorists were, principally, M. Weber, W. Sombart, and well past the start of the century, J.A. Schumpeter. All of them believed that capitalism was rational. The first two also believed that it had ethico-religious foundations. All three thinkers can be placed in the category of enlightened Eurocentrism through their tacit but unequivocal negation of racism and social Darwinism. Their myopia, if we can call it that, consisted in the restriction of their lines of sight, in being perhaps culturally star-struck by the West

to the exclusion from their vision of the rest of the world (except in a relatively marginal way in the case of Weber). Our interest in mentioning them in passing lies in that their intellectual progeny are the works of those who in our days have carried on with the exploration, from different angles and with varying degrees of historical range, of the process and the evolution of Western capitalism, and this, as we shall see in the final part of this thesis, offers in the last analysis possibly the most reliable approach to the study of the origins of international economic inequality.

CHAPTER 3

POLICIES AND POLITICS IN THE STRUGGLE FOR THE THIRD WORLD

There is a three-stage sequence of ways in which the world can be roughly divided historically from the perspective of Western economic development into large conceptually manageable categories: before the 19th century, mainly into different comparable high cultures and civilizations; during the 19th century and up to WW2, into the advanced capitalist nations, which might or might not include Argentina and Uruguay depending on the measurements applied, and the politically and culturally backward rest of the world, which was made up mostly of colonies, a handful of semi-independent states in Africa and Asia, and the remaining Latin American republics (and in a category of its own, the rapidly industrializing USSR); and after WW2, the communist bloc excepted, into the economically developed and the underdeveloped blocs. These classifications are essentially "Western" as opposed to Marxist or "Third World" perceptions of history and of economic development. They betoken wide cultural, economic, and political perceptions. They are also the sources of theories and explanations. In the case of the pre-19th century dominant Western perception of cultures, the theories had to do with the differences between Western culture and the other world cultures. The relativistic perception of cultural differences engendered principally theories on the environmental causation of social and behavioural traits, although of course ethnocentric claims of Western superiority were never absent from pre-19th century inter-cultural contacts. Even though environmental or climatic theory ideally suited a world of cultural relativism, it survived in the Eurocentric climate of the 19th century as an explanation of Western superiority, and it was still going strong in modified, more enlightened versions into the post-WW2 era. During the 19th century Western progress and expansion made relativism unsustainable and Eurocentrism became the expression of the West's certainty of its cultural superiority over what were uniformly described as "backward nations" and "inferior races". China, for example, was demoted from the station it had sometimes acquired of being a paradigm of wisdom and

virtue to the level of a barbaric and uncivilized land. Eurocentrism, in the rather prejudicial guises it tended to assume, came under fire from the theory of economic imperialism. It did not fare well during the two world wars, but it too survived in a humanitarian, toned-down version, as we shall strive to show in the third part of this dissertation, which revolves crucially around explicit post-WW2 theories on the origins of international economic inequality as distinct from the explanations implicit in Eurocentrism and in the narrow, short-term theory of economic imperialism. In other words, it is here that we enter, properly speaking, into our principal area of research, which, however, in our opinion cannot be fully understood if it were not made part of long-term intellectual continuities, just as today's world division between rich and poor countries cannot be fully understood without the Industrial Revolution, nor the latter sequestered from its Western cultural cradle.

Before ceding its place to a less invidious "economicist" perception of the world, the rigid Eurocentric outlook had come under pressure and critical scrutiny from different quarters. WW1, which left Western civilization exhausted and disillusioned about itself, effectively claimed social Darwinism as one of its casualties. By the time that another world conflagration became imminent, the superior/inferior dichotomy was wearing thin. It was about then also that a new conceptual classification that obviated the increasingly untenable contrast between civilized and inferior peoples was being elaborated: it divided the capitalist world into the same two blocs as before, but these were now economic blocs, not overtly based on race or cultural disparities, but on the distinction between the economically advanced and the economically backward countries. The West still viewed the rest of the world through dim sceptical eyes, but this scepticism was more plausible than extreme Eurocentric prejudices, and it was conceivable that it could be substituted by some sort of

rational, progressive, and "hopeful" conceptualization. The compass to the new intellectual terrain was the idea of "underdevelopment". It elbowed aside the old jades of "inferior races" and "backwardness" and it also lent itself ideally for tracing sensible, bridgeable frontiers in a world of economic inequalities, even if in the end they followed in the main the old dividing lines.

"Underdevelopment" and "underdeveloped" more than mere post-war neologisms are socio-historical clues. Whoever actually put the word "underdevelopment" together was probably slaving away before the War in some university cubicle, and writing in English.⁶⁹ However, the invention of the word is not as significant as its general acceptance and wide diffusion during the years immediately after the War. This happened either because the term designated some meaningful reality, or because it gave a special sense to an old intellectual perception. Does "underdevelopment" have a basis in reality wider or different in any way than that which underpins the notion of economic backwardness? In point of fact, yes: underdevelopment refers to a measurable, numerically comparative backwardness. It is perhaps the same phenomenon as backwardness but seen through a fine wire-grid. It is like a quality photograph as opposed to an oil painting by a tyro. "Underdevelopment" has come to grief in recent times. The oft-heard assertion that "underdevelopment" is a mere euphemism is only partially correct. At the time when the word first became current there was little concern in the West for the opinions of the politicians or the public in backward lands. "Underdevelopment" takes on the appearance of a euphemism mostly in the critical review of post-war developmental dogmas and by comparison with older designations. But in fact it is not as an euphemism that it has fallen into ill repute but because of its patronizing overtones. This engendered, through the repeated exercise of what G. Myrdal called "diplomacy in terminology", a variety of new phrases: "developing countries", "less developed countries", and so

on, which have entered the vocabulary of international agencies, politicians, and pressmen. Among the reasons for its downfall some have to do with the corrosive effects of time and failure. In its origins, however, "underdevelopment" was not condescending, as it later came to seem, and it was not associated with stagnation and defeat. It implied the capacity to grow and catch up, a state of potentiality that would by rational means be taken to a higher level of economic organization.

AREAS OF RESEARCH

But if underdevelopment conjures up such a diversity of attitudes, it is probably because its principal historical *raison d'etre* was to offer a "mediation" for a global change that occurred in the material and conceptual relations between the West and the backward lands and which had WW2 as a fulcrum. The change itself admits different interpretations. For one thing it substituted the traditional vision of socio-economic backwardness for a more hopeful if more abstract condition. But principally "underdevelopment" firmly established the economic implications in the Western awareness of the relations between the advanced and the backward countries in the capitalist world. The pre-WW2 diversity in political perceptions played down the weight of economic issues, so that even imperialism theory, with its firm grounding in economic analysis, functioned as an instrument of political action insofar as its underlying critique was contingent upon political domination. Instead of the old Western conceptual ordering which had been gradually coming round to the primacy of economic differentiations but still hung on to political categories and definitions, the post-WW2 capitalist world rapidly came to see itself as exclusively divided by economic inequalities. By the same token, under the general intellectual guidance provided by the idea of underdevelopment, the previous conceptual separation of the backward lands into colonies and politically and economically backward independent nations tended to

coalesce, in rhythm with the process of decolonization, into not precisely a bloc-concept but an awareness of common basic economic interests.

In sum, the old Western racial and cultural prejudices had self-destructed even before they were seen to be inadequate in a world where colonialism was bowing out and Eurocentrism no longer had the field to itself. A new wave of theorization on the relations between the strong and the weak, the rich and the poor countries was on its way. It can be divided into two general currents: one, development economics and the sociology of development; and two, the long-view or general theory of economic imperialism, otherwise known as dependency theory. A third field of study incides on a whole range of issues on the origins of underdevelopment, but it is not primarily concerned with them. It is what we have called here "the development of the West", and it was begotten in the work of the pioneering authors whom we mentioned collectively before as presenting the humane face of Eurocentrism because of their deliberate disengagement from racism and social Darwinism. The remaining three sections of this dissertation are organized around these three areas of study. We shall start with the creation of development economics and its growing importance and influence after WW2. After following the evolution of development studies to the late 60s, we shall trace the parallel if tardier process of dependency theory to its recent culmination in the work of I. Wallerstein. We shall then take up again the thread of development studies and close the two intellectual processes with the "dependency debate" and a general critique of dependency theory. To round things out on the Marxist side, we shall consider what can best be described as MOP and class-struggle Marxism, which is the latest approach of this ideology to the issues of underdevelopment. And we shall close with an attempt to elicit from the study of the development of the West, principally but not exclusively in the work of F. Braudel,

pertinent observations on the origins of underdevelopment and economic inequality.

THE "FOUR TRUTHS" OF PRE-1945 STUDIES IN ECONOMIC DEVELOPMENT

If the concept of underdevelopment was a crucial instrument for the West in re-focussing its relations with the non-industrial rest of the capitalist world, development economics was its necessary disciplinary framework. In time development economics would become a part, the main part, in the general field of development studies (and even then in as vague a manner as that necessary to grasp the concept itself of development studies), but during WW2, when it effectively started, it was strictly on its own. There is a special place in the canon of the literature on economic development for the category of pre-1945 works on underdevelopment and development policy, even though the word "underdevelopment" was barely in use then and the concept was still unfolding its diverse connotations.⁷¹ One of the outstanding names in that early phase is that of the British economist and econometrician Colin Clark, author of the The Conditions of Economic Progress (1940), a book that was being quoted on the statistical definition of underdevelopment long after the end of WW2. G.M. Meier and D. Seers, in their 1984 book Pioneers in Development, include Clark in a gallery of the then surviving founders of the discipline. What Clark did in his studies was to work out a means for determining the per capita real income of workers all over the world. From these it emerged that the seven countries with the highest standards of living were the USA, Canada, Australia, New Zealand, Argentina, Great Britain, and Switzerland (in that order), comprising 10% of the world's population, followed by "the principal industrial countries of Europe", comprising 9% of the population, and finally, by the low-income countries accounting for the remaining 81%. To measure income Clark used what he called an "international unit" (I.U.), which was defined "as the amount of goods and services which could

be purchased for \$1 in the USA over the average of the decade 1925-34, or an amount interchangeable with them". Clark further clarified: "For international comparisons of real income, the incomes are reduced to a 48 hour week basis by a simple proportion between the current prevailing working hours and 48 hours." The average wage for poor countries was below 500 I.U. a year, and for the top seven, above 1,000 I.U. "Summarising these figures", Clark said, "the world is found to be a wretchedly poor place." Despite the rueful tone, however, the figures themselves were less discouraging than reality itself would probably have warranted in his time, or at least, so they seem in retrospect from a world in which poverty seems manageable only by establishing distinctions between the poor and the extremely poor. But Clark did go to the heart of the matter when he lamented that "very little attention has been devoted to ascertaining the causes of the tremendous differences in real income which prevail between different parts of the world". In looking back in 1984, Clark himself considered that the two most important merits of his book were to have emphasised the significance of tertiary sector growth as an indication of development and to have pointed out that capital alone does not produce growth. Significantly, Clark's acknowledgements include S.Kuznets, G.Myrdal, and V.K.R.V. Rao, all of whom would later become influential names in development studies.⁷²

In going from C. Clark to the Dutch economist J.H. Boeke we undergo a radical change in perspective, which is useful in showing the range of work on economic development even in its parturient stage. Boeke's The Structure of Netherlands Indian Economy was published in 1942 by the Institute of Pacific Relations in New York. it was part of the concern in both America and Britain with the post-war order and in particular with the majoritarian less developed areas of the planet. If C. Clark's study was statistical and global, Boeke's was regional and descriptive: it was what you would get or expect to get by applying a magnifying

glass to one of Clark's statistical items. Boeke's work, based on various decades of colonial experience, and certainly a cornerstone of "colonial economics", is significant in two respects at least: in the thorough descriptive exposition of a "dual economy" and in the presentation of the effects of culture on economic activity. "In dualistic countries, on the other hand", Boeke wrote, "we find pre-capitalism embodied in the indigenous social system even at the present date...But here--in the Netherlands Indies for instance--it is brought into direct contact with capitalism in its full bloom, and this it is that gives it the double character which is indicated by the term dualism. We are here dealing with a clash between two social periods--a clash the economic aspect of which we shall discuss and analyse in the present paper under the name of 'economic dualism', although it finds expression in other departments of life besides the economic--in legislation, in government, in the administration and formulation of justice, in social organization--as well as in men's conception of what they need, in their evaluation of things, in work and recreation, in religion and morals." Boeke's observations derived from his study of the economy and social structure of villages, which he claimed were as alien to the modern urban milieu as different planets could be to each other. He was not, of course, the first to notice this. The British had observed Indian villages closely from the 18th century at least (though not always perspicaciously), especially when it came to the question of how best to exact tribute or taxes from them. The concept of dual economy was described vaguely by Marx. It was clearly recognized by Marxist theorists of imperialism like Hilferding and Lenin, but it was never developed by any of these authors, who indeed would have found it untenable beyond a certain stage: in Marx's system different modes of production were mutually exclusive, the more progressive one inexorably displacing its predecessor. However, the possibility of overlap or simultaneity could not be entirely ruled out, and in Latin America, for example, J.C. Mariategu

in 1928 explored further the feudalism/capitalism form of Marxist dualism.

What Boeke described was a rural society in which advanced capitalist forms and techniques co-existed with the predominant traditional village economy in a dynamic arrangement featuring reciprocal influences but by and large inclining towards modernity. Boeke's was the "classic" non-Marxist expression of dualism. His was not a critique of colonialism, which he found progressive refuting specifically the India-based "drain theory" according to which empire skimmed profits from colonies and left little in return. The dual economy idea became the theoretical framework for the different growth models and strategies that were predicated on the existence of excess population in the countryside. Since rural-urban migration became one of the key concepts in development economics, Boeke was actually poking at its roots in his research, although the notion that there existed a labour surplus in backward countries due to the inefficiency of their agriculture was fairly conventional and apparently solidly established, and what Boeke contributed was a model that included different even antagonistic operative modes, such as that the profit-incentive did not function in the villages in the same way as in the cities. In this respect, that is, in the weight which he attributed to culture, he was a forerunner to what became known as the modernization school of American sociology, which was the principal alternative to development economics as a source of Western strategies for progress in the underdeveloped world.⁷³

P.N. ROSENSTEIN RODAN AND A CRIPPLING DISPARITY BETWEEN TARGETS AND MEANS

For some, P.N. Rosenstein-Rodan laid the foundations of development economics in his 1943 essay "Problems of Industrialization of Eastern and South-Eastern Europe".⁷⁴ He was born in Poland in 1902, emigrated to Britain before the war, and eventually settled in America as an elder statesman in the discipline. In London during the war he

proposed the study of the problems of underdevelopment at the Royal Institute of International Affairs, and in the US in the late 50s he was among the more influential defenders of American economic aid to Latin America. What Rosenstein-Rodan did in his famous war essay was to establish upon what then seemed like unassailable foundations the hypothesis that industrialization is the best and most efficient road to economic development. He gave a variety of reasons for that. One was that it would absorb the rural slack. This was a theme that tied in with the dual-economy motif in a rather general way. It was later taken up in a more precise manner by W.A. Lewis and other economists. The general proposition that derived from it was that in exchange for taking a back seat to industrialization the agricultural sector would eventually reap the benefits of accelerated economic growth. Another basic argument for industrialization were the so-called externalities. This was a marginalist concept according to which the growth of a branch of industry will of itself lower costs for individual firms within the industry. Rosenstein-Rodan applied it to entire national economies in the sense of external savings which were made possible by industrialization and which were in turn absolutely indispensable for the continuation of the industrial process. Externalities were to be augmented by "indivisibilities" and economies of scale. This meant that the demand generated by one factory required the construction of another and this one in turn of two more and so forth. The foreseeable increase in demand required that these plants be of an "optimum" size in order to maximize the externalities. The "market mechanism" was not a reliable guide to these projects--for who would build a plant twice or more as large as a market required on account of future demand?--, so planning of the "indicative" sort was required. In retrospect, Rosenstein-Rodan would defend his ideas on industrialization in these simple terms: "Industrialization has to be promoted not because of terms of trade, but because external economies are greater in industry than in agriculture alone", but the fact remains

that the implications of his early model were of daunting social complexity. D. Avramovic believes that the example of Soviet planning must have had some influence on it. Rosenstein-Rodan himself mentioned Keynes and Harrod/Domar among the "predecessors of the theory of development"-- although his own work was contemporary with post-Keynesian analytical research--, which reinforces the idea that he was more inclined to stimulation than to coercion and makes almost unavoidable the critique that the means he had in mind were disproportionately small to the goals he proposed for poor nations.

A third argument for industrialization was that it lead to the investment of what he called "social overhead capital" in the creation of infrastructure, which made modern transportation and trade possible and industry viable. It had also other obvious social advantages, from the employment it gave during its construction to the permanent services it rendered to the communities within its reach. The fourth argument, and one to which Rosenstein-Rodan was especially partial, was the impulse that it gave to education and to learning skills, which he called "technological external economies". In the Meier/Seers book he wrote that the "process of industrialization of underdeveloped countries was and is largely based on the advantages of training, learning on the job, and the formation of human capital", all of which, as with some of his other ideas, to our eyes seem like truisms, but this is as it should be in a successful new system of conceptualization, and the real problem involved was that these ideas also were simplifications that in practice have proven ineffective or misleading. Whether the "excess agrarian population" existed or not, the situation in most Latin American metropolitan areas after many decades of siphoning off rural "excess" is not one of rural-urban harmonization or even of social integration in the cities, but of "excess" unemployed or under-employed urban masses, in other words, that the "excess" was if anything merely

transferred from one part of society to another. The "external economies" have transpired in some cases but the so-called "indivisibilities" are probably as vaporous today as they were vague on paper when Rosenstein-Rodan defined them. The "technological external economies" sounded and still sound as inevitable as breathing, but the truth is that lack of technology is probably today, almost half a century after Rosenstein-Rodan wrote, the one principal obstacle for the majority of the industrial projects in the LDCs.

The crowning all-embracing idea in Rosenstein-Rodan's model of development was the "big push", for it brought together all the previous targets and it summarized what the model was all about: a sufficiently large bloc of investment from different sources applied in such a vast scale over such a compressed time-lapse as to overcome not only the drag of private marginal net product, which was determined by ordinary market mechanisms, but as well any shortcoming or lag that might arise from any of the sectors or areas participating in the process of development: agriculture, infrastructure, finance, industry, training, and so on. For Eastern and South Eastern Europe he proposed an "Eastern European Industrial Trust" and he estimated an investment of 6,000 million pounds, nearly half of which would have to come from outside. The concept of a "big push" was jargonized in the post-WW2 literature of development economics as a "critical minimum effort", although this could not dissimulate the fact that from its theoretical launching by Rosenstein-Rodan it partook of the nature of a pipedream as far as foreign assistance went and sounded quite incongruous juxtaposed to the unanimously perceived insufficiencies of domestic savings in underdeveloped countries.

In following the intellectual trajectory of Rosenstein-Rodan one cannot help thinking that he became an expert on Latin American development by default. In 1943 his sights were firmly placed on the underdeveloped countries of

Europe. By 1944, he was taking in other areas: the Far East (which in truth he had mentioned in his 1943 essay), the colonial empires, the Caribbean area, and the Middle East, besides Europe. By the 1950s he was mainly interested in Latin America--understandably enough in view of the communization of the Balkans, Eastern Europe, and China--, but his recipe for development had not deviated in any significant way from his original model, and in 1957, in an article which was part of a collective work published by the Massachusetts Institute of Technology (MIT), he went back to the "big push" concept, with a touch of Rostovian imagery, and defined it thus: "There is a minimum level of resources that must be devoted to...a development program if it is to have any chance of success. Launching a country into self-sustained growth is a little like getting an airplane off the ground." Ironically, "take-off" and "big push" are analogues of the idea of "primitive accumulation"--in the sense of a decisive amassing of disposable capital--, which dependency theorists borrowed from Marx for their own ends and in their own interpretation during the following decade. More to the point at hand what we have in this essay are various useful indications: it revealed, one, that Rosenstein-Rodan had remained consistent over the years in his criteria about development and that it was in America and during the early 60s that his ideas were coming into their own; two, that there existed an intellectual mainstream in development economics, which was flowing then between MIT and the State Department, and on which Rosenstein-Rodan and Rostow effortlessly sailed; and three, that this was probably a heyday and a culmination in development economics because the policies involved, which were being preached and occasionally applied all over Latin America, would not have results commensurate with the optimism that engendered them, and would never again get an opportunity to prove themselves such as the one they had during those years. But the most significant indication is that what Rosenstein-Rodan wrote in 1943, two decades later would still seem valid if not indisputably as truth at least

as a mover of wills. Some may consider Rosenstein-Rodan a precursor rather than a begetter, and perhaps not even a precursor but an influential systematizer, the right sort of advocate in just the right spot for policies that many considered inevitable. The individual ideas which he espoused and wove together had been expressed before and they were developed with greater rigour and precision after him, but there is no denying the coherence and the force of his reasoning, its greater efficacy in contrast to what before had been mostly pious exhortations, so that finally, as often happens, the statement of the obvious was the beginning of the new.⁷⁵ The obvious was that monetary and technological "externalities", infrastructure, and "excess agrarian population" had all been at one time or another among the priorities of independent underdeveloped countries before WW2. The new consisted in bringing all these ideas together as a recipe for accelerated development, and in doing so from a vantage which permitted bridging between areas as disparate as Eastern Europe and Latin America.

What made the Rosenstein-Rodan project problematic was the disparity between goals and means. The tentative solution was planning, but in Rosenstein-Rodan planning was cautious bordering on coy, and it was not even called planning but "programming". It was indicative and supplementary, neither Socialist nor propitiatory to free-market extremists.⁷⁶ K. Mandelbaum, like Rosenstein-Rodan also working in England during the war, constructed a "hypothetical model of an industrialisation process in South East Europe", which of course never left the pages of the book, but which was a paradigm of what development economics would consider to be its task in the post-war world. It defined targets, quantified resources and their allocation, estimated outputs, and set the whole thing in motion with a snap of the fingers. The fact that it referred in a general way to South Eastern Europe did not detract from its relevance to the preliminary foundation-building of

development economics. The theoretical work accomplished at that point was undeniably thorough and solid, not so much in the sense of completeness, although the work done during the war was admittedly comprehensive, as in the sense of a relatively finished set of hypotheses withal susceptible to further research and elaboration. It could be seeing too much into the short period covered, but the temptation is irresistible to depict an expanding progression from C. Clark, who did the quantitative definition of underdevelopment (on the basis of per capita statistics, which is the way we still mainly define it), to J.H. Boeke, who dealt with the problem of an available under-used work force, to Rosenstein-Rodan, who proposed a strategy to absorb it, and finally, to Mandelbaum, who described the means to make that strategy workable. It sounds too pat because, for one thing, these authors were not discovering anything that was not known before them, and for another, they, with the possible exceptions of Rosenstein-Rodan and Mandelbaum, were not working in one venue towards one specific objective--in the manner of astrophysicists trying to discover the origins of the universe--but were moving in different directions in different places. Nevertheless, a pattern of sorts can be read in the facts described, and anyhow, the important thing is that we can recognize in them an abstract meaningful intellectual structure despite the diversity of the contributions to it.⁷⁷

THE WAR'S FLUID, VOLATILE AFTERMATH

WW2 placed the US not just at the head of the West, but also in such a commanding position in the world at large as to seem to ensure the prevalence of capitalism everywhere outside the USSR and its areas of influence. However, it did not make the world any easier to deal with than it was before. A very significant consequence of the war was that in severing the West for a time from some of its most important Asian colonies, it made their permanent separation seem inevitable later and this was crucial for the overall process of decolonization. Ironically, the agent for this

radical turn of events was the militaristic Japanese empire in its pursuit of the so-called Greater East Asia Co-Prosperity Sphere, a semi-fictive international organization incorporating most of the countries occupied by Japan, orchestrated and based in Tokyo. Decolonization commenced after the war when the European colonialist powers attempted to start as if from scratch in their former Asian possessions.⁷⁸ For a while France and the Netherlands managed to keep up appearances of business as usual, but the ground beneath their feet was quaking: within the colonies resistance to the re-imposition of foreign rule was fierce, and outside of them, America was frowning and colonialism had been condemned by the UNO. Indonesia was proclaimed in 1949, and after losing in the open field against nationalist-communist divisions, France acceded to the creation of an independent partitioned Vietnam in 1953. The British returned in force to Malaya and Borneo, but India was in ferment and Britain was in no position to afford empire as before. India, Pakistan, Burma, and Ceylon became independent in 1947. They accounted for the bulk of British Asian possessions. Colonialism was on the way out not only in the Indian subcontinent and in the fringes of Asia: the Middle Eastern mandates, which had been created and shared out between France and Great Britain after WW1, were lapsing one after another, and in Algeria, which France classed legally as French territory, the Arab-speaking population was determined to obtain its emancipation by violent means if necessary. Their fight would be bloody indeed before the hour of independence in 1964.⁷⁹

There was another wave in action in the early part of the post-WW2 era which must be taken note of here to explain how the new Western conceptualization of the relations between the industrialized nations and the larger community of poor or underdeveloped countries became so dominant. The USSR had been taken to the brink by the Nazis. The thoroughness of Germany's defeat afterwards enhanced the prestige of the Soviet victory. By 1946 the wartime East-

West alliance was a shambles. By 1947 the Soviet press had transferred the epithet "imperialist" from Germany and Japan to the US and Britain, and for the West, as Churchill announced in his 1946 "iron curtain" speech, the communist menace was on. It was not restricted to the European territories which the Red Army had penetrated or in which Soviet-allied guerrilla forces held the balance of power, as was the case specifically of Yugoslavia. Communists were strong enough in Greece to make an armed bid for power. The "Truman doctrine", committing the US to aiding governments under attack from communism anywhere--which was the original precedent for the Vietnam intervention of the late 50s and 60s--, was formulated with Greece in mind and had a significant impact on the outcome of the civil war there, although in the end it was power politics that denied the communists a victory that was almost within their grasp. In China, American-backed Kuomintang armies were defeated by communist forces, which occupied Beijing in 1947 and in two more years took over the rest of that vast country. The Nationalists took refuge in Taiwan, where American aid propped them up and guaranteed their survival. In 1950 North Korean communist armies overran South Korea despite the presence of American forces there, and the US and its allies were forced to fight them and the Chinese to a stalemate, not to defeat. These and other events were proof of communist advances to which even Latin America was not immune, as was shown by the election in Guatemala in 1951 of the radical, communist-backed regime of J. Arbenz (subsequently toppled by an expeditionary force financed by Washington). The West, therefore, was being confronted after WW2 by the crumbling of the pre-war colonialist order and by the rise of a world communist movement that at times even seemed threatened in territories that were geopolitically far removed from the centres of communist power.⁸⁰ One of its responses to those challenges was to give full sanction to the economicist and developmentalist Western optic that had been focusing on the world since before the war and which had acquired a definitive urgency

and relevance as a consequence of the international processes that the war set in motion. To give substance to this attitude there already existed the wartime work on economic development, and in addition, new theories and new arguments were being developed after the war which ratified and strengthened the essence of what had been said before.

THE GENESIS OF CORE/PERIPHERY

The UNO was created in 1945 as the successor to the League of nations, but in another spirit, that is, with a different outlook on the relations between larger nations, the Western powers in particular, and the colonies and the so-called semicolonial countries. Even in its infancy, when it was power politics that mostly mattered, it was significantly attentive to the political concerns of its weaker member due mainly to the convergence of America's desire to assume an anti-colonialist stance and the USSR's outspoken support of anti-colonialism, all of which resulted in the approval of general principles of international political equity. Some of the principles sanctioned the idea of national freedom and self determination. Others had to do with the desideratum of economic development for all nations. They were a reflection of the relatively fluid post-war international situation, especially as it affected the old colonial empires. In the area of economic development, the UNO was stimulating the formulation of the economic doctrines that had to go with it, and by 1949 it had created different organisms devoted to the issues of underdevelopment, including the Economic Commission for Latin America (ECLA; in Spanish, CEPAL), and it counted with the services of R. Prebisch, H. Singer, and V.K.R.V. Rao, among others.⁸¹ Two memorable concepts emerged from the work on underdevelopment sponsored by the UN. One had to do with a purported secular trend of international commodity prices to deteriorate in comparison with the prices of manufactured goods to the benefit of the industrialized nations and to the detriment of the less economically developed ones. This was mainly Singer's doing. The other

was the stroke-of-genius presentation that Prebisch did of developed and underdeveloped capitalist countries as "core" and "periphery".

In the brief but brilliant and far-sighted The Economic Development of Latin America and its Principal Problems, published in 1950 by ECLA--which was then functioning in Lake Success, N.Y.--, Prebisch, who had been influential in shaping economic policy in a rigidly "neo-classical" direction in his native Argentine before the war, described not only the process leading up to his advocacy of industrialization, but also the possible consequences, good and bad, of an all-out industrializing policy. The core/periphery motif was employed throughout his analysis although not with the ideological connotation that it would acquire in the hands of dependency theorists, but as a conventional designation for a geographical arrangement under-pinned by historico-economic circumstances that had evolved in the "natural" course of events. It definitely did not constitute an argument for the sort of deliberate long-term world process of underdevelopment of the Third World that economic imperialism theory later contemplated, which was latent in Marxist texts and debates and which Prebisch could have drawn on. What he said, signalling a radical change from his previous thinking, was that primary production for international commerce had very nearly reached the end of its possibilities for internal growth because of various factors: due to higher productivity and the advantages of technical progress in the core (explicitly, in this case, the USA), the prices of primary export commodities were deteriorating in relation to those of manufactured goods, and even though inflation could still be resorted to for capital accumulation, sooner or later the disparity in the terms of exchange would catch up with marginal gains and would tend to produce stagnation in underdeveloped economies. The cycles in the periphery had to be countered either with foreign savings or with savings from the production inside Latin America of substitute

industrial goods. This was, of course, a denial of the international specialization or division of labour principle dating back to A. Smith, and it was not really the first (F. List had done the same thing at the high tide of classical political economy), but it was the first one based on economic analysis rather than on nationalism or neo-mercantilism.

In justifying this position Prebisch admitted its "unorthodoxy" but countered that since the core/periphery order of things went against a Pareto equilibrium in the international factors market, which was one of the inescapable implications of the "invisible hand" philosophy, it was permissible to strike down also the absoluteness of the principle of the free international circulation of goods. Prebisch was not assuming this stance out of purely nationalist feelings, or at least he disclaimed that he did employing a sober "scientific" tone of presentation, and he wrote quite pointedly: "It would be a matter of discovering whether the increase in industrial production brought about by the factors diverted from primary production was or was not greater than the amount of goods formerly obtained in exchange of the exports. Only if it were greater could it be said there was an increase in productivity, from the standpoint of the community; if it were not, there would be a loss of real income." In this, and perhaps not unbeknownst to each other, Prebisch coincided entirely with Rosenstein-Rodan. The suspicions that cling to the reasonings of both authors is that they answer the same enquiry affirmatively without the benefit or the backing historical, statistical or other evidence. Prebisch was probably more aware than Rosenstein-Rodan of the formidable problems involved in an all-out industrial development policy. For instance, he affirmed categorically that "The centre must not lower its import coefficient", which, with his experience in government, cannot have seemed a pre-ordained assumption, and he ruled out the creation at the start of the process of a capital goods industry there being

"still ample room for current consumption". In the end, and really at the base of his presentation, he chose import substitution industrialization (ISI) crucially because "we are of the opinion that industrial development will bring out the consequences of the cycle more clearly by accentuating fluctuations in urban employment". This particular theme would become a cornerstone of theories based on the dual-economy model, particularly, though hardly exclusively, in W.A. Lewis, who by then had been doing substantial work in industrial development problems in some of the British colonies in the Caribbean. In the context of Prebisch's concerns, it basically meant that he was probably thinking in terms of the ultimate application of Keynesian economics to the economies of Latin America, and specifically, to that of the Argentine, and this was a far cry from anything even remotely resembling the dependency model that Marxists later adopted.⁸²

Even if there is room for debating whether or not some Latin American economies jumped the gun in the matter of heavy industries, it is a reasonable assertion that the general Latin American process of development adhered quite closely to the Prebisch formula. Even more to the point, though, to what extent was this an original program or a reflection of policies already operating in Latin America? The ambiguity of development economics, whether it is original research or a synthesis of previous experience, whether it is a "science" in its own right or merely an accumulation of sanctions and eloquent exhortations, has never perhaps been better illustrated than in the early work of Prebisch, which is itself one of the essential pillars of the discipline. Ironically, or perhaps inevitably, it was from within ECLA itself, by then operating out of Santiago de Chile, that Prebisch's theses came under siege in the late 60s, with pleas and arguments for more national economic autonomy through more state action and more heavy industries, as on behalf of more free trade it would be attacked in the 70s by the critics of the idea of general,

all-fronts industrialization. In later years, Prebisch would blame the flaws in the system on "the serious socioeconomic bias of the mechanism for income distribution and capital accumulation in favour of the high social strata". He would also insist on his criticism of the American "hegemony" in international trade, and doff his hat to those of his colleagues in ECLA who "have dealt much better than I with the political and strategic significance of this hegemony".⁸³

H.W. SINGER AND HIS CRITICS

The essential premiss in Prebisch's system was the idea of the imbalance in the terms of trade sustained in the also UNO-sponsored 1949 work Relative Prices of Exports and Imports of Underdeveloped Countries. Its author was H.W. Singer, and although neither he nor Prebisch remember having known at the time about each other's work, their shared interest in the subject is frequently referred to as the Prebisch/Singer thesis or effect. It was faulted by P. Bairoch on two counts: lack of originality and lack of accuracy. Bairoch traced the Singer essay to the League of Nations study of 1945 titled Industrialization and Foreign Trade, which states, in Bairoch's words, that "between the last quarter of the 19th century and the eve of WW2, or more precisely between 1876-1880 and 1936-38, there had been a 43 per cent reduction in the price of primary products compared with the prices of manufactured products". Against this accusation, Singer in 1984 made a very good case in three directions. In one he attributed his interest in what he called "the problem of distribution of gain from trade and investment" to deeper sources than mere statistical analysis. Keynes, whom he acknowledged as a basic influence on his thought, had in 1938 "advocated buffer stocks for primary commodities". He had "come back to the idea when he started thinking in 1941 about post-war reconstruction", and in Bretton Woods in 1947, in anticipation of a "long-run downwards trend" in primary commodity prices, "had considered the creation of (an) organization to increase and

stabilize" them as "the third pillar, in addition to the World Bank and the International Monetary Fund, of the international system he envisaged". This concern geared smoothly for Singer with the idea of "structural backwash effects" from industrial economies "on the trade of the primary exporting countries, with prices and terms of trade acting as a mechanism of transmission", which he credited to the Swede G. Myrdal. The latter had in turn been influenced by his compatriot Folke Hilgerdt, "who had already shaped the League of Nations publications on the Networks of World Trade" (surely the origin of the work cited by Bairoch), but from whose attribution of the "backwash effect" to cycles in the industrial countries Singer shied back preferring Myrdal's "structural" hypothesis. These ideas closely resemble the Prebisch centre/periphery construct, and they are undoubtedly the basis of the Prebisch/Singer ex post facto pairing. In the other two rebuttals of the Bairoch critique, he in effect implied that his study was more thorough than the League of Nations one and that it made accurate projections up to 1973. But especially he claimed for it the condition of a "policy guide" advocating, if needs be, "temporary delinking" between trading partners "until a better basis for trade with more evenly distributed gains could be developed" and an "engine for growth" for underdeveloped countries to be constructed on "a shift from primary products to manufactured goods and the development of a system of international aid", a clear foreshadowing of the New International Economic Order (NIEO), to whose support Singer later became deeply committed.⁸⁴

Before considering the accusation of lack of accuracy, which others besides Bairoch have advanced, we would like to emphasize at least one aspect of Singer's basic stances, in 1949 as now, and that is his insistence on the "structural" nature of the unequal trade relations between the rich and the poor countries, for it is not in his view just a cyclical or conjunctural phenomenon, but the result of something inherently tenacious in the way it functions or

malfunctions, not unlike the depiction of the deliberately exploitative international processes in economic-imperialism theory, although Singer does not incline in that direction and he is dismissive of the "phraseology" of the "dependency school". If he has sought support for his ideas, it has been among fellow development economists, and in particular, he recognized in 1984 that he had extended the reach of his original thesis, from being about the relative deterioration of the prices of export primary commodities, to encompass the terms of trade in general of developing countries, on the basis of investigations by C.P. Kindleberger in the early 70s showing that the value of primary products tend to deteriorate more when these are exported by developing countries than when it is developed countries that export them, and that manufactured exports of developing countries tend to be worth less per unit than those from developed economies. "Thus", Singer wrote, "the deterioration of the terms of trade of developing countries can be attributed to the combined effects of three factors: the relative deterioration of unit values for primary commodities exported by developing countries in relation to primary export unit values of developed countries; the relative deterioration of manufactured export unit values of developing countries relative to manufactures exported by developed countries; and the lower proportion of manufactures in total exports of LDCs (for which unit values have increased less)."85 Whatever Singer's reservations on dependency, the fact remains that the terms-of-trade hypothesis has gained more and stronger pledges from the Marxist side, where it is probably an article of faith, than from the Western developmentalist side of the divide between approaches and attitudes to Third World problems.

Bairoch denied the original unequal terms-of-trade hypothesis outright, although he at first ignored Singer and restricted his criticism to the League of Nations study that was the basis of the latter's work: "The chief bias in the League of Nations world trade price indices is that they use

British prices only, and that some three-quarters of the prices used in the British indices are import prices. So, in fact, what is measured is notably the price of the products but also, and mainly, the transport costs that fell very considerably during this period. Since those import prices are more numerous for primary products, and since for those products transport costs are of particular significance, this involves a major distortion of the prevailing trend." From his own studies Bairoch "deduced that between the 1870s and the 1926-9 period, the terms of trade for primary products relative to manufactured goods improved by some 20-25 per cent, instead of worsening by about 20 per cent as had been calculated by the League of Nations". Bairoch admitted that "from the early 50s and until 1961-2, there was a real deterioration in the terms of trade of primary products, and even more so of those primary products exported by less developed countries", but added that there was a stabilization afterwards, although the "negative evolution" was still there. With considerable foresight, he wrote down the oil crises of the 70s as a "cyclical phenomenon". Admitting the 50s downturn, he ascribed it to "the slowdown in demand for a large range of primary goods, combined with an increase in supply, the development of synthetic products, measures to restrict the imports of some tropical goods (internal taxes), technological progress that has reduced the input coefficients of raw materials in manufacturing industry and, last but not least, what is called the Singer-Prebisch effect. This thesis suggest that due to weaker organization, the unequal relationship between the developed and the underdeveloped worlds leads to a situation where, in the case of primary products, the gains in productivity are translated into a decline in prices, while in the case of manufactures, those gains are translated into higher salaries and profits".⁸⁶

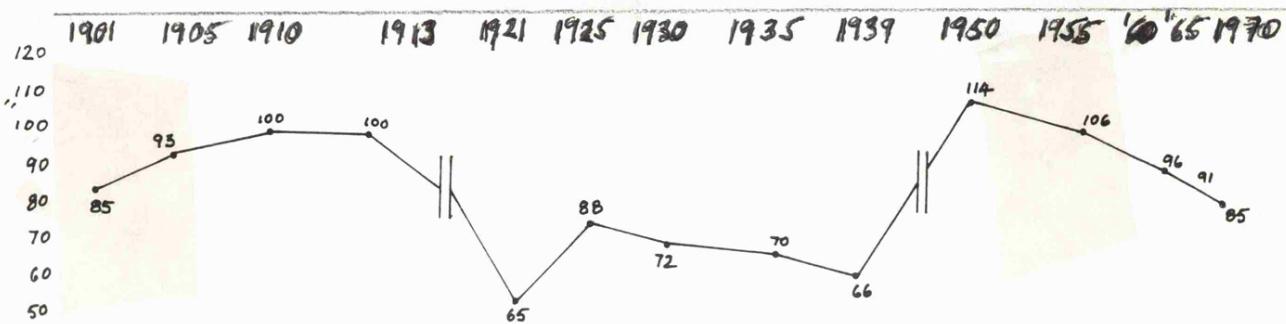
The list of critics of the Singer/Prebisch thesis is quite long--and does not necessarily exclude Marxists, such being the case of G. Kay--but the really all-stops-out

statistical assault on it was coordinated by B. Balassa, one of the main champions of the strategy of growth-through-exports, who asserted in 1984 that not only have the terms of trade not been unfavourable to LDCs, but that in fact there was "a decline of 10 per cent in the terms of trade of the developed countries in their exchange of manufactured goods for primary products other than fuel with the developing countries during the 1953-1977 period", and furthermore, that there was "no change in the terms of trade of industrial Europe relative to the developing countries between 1872 and 1953", as per research and adjustments on UN figures done by I.B. Kravis and R.E. Lipsey in 1981, reinforced by M. Michaely for the first period in question.⁸⁷ Whoever is right on this strictly quantitative issue, and the entire Third World with its program for a NIEO vociferously supports the Singer/Kindelberger theses--not to mention the support of its generally enthusiastic Marxist partisans--the controversy, as all those involving the origins and the perpetuation of underdevelopment, has passed from the realm of the technical to the domain of the ideological and the political.*

KEYNESIANISM AND THE REALITY OF UNDERDEVELOPMENT

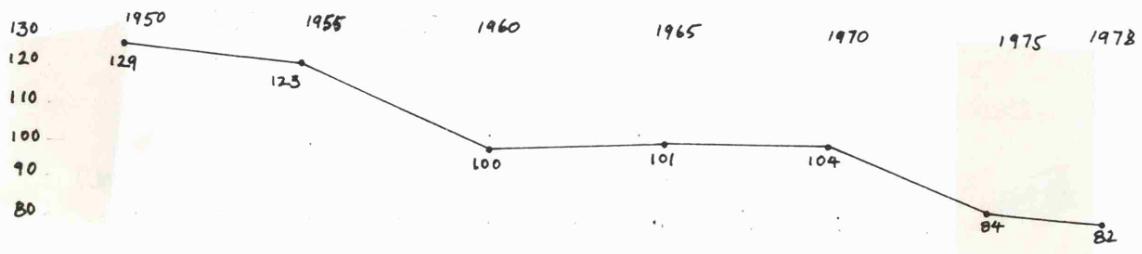
So far in our survey of development economics we have collected diverse, allusions to J.M. Keynes and his theories. What in fact did he and his followers contribute to the discipline? The overwhelming consensus

*This would seem not to be so from the reams of material devoted to the technical side of the debate, yet let us consider how it stood up to the early 80s. J. Spraos, Inequalizing Trade? A Study of the Traditional North-South Specialisation in the Context of Terms of Trade Concepts (Oxford, 1982, pp.45-69), accepted with many reservations and qualifications the validity of the adverse trend in the prices of primary products—"a deteriorating trend is detectable in the data for the period 1870-1938...but it is questionable when the period is extended to include the post-WW2 decades"—and he presented long-term series from which we have extracted the following long-term curve

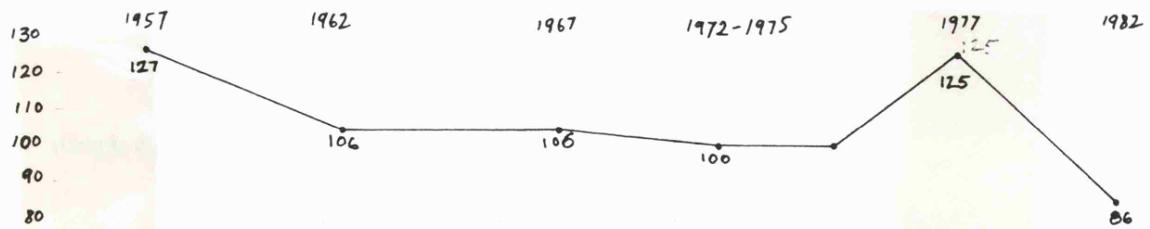


among development economists is that his general theory was virtually inapplicable to underdeveloped economies. R. Nurkse, who, with Rosenstein-Rodan, Prebisch, and Lewis,

From this it would seem that, indeed, there is no noticeable long-term trend in what Sraffa calls National Barter Terms of Trade. However, the short-term curve tells another story, as witness:



This curve coincides along general lines with statistics in Singer (Meier/Seers. Pioneers in Development, Oxford, 1984, pp.289-291), except that the latter would appear to be less pronounced on the general trend of prices of Third World exports.



However, for both time periods, the long and the short, and in two authors who would appear inclined to agree rather than to disagree, there is really no basis on which to sustain a secular downwards trend, although it would seem from these exercises as if, on the whole, exports from the Third World do tend to be valued less than those from the developed world in international exchanges. To any impartial observer this would appear to confirm B. Balassa's position that there is no adverse trend in the merchandising of the products of developing countries, yet not content with this, Balassa insists that technical adjustments—very technical, in fact, such as that "changes in unit values do not appropriately represent changes in prices"—demonstrate that, if there is a trend, it is against the exports of manufactured goods from the developed countries, which has the appearance of a counter-thesis at the other extreme of the Prebisch/Singer effect, a further positioning very likely influenced by Balassa's championing of the strategy of growth-through-trade against growth-through-ISI. It seems inevitable to conclude that "ideologies" can hardly be discounted even in the higher and more abstract reaches of the debate. At any rate, on the question of Third World economic backwardness it is probably true, as H.J. Bruton wrote back in 1955, that the Prebisch/Singer thesis "has surely been asked to support a heavier argument than it can bear" ("Growth Models and Underdeveloped Economies", JPE, August 1955).

towers over his peers in the early years of the field, found no relevance in Keynes to the study of trade, consumption, and savings in those economies. R.R. Nelson, the author in 1956 of an influential model of the low-level equilibrium trap, wrote: "Keynesian unemployment of labour and capital is a phenomenon of a money-market economy of specialized producers. The theory is not appropriate to an economy based on self-sufficient units, with money and the market playing but a minor role." The analytical work underwriting this conclusion had been done by the Indian economist V.K.R.V. Rao in 1952. Following Keynes, Rao reasoned that whereas in a developed economy the marginal propensity to consume decreases with an increase in income and brings down with it the value of the multiplier, thus requiring easier money and higher investment to restore equilibrium with full employment, in an underdeveloped economy "the marginal propensity to consume is likely to be not far short of unity", which produces a high multiplier "with the result that comparatively small increments of investment are likely to bring about full employment". This reading of Keynes led to highly suspect inferences: "The paradoxical situation, therefore, arises that the poorer the community the greater the ease of obtaining for it a condition of full employment and the smaller the fluctuations in its employment caused by changes in its net investment." This did not tally with the fact that "deficit financing and created money" in backward agricultural countries had a minimal multiplier effect on output. In exploring this paradox Rao took into account the characteristics of the Indian economy and found that it did not have the modern productive resources to respond to stimulation of the Keynesian sort, which instead had a rudimentary "income multiplier" effect that went into an increase in food consumption and into imports and eventually risked provoking inflation. He distinguished between enforced unemployment as in an industrialized economy and the disguised unemployment or the subemployment that characterized India and would not respond productively to the "current wage". In his opinion, economic progress

consisted in going from full employment at a lower level of economic activity to full employment at a higher level of development, and his advise for underdeveloped countries was to work harder and save more.⁸⁸

However, the extremely backward economic structures that were adduced to refute the validity of Keynes for economic development might not have been the only models of underdevelopment available--most Latin American economies, for instance, could hardly be described as consisting of "self-sufficient units"--, and there was besides the argument that while it was true that Keynes, undoubtedly influenced in his work by the economic depression of the early 30s, had aimed at the target of full employment equilibrium at a given level of economic performance, post-Keynesians, and in particular the Briton R.F. Harrod and the American E. Domar, assumed a point of view that contemplated and pretended to explain growth, and this was what development economics was really all about. Nevertheless, even if one tried to apply their ideas to economies one or various steps removed from the bottom-level of the traditional/modern scale of socioeconomic evolution--where, obiter dicta, India itself was not situated, pace Rao's stark depiction of its economic progress--, there still arose the problem that capital inputs in them did not have the expected or desired multiplier effects. G.M. Meier, in assessing the role of the capital/output ratio in development, wrote of the Harrod/Domar model that it "relates to an advanced economy, and it seeks an answer to the question of how much national income would have to grow to induce sufficient investment to maintain this rate of growth in income. For a poor country, the relevant problem is not that of sustaining a rate of growth, but rather the prior task of initiating or generating a higher growth rate in the first place".⁸⁹

H.J. Bruton actually assumed in a 1955 article that the Harrod/Domar theory was applicable to underdeveloped economics and went about applying it to a relatively simple

model of such an economy. "The central proposition of the Harrod/Domar theory", he wrote, "arises from introducing the rather obvious assumption that investment is capacity-creating as well as income-generating. Thus, if the new capacity is to be utilized, the equivalent demand must be generated." The increase in income to achieve this was dependent on the saving/income ratio over a constant capital/output ratio. From the point of view of "mature economies", the result of that equation could "be thought of as the maximum allowable rate of growth possible without inflation", but from the point of view of growth--although both views amounted to the same thing--, it indicated "the rate of growth of income required to use the newly created capacity". From these premisses, he went on to make certain fairly conventional and plausible deductions, including the convenience for underdeveloped countries of a more equal distribution of income "if the greater equality was achieved at the expense of rents and in favour of larger returns to owners of productive capital equipment". However, towards the end of his article he introduced the variable of international trade and this made the previously neat Harrod/Domar formula a shambles. To the saving/income ratio in the determination of the required growth of income was added a factor representing the balance between debit and credit items in current account, and this led to inferences such as that "the percentage growth of imports also imposes an upper limit on the percentage rate of growth of income". This finally debouched in the pessimistic general proposition that "since the rate of growth of income [in underdeveloped economies] has a ceiling set by the rate of growth of foreign exchange and since this rate of growth is less than the rate of growth of income of the developed countries, the [underdeveloped economy's] income must necessarily grow at a lower rate than that of the developed countries", which meant that the Harrod/Domar premiss of his analysis was virtually worthless in determining what it was that underdeveloped economies had to do to overcome underdevelopment.* In the balance, then, all that can

reasonably be alleged for Keynes and for Harrod/Domar in the context of development economics--aside from their influence on the intellectual formation of development economists themselves--is, for the first, the purely formal influence of his iconoclastic approach, which perhaps might have encouraged development theory in its flirtation with the notion that there is no such thing as a universal set of economic rules, and for the others, the use of their formula for growth, whether justified or not, as "an indispensable component of macro-economic planning".⁹⁰

ECONOMISTS IN THE FRONTLINES

While the UN-based economists were preparing a forceful theoretical case in defence of the industrial development of the underdeveloped economies, political events had been making their own even more urgent point concerning the potential usefulness of development economics.

* In Rao's stark reduction of Keynes's analysis the marginal propensity to consume, which is always less than unity, determines k (the multiplier) in the formula $I - I/k$. If the marginal propensity to consume is .5 and income equals one, then the multiplier is 2. To determine the Y (investment) required to increase I to an equilibrium level of investment and demand with full employment, you factor k into the formula $\Delta Y = kI$. In the case of an underdeveloped economy if $I - I/k$ is near unity, say .9, then k will be 10, and a minimal Y will raise I to a full-employment level.

Domar had written: "The standard Keynesian system does not provide us with any tools for deriving the equilibrium rate of growth. The problem of growth is entirely absent from it because of the explicit assumption that employment is a function of national income. This assumption can be justified only over short periods of time; it will result in serious errors over a period of a few years. Clearly, a full-employment level of income of five years ago would create considerable unemployment today. We shall assume instead that employment is a function of the national income to productive capacity." ("Capital Expansion, Rate of Growth and Employment", *Econometrica*, April 1946, p.39). This approach eventually yielded the formula used by Bruton which is $\Delta Y = s/k Y$, where s is a constant ratio between saving and income and k a constant capital/output ratio. Dividing through by Y , it read $\Delta Y/Y = s/k$. For an increase of say 50 to income 1000, the equivalent s was .20 and the k was 4. If you looked at the left side of the equation, it showed the growth of income required to absorb new capacity; if on the right, the necessary growth for an increase in income without inflation. The equation modified for an underdeveloped economy appeared thus: $\Delta Y/Y = s + b/k$, where b was the balance between debits (M) and credits (X) in current account. Bruton introduced into his analysis certain unquantifiable variables such as innovations and behavioural trends in consumption. The former would tend to decrease the M/Y ratio and the latter to increase it, but on the whole when income rose in an underdeveloped economy, M would tend to rise also, which would throw b into the red and constrict the growth of Y with resulting unemployment. In any event Y depended on the sign of b , and b tended to be negative because of technological and behavioural factors in underdeveloped countries. Even if capital flows compensated for a negative balance of trade, Bruton believed that they relieved but did not solve the problem. In sum, analysis had to give way entirely to policy in tackling the problem of growth and employment under conditions of underdevelopment.

Decolonization and the post-war aggressiveness of communism seemed to create for the capitalist West a wolf-stalking-sheep situation, but the Western powers could not play watchdog to the underdeveloped world in a military sense. They did not have the resources for that, in part because of the commitment to the defence of Europe and in part because the retreat of colonialism was raising prohibitively the ante of intervention, but they could still rely on the allegiance of local ruling classes--whether new ones as in the ex-colonies, or tried-and-true old ones as in Latin America--, and in general, of all who considered that the West was a better hope for the future than communism. The frontier between "hope" and "self-interest" were difficult to draw, but that was not important: what mattered was to get things under control by outflanking subversion and consolidating friendly political power. To achieve this, the West was banking on material progress and improved standards of living, and the solid key to that was development economics. There was, therefore, a convergence between theoretical work like that of Prebisch and Singer and Western political concerns, and it was from this circumstance that development economics got its head of steam in the 50s. It proposed policies against poverty and backwardness, all within acceptable capitalist norms and in the form of advice respectfully tendered to the governments of underdeveloped countries, which in turn was usually well received by them.

Somewhere between the offer and the acceptance there was always the dangled carrot of something akin to the phenomenally successful Marshall Plan. This was the conjurer's formula that made the eyes of rulers and administrators of underdeveloped nations glimmer with hopes of future welfare. However, the Marshall Plan, a privileged member in the coterie of pet Soviet hatreds, required certain conditions which made it virtually unreachable for these nations: it was a life-or-death strategic choice for Washington in the part of the world where communism loomed as the greatest ever menace to capitalism, Western Europe,

and its massive outpouring of dollars and credits and open-door measures could only really work for economies which already had the social and industrial basis for short-run economic rehabilitation, and on neither of these counts were underdeveloped countries eligible. In its stead, these were getting some material aid but more specially the grounding necessary to be ready in future to benefit from a Marshall Plan of sorts, or as some preferred to see it, not to need one at all. So while Europeans, who did not need economists from America as they had plenty of their own, received investments and import orders, the LDCs were host to development economists both from America and from Europe. Of the ten Meier/Seers "pioneers" (and of others, such as R. Nurkse and S. Kuznets, who had died by 1984), a majority either had been primarily in the service of Western agencies or through the experience of government service, or had acted as important advisors on state policy. Often these economists, like Singer, Lewis, P.T. Bauer, and A.O. Hirschman, ended up in the "front lines" themselves acting as advisors to administrations and official bodies and institutions in underdeveloped lands. In one way or another, whether in the groves of Academe or in the ministries of the Third World, whether turning foreign aspirants into fully-formed boffins or actually advising on policies and plans, development economists and development economics were recruited in the West's campaign to improve the world's living conditions and to keep communism at bay.

The political context of development economics need not be considered the only guide to its evolution, especially as the discipline has its own inherent logic and its proper field of study, but it should never be underestimated or neglected. Development economists present certain classificatory and definitional difficulties. Their works are often overburdened with ambiguities. They sometimes seem to skate merrily over obstacles and bumps, or they establish analogies and comparisons that seem vague or remote, or are founded on an excess of optimism. But they never exceed certain very rigorous political bounds, which

if they did would risk exposing them to a loss of credibility and authority in Western academic circles. The thought-patterns of some development economists consist in sliding down the slope of theoretical radicalism but somehow managing to stop at the edge of the precipice of potentially damaging commitments or speculations. After a lifetime of service to the idea of state capitalism, Rosenstein-Rodan always found time to curtsy American free enterprise convictions. With much less seeming influence, but much more faith in private initiative, his near-contemporary P.T. Bauer has always been more attuned to the core of Western beliefs on the sources of economic development, and his views, therefore, have had more staying power. P.W. Preston's category of "radicals" in development economics refers to nothing more than the die-hards of state interventionism.⁹¹ Prebisch and Singer sounded like near-revolutionaries in the late 40s and early 50s. Singer was the original and probably too the ultimate theoretician of economic third-worldism, which is the LDCs' alternative to social revolution. Prebisch's core/periphery scheme can be read, and indeed has usually been read as a strictly un-ideological, politically neutral, nutshell version of the theory of economic imperialism. There is no evidence anywhere that Prebisch wanted his ideas to be anything other than that, and in the balance of his life's work, he was a stout if disabused partisan of the status quo in Latin America. Development economics and development studies in general should not, therefore, be interpreted as ever straying very far from Western political orthodoxies. The attempt that have been made to juxtapose them complementarily to dependency theory, or even to place them in the same wave-band of the historico-political spectrum as dependency, have usually ended up with a confusing and unhelpful *olla podrida*. Development studies embody the basic optic that the West chose to look upon the backward nations and to interpret its own relations to them, and in that sense they were an immense progressive movement away from racially-tainted and discredited Eurocentrism. In our

exploration of the history of development studies, we shall try to determine how far they went in disassociating themselves from Eurocentrism, and, if in doing so, they also posited an explanation of their own on the origins of economic inequality among nations.

TWO APPROACHES TO THE HISTORY OF DEVELOPMENT ECONOMICS

In order to explore these themes, the voluminous productions of development economics have to be put into some sort of manageable order. The two methods most frequently recurred to are: a) by conceptual emphases and tendencies, and b) by chronological sequences or stages. The former approach can be found in, among others, H. B. Chenery and P.W. Preston. Chenery is the originator of the useful concepts of "structuralist hypothesis" and "structuralists". "The structuralist approach", he explained, "attempts to identify specific rigidities, lags and other characteristics of the structure of developing economies that affect economic adjustments and the choice of development policy." He identified the following as structuralists: Rosenstein-Rodan, Nurkse, Lewis, Prebisch, Singer and Myrdal. Besides the structuralists, Chenery also recognized two other tendencies: the neo-classical and the neo-Marxist. However, the latter two groups represent a virtual denial of development economics itself, the neo-classical by reducing it to orthodox mainstream economics, and the neo-Marxists through its refutation by dependency theory, so that what Chenery really proposed was a classification of "approaches to the analysis of developing economies". Preston suggested two different but related classifications of development studies and theories, one according to definitions of progress, the other according to an ideological classification of the theorists themselves. In the first classification, progress can be defined in three ways: as "growth", and this definition corresponds to the "positivists" of the second classification (Lewis, Rostow, the sociology of development and modernization theory); as "ordered social reform", corresponding to the "radicals" (A.G. Frank, C. Furtado, G. Myrdal); and as

"disengagement from world capitalism and the pursuit of planned socialism", corresponding to the Marxists (P.A. Baran, G. Palma, Frank again). Without entering into the validity of the conceptual sequence involved here, the groupings of theorists by this system are outlandish and incomprehensible. What can Frank, who figures in two different, almost antipodal categories, be doing in the same group with Myrdal? And why should Myrdal, to start with, be considered a "radical" (which he certainly was not) and not a "positivist" (which is likelier he was, as per Preston's references)? There is a closet-full of bones to pick with Preston, and we think the problem is his refusal to admit the fundamental opposition, even incompatibility, between Western developmentalism and Marxist dependency theory. There is a huge difference in outlook between these two groups of theories which extends to almost all aspects of Third World reality and which in our opinion can most eloquently be brought out through the consideration of the problem of the origins of inequality.⁹²

P. Streeten and K. Basu are in general agreement on the way to organize chronologically the contents of development economics. Streeten (1984) said: "The history of development economics can be regarded as a progress from large generalizations and high abstractions to greater specificity and concreteness." He attributed this change to "two discoveries--that many problems of the countries of the South are shared by the North, and that few problems are common to all countries of the South". Basu (also 1984) was more specific on the same transformation: "This recent development economics is distinguished by being less ambitious and more realistic in its aims. Its concerns are more with the short-run than the long. Attempts to describe the paths of development over decades, so popular in the period immediately following Lewis (1954), no longer occupy the centre stage. The focus is now on the problems and structure of underdevelopment and not just the process of development. Along with this change of focus there has occurred a rather natural change in technique--an increasing

use of rigorous analysis and concepts and results from economic theory." Both authors seemed to discover in development economics a pattern in which something resembling order emerges out of nebulosity.⁹³

As the only full-scale monograph on the subject of the history of development economics, H.W. Arndt published in 1987 the work titled Economic Development: The History of an Idea, which is a chronological depiction of the basic doctrines on the economic development of the Third World. Arndt divides the concept of development into two branches: growth and social objectives. Under growth he places capital accumulation, the development of human capital, and trade as the engine of growth. He recognizes a variety of strategies that he categorizes under the general heading of social objectives, among them the creation of employment as the number one priority and "basic needs". Arndt describes capital accumulation as "the orthodoxy of the first phase of postwar thinking about economic development". He considers that all the significant departures from the orthodoxy occurred during the 60s, although he does not make a completely convincing case for some of the tendencies of thought that he identifies. Finally, and rather late in his exposition--because of the light it throws on the theoretical origins of the research on economic development--, Arndt included a section on "structuralism", a concept which he defined with a formula from I.M.D. Little: "In economic terms, the supply of most things is inelastic." Basically what structuralism involved was a critique of price mechanisms as a means to correct balance of payment crises and other distortions, all of which had to be approached, in the structuralist perspective, from government planning and controls. Associated to this general outlook dating from before WW2, were M. Kalecki, T. Balogh, E.F. Schumacher, D. Seers, H.D. Henderson, N. Kaldor, Rosenstein-Rodan, and apparently Arndt himself. The idea all these economists shared was that the price mechanism works "even less well in under-development than in

developed countries and that classical economic theory was therefore largely inapplicable to LDCs". Since this general version of structuralism was undoubtedly also held by many other economists, what we think that Arndt was indicating with his choice of names was the "structuralist" origins in mainstream economics in England of development economics, although the placing of this important chapter in his scheme is undoubtedly eccentric as it comes after he has covered the full range of what he and others call the orthodoxy of development economics.⁹⁴

MAINSTREAM TO DISILLUSION

By way of introduction to our interpretation of the history of development economics and, at the same time, of our criticism of the Arndt version, we agree that there is an orthodoxy of development economics or economic development (either way is equally valid for us), but unlike Arndt we think that the orthodoxy was not successfully challenged in the West from within or from without until the 70s, and that in the Third World even now it still by and large expresses the dominant outlook on development, although two provisos must be made: one is that there are important exceptions to its prevalence, and two, that the orthodoxy of development economics in the Third World was often encumbered by principles and practices that were not originally contemplated in it, so that it has often also been transformed out of all recognition, closer at times to the model of a command economy with capitalist traits than to a free economy with indicative planning as was originally envisaged by that orthodoxy. In the West, and sometimes in the Third World or from a Third World vantage, the orthodoxy was challenged during the 60s in different ways. There was the permanent challenge flung by Bauer during its inception, consisting in a rejection of "statism" and planning and consequently of the notion of induced industrialization and all the political paraphernalia of development economics. This challenge was reinforced at different times, as by the Haberler Report (1957) and U.N.-sponsored the

Little/Scitovsky/Scott report (1970), but it became increasingly strong in the 70s in view of two circumstances: the awareness of inadequacy and failure that gripped development economics manifesting itself in the social orientation of development studies, which dates tentatively but not significantly from the late 60s; and the rise of the "gang of four", later dubbed the "four dragons" (Hong Kong, Singapore, South Korea, and Taiwan), and with them the notion that it was a totally free-market economy that was behind their success. We also reject Arndt's tripartite division of the orthodoxy, or for that matter, his reduction of it to an obsession with "growth": the "revision" that he calls "investment in human capital" can be found almost anywhere in the early literature of development economics and the "revision" proposing trade as the engine of growth was part of the challenge flung by J. Viner and others in the 50s, which later B. Balassa made his special cause, and not an issue that came up originally in the U.N. or in research done in the 60s.

Without renouncing Arndt's exposition entirely, or the Streeten/Basu "creationist" outline, in charting the history of development economics we shall follow a chronological multi-phase scheme, and within each phase, we shall rely on the emphases or tendencies approach used by Chenery and Preston. The first phase of our own scheme has already been discussed. It can be described as the initial gestation phase extending from the war years to 1950, during which the basic ideas, methods, and attitudes of development economics were elaborated. After this phase, we enter what we shall call here the mainstream phase of development economics, which is an extended unfolding of the implications of the development process. As Streeten and Basu have said, the mainstream phase, which covers mainly the 50s decade, was indeed concerned with generalizations. It also was oriented towards definitions and basic principles. It came up with the idea itself of development studies as a wider research endeavour than what was being contemplated within the

strictly economic field. The means for that conceptual expansion was principally the launching in the US of modernization theory under the umbrella of the so-called sociology of development. The 60s decade contains in our opinion another phase in the evolution of development studies, for it was a time of external influences on the discipline, of experimentation, and of second-thoughts, and towards the end, the doubts and the shuffling and the daring cross-breeding of ideas (not always felicitous) were gaining the upper hand. After 1970 and up to the present, development studies became almost obsessively concerned with immediate, starkly down-to-earth research and policies, as reflected in such issues as "basic needs" and the "informal sector". We think it can be accurately described as the "onset of disillusion". It was also the time which brought back into force the old "rightist" denial of the development-economics project. This last phase can be seen as a kind of negative, near-despairing gloss on all that had come before. The "great white hope" of the "right wing" in development studies was the "gang of four", but the economic performance of these fringe Asian countries could be interpreted in different ways and by no means exclusively as the Golden Apples of the free-enterprise, free-trade, export-substituting Hesperides.

The mainstream phase had a central preoccupation and a fundamental outlook. The preoccupation was to build on what had been achieved during the gestation phase about the reality and the meaning of underdevelopment. The act of building--in the various senses of further explorations of the reality of underdevelopment, of the elaboration of specific policies and mechanisms, and of the erection of syntheses and conning towers for theoretical overviews--was undertaken with an optimistic, rationalist, and voluntarist outlook, not unlike the spirit which informed progressive thinking in the 18th century and which we observed in this work in connection with cultural relativism. On the question of the definition of underdevelopment, the

quantitative approach pioneered by Clark was reaffirmed and refined. There had been from the beginning the temptation to think of development in terms of major industrial projects, including the manufacture of weapons and munitions. For the developing countries that could afford it, it was a matter of national pride in the 50s to construct a steel mill regardless of profitability or of domestic absorptive capacity. Volta Redonda, in Brazil, was the premier example that others in Latin America strove to imitate (Paz del Rio in Colombia, Ciudad Guayana in Venezuela). J. Viner's famous 1950 stricture on the per capita distribution of the national product as the meaning of development made so much sense that it is hard to believe that economic development could have ever been understood as anything other than expanding social welfare.⁹⁵ The trouble with underdevelopment was that it did not seem to allow for economic growth of the spectacular sort that European countries had known after the start of the Industrial Revolution and which alone could permit the acquisition of social welfare. Admittedly many underdeveloped countries were too backward even after WW2 to really be able to utilize the technologies of a modern Western economy for their own benefit, but what of the countries that were not so backward and that could have theoretically followed in the footsteps of the more advanced nations? The temptation was there to put the blame on external influences, but for development economics the problem was not one of external impediments because it was not engaged in a historical search for origins and because it simply could not believe in possibilities it did not contemplate seriously. Its basic approach was to describe, in the field if possible, why underdeveloped economies did not produce a socially acceptable degree of economic growth, and the explanation to hand was structuralism.

OF VICIOUS CIRCLES AND POVERTY TRAPS

Structuralism is one of those Protean archetypal concept that mean different things in different contexts.

We have seen in Arndt that in pre-WW2 economics it meant the critique of the price mechanism as the instrument to correct economic distortions. It was probably from this perspective that it spread to development economics. However, it became better known in the 60s in connection with a theory on inflation in Latin America different from the traditional monetary explanation.⁹⁶ In 1975 Chenery brought back the use of structuralism in its original pre-war meaning to describe a specific approach to Third World realities. These realities were of general acceptance in development economics since its early years. In fact, it could be said that "rigidities and lags", plus bottlenecks, disparities, and disequilibria in general, were the daily bread on which the discipline was fed and raised from birth. But even with this description in view, it is possible to have two readings of structural underdevelopment. The more extreme version means that underdevelopment is such a hopeless historical malformation that only a social upheaval can cure it. This is the view of economic backwardness that Lenin came close to stating, the one that Comintern proceedings either suggested or tacitly ratified time and again. It disqualifies the ability of capitalism to develop any economy outside of where it is already entrenched on a foundation combining social bribes and complicities. We shall come across this version in the section on the contemporary theories of economic imperialism. The other less extreme version of structural underdevelopment does not go to that length, but it does say that the internal malfunction in underdeveloped economies is of such magnitude as to necessitate considerable reconstruction, and furthermore, than the untreated or unfiltered norms and conventions of orthodox economics do not apply to it. It is essentially this version which quickly became standard doctrine and went untouched down to the mid-70s, when the doubting hit home.

One of the basic early motifs of the structural vision of underdevelopment (the less extreme, which we shall be

using in this part of our analysis) was the "vicious circle", later translated into technical terms as a "low-level equilibrium trap". It derived from the awareness even during the optimistic gestation phase of development economics that Rosenstein-Roden's model might have been somewhat blithe. In 1949 Singer wrote an article--incongruously or ironically titled "Economic Progress in Underdeveloped Countries"--, which enumerated a long list of vicious circles present in backward economies. These were beset by health problems, but medical improvements increased population which made the economic situation more difficult which over the long haul made the solution of endemic health problems more complicated. Social legislation to mitigate the scourge of poverty diverted resources needed for economic development. Low production hindered the possibility of acquiring capital equipment which could have served to increase production. Singer synthesized the discouraging nature of underdevelopment in these simple terms: "An underdeveloped country is poor because it has no industry; and an underdeveloped country has no industry because it is poor." The solution to these problems were no less subject to the vicious-circle logic than the problem themselves. The solution for underdevelopment required a "big initial effort" yet underdevelopment by definition only allowed small-scale measures. The highly unequal distribution of income resulted in that savings were wasted in luxury imports or in the export of capital, but redistributive policies tended to diminish savings capacity. Finally, development could not take place without political stability which required unpopular policies which resulted in social discontent and political instability. One vicious circle did not exclude another, and they could be made complementary or concentric. In his highly influential 1952 lectures titled Some Aspects of Accumulation in Underdeveloped Countries, R. Nurkse reiterated or elaborated on some of the previous examples of the vicious circle. Lack of capital and low productivity made for low real income and low saving which resulted in lack of capital.

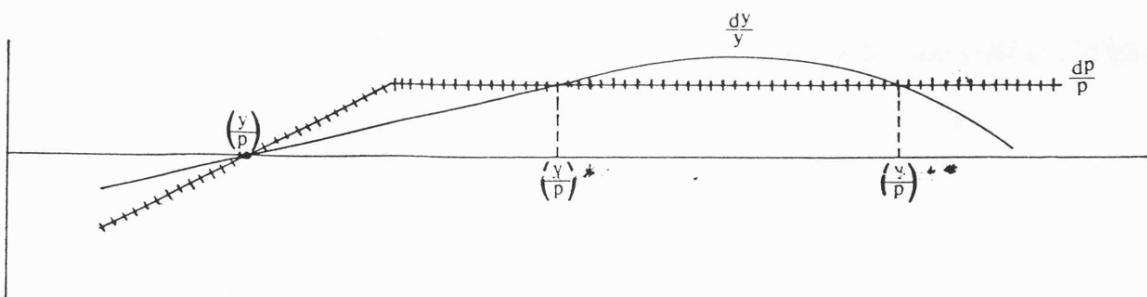
Alternatively: low income led to low savings and lack of capital which made for low productivity and low income. Nurkse too envisaged the obstacles in the way of solutions, in particular those stemming from the operation of the "demonstration effect", which was the jargon equivalent of "keeping up with the Jones" and explained why in the US the growth of income did not generate a correspondingly higher savings to income ratio (known as the Dusenberg effect). In the case of the underdeveloped countries, Nurkse reasoned, foreign investment could paradoxically diminish the relative level of real income and increase the distance between the rich and the poor economies through diminished savings in the latter resulting from the spending of income gains according to patterns of consumption imported from the developed countries.⁹⁷

Like structuralism, the vicious circle was less a theory than an idea, and perhaps even less than an idea, an image eloquently in the service of an important cause. In a pinch, it could pass muster as a technical definition of underdevelopment. This was in effect what some theorists attempted to do during the mainstream phase of development economics. Nelson's mathematical model of "the low-level equilibrium trap in underdeveloped economies" emphasized the relations between the production function and population growth. "At an equilibrium level of per capita income", he wrote, "both capital and population are constant, or are changing at an equal rate so that their ratio is constant." If the ratio of population increase to capital accumulation at equilibrium was less than one, "then equilibrium is unstable and there is no trap". Otherwise, the economy would show no growth and it would remain trapped at a constant ratio of income to population. The model was somewhat more complex in that it also took into account the availability of arable land and the relative efficiency of production, but on the whole it basically described the fairly obvious principle that development required investment, food production, and technological progress.*

Another model in general use was called the "two-gap approach" because it correlated the savings/investment function in an underdeveloped economy, which usually did not suffice for development targets, with the flow of foreign resources, which showed in national accounts as an excess of imports over exports.

The implication in these models was that underdevelopment manifested a condition which backward countries tried to escape but kept falling back into due to the pull of its accumulated deficiencies. A frequent underlying assumption for these pessimistic projections was that whereas in a developed economy the attainment of full employment with high productivity required viable adjustments in certain quantifiable magnitudes, in an underdeveloped economy each new investment was afflicted with disproportionality due to the much narrower production and income bases. In characterizing economic backwardness as a whole, H. Leibenstein, relying on the concept of the vicious circle, contrasted its condition of quasi-stable equilibrium with the state of disequilibrium in advanced

*The Nelson low-level trap was represented in the following graph



in which (Y/P) was the subsistence level of per capita income at the point of intersection of the population curve (dp/P) and the income-growth curve (dy/Y) . If dp/P exceeded dy/Y , the rate of population growth would tend to fall towards the trap level $(Y/P)^*$; if dy/Y exceeded dp/P , the equilibrium was unstable and growth was possible. But the momentum of growth had to be sustained or the curves would once again intersect at trap-level $(Y/P)^{**}$. In Nelson's words: "If the production function is linear homogenous, then output per capita can only be increased if the amount of capital per workers is increased. In other words, the dy/Y curve lies above the dp/P curve at a given level of per capita income if and only if the rate of capital increase exceeds the rate of population increase at that level of per capita income." "The low-level equilibrium trap", AER, December 1956, p.900-901.

economies.⁹⁸

There was, however, something nugatory, and perhaps inaccurate, about these exercises. They were aggregative and descriptive, hence they analysed neither in depth nor in detail, and it could be argued that the real concrete problems of underdevelopment eluded them. The notion itself that underdevelopment was a state or quasi-state of equilibrium was useful perhaps in constructing a mathematical model, but in the balance it seems profoundly unsatisfactory as a representation of reality or as an approach to the problems of economic backwardness. Despite these technical models, underdevelopment was in various ways closer to a state of disequilibrium than to a condition of stability. There was, to start with, the essential imbalance between development and underdevelopment, which in the normal course of events made for instability on a global scale. Within underdevelopment, there was the permanent imbalance between the reality of low-level economic performance and potential development, and this condition implicated a whole series of specific disequilibria and disproportionalities: between means and ends, between the urban and the rural sections, between the income/saving ratio and a desired input/output relation, and so on. If one compared these disequilibria with the articulations in a developed economy, the only way to perceive underdevelopment as a state of equilibrium would have had to be through the prism of history in the sense that economic backwardness represented the permanence in time of very old traditional ways, but this was perceivable from the vantage of industrialization and economic progress in general, which in itself made the indefinite survival of these ways either problematical or unlikely. Development economics existed precisely to come up with solutions for these problems, and that is perhaps what explains the greater influence in its proceedings during its mainstream phase of formulators of policy such as Rosenstein-Roden, Prebisch, Singer, Nurkse, and Lewis over those engaged in general descriptive analysis.

Working in the field of foreign commerce, G. Myrdal used in 1957 the "vicious circle" metaphor but gave it a further twist with the "principle of circular and cumulative causation". What he meant was that without corrective measures the working of the market made for growing inequality, and this was particularly relevant in international trade. Myrdal was partial then to regulations and arrangements which biased conditions in favour of underdeveloped countries. Along with most other development economists, Myrdal believed that without help from the developed world underdevelopment could not be overcome. This did not involve dolloped programs of foreign aid but a truly massive effort that would affect the industrialized nations over-all rate of growth. This outlook, which had been foreseen by Rosenstein-Rodan in 1943, presupposed that you could not have real significant growth at the same time on both sides of the divide. Myrdal was always a prolific researcher and writer and he later modified this approach by conferring a crucial importance to the question of modernization and of social reform in underdeveloped countries. His initial impact on development studies, however, was much greater than his later somewhat acerbic opinions on the Third World. There is one constant through his work and that is a sense of moral outrage at misery and suffering, and this gave strength in his early work to the idea that economic aid was an ethical obligation. The latter concept had its sharpest expression in a vision of poverty and backwardness continuing or getting worse over the years.⁹⁹ This was the essence itself of the vicious circle. Myrdal and Nurkse also had in common that, though both were liberals, firmly inclined towards free trade, neither could bring himself to accept the advisability of free trade as the sole motor of growth for underdeveloped economies.

OF RURAL-URBAN FLOWS AND INDUSTRIALIZATION

Industrialization was defended in many ways during the mainstream phase, even though it was already a foregone conclusion before the basic texts from this period were

written. In fact, even for Rosenstein-Rodan and Prebisch it probably had been an inevitable if problematic choice in view of the Western penchant for equating collective wealth and manufacturing, which concretely goes as far back at least as the age of mercantilism and has its most resounding historical validation in the Industrial Revolution. Among the traditional arguments were: one, industrialization appeared to be the best solution to unemployment, disguised unemployment, and low productivity in the rural areas; two, industrialization seemed to be historically the ideal instrument for economic growth and development; and three--which because of its political overtones was not quite as forthrightly used as the others--, planned industrialization had worked in the Soviet Union and it probably would too in Eastern Europe, which was the original target area for some of the more important economic development projects devised in the Allied countries during the war. To these reasons at least two new ones were added after the war: one, that industrialization could correct the lop-sided scheme whereby the underdeveloped countries exchanged raw materials--and had to put up with all the disadvantages of the rural - sector--, for manufactured goods: and two, that it would put an end to the resulting terms of foreign trade which seemed to be so disadvantageous for underdeveloped countries. The doctrine of industrialization did not necessarily include a denial of the advantages of international commerce as an instrument of development--certainly not in Prebisch, whose rallying cry for underdeveloped countries had to do with the imbalances rather than the "backwash effects" of trade--, but it did involve a strategic choice between the three following alternatives: 1) the export of primary products as per the old international division of labour set-up; 2) manufacturing for exports; and 3) emphasis on the development of the domestic market on both the supply and the demand side. The last possibility could be said to be at the heart of the idea itself of economic development, although, as we shall see, it did not enjoy universal acceptance even during the mainstream period of development

economics. Nurkse explicitly defended it because he identified primary exports with the vicious circle and he did not believe that underdeveloped countries were in a position to compete in the international market with manufactured goods. Since underdeveloped countries, unlike the historical cases of Great Britain and the other early industrializing nations, did not generate enough surplus for their own endogenous industrialization, foreign capital resources in the form of foreign investment and capital goods were added as "indivisibilities" in the development process. This had been known since early in the game, but during the mainstream phase of development economics it became an indissoluble part of the dogma of industrialization.¹⁰⁰ More complex elaborations of the industrialization model required the notions of social overhead and economies of scale, all of which came straight from Rosenstein-Rodan and the gestation phase of developmental thinking. On the whole, these ideas were incompatible with a system strictly activated by profit/loss calculations and had to be part of a planned development program.

Capital, whether for industry or for infrastructure, was not, however, the only precondition for industrialization. Even though in the early literature of development economics it often seems as though industrialization were an end in itself, it was in fact always a response to the excessive importance of the primary sector in weight of numbers and of production ratios in underdeveloped economies. Underdevelopment could have been defined during the mainstream phase as the prevalence in a national system of the low-productivity rural economy over the high-productivity urban economy, and development consisted in the orderly transfer of under-utilized factors from the country to the cities. We shall see later that one of the basic changes in development economics, leading to disillusionment and to the search for concrete issues and solutions, came about when it was seen that the rural-urban process did not result in harmonious development but in the

transfer of rural unemployment and poverty to the cities. However, at this stage the rural surplus population was seen as the fundamental problem to be tackled.

Rosenstein-Rodan and Nurkse tailored their ideas on industrialization on the existence of rural unemployment, but it was W.A. Lewis who presented the situation of the rural sector in an underdeveloped economy in such a way that it became part of fundamental doctrine. For this he translated the awareness of rural excess population into two technical formulas: "unlimited supply of labour" and "zero marginal productivity". The first permitted a set of subsidiary inferences, such as that wages in the rural economy had to be "institutionally" determined rather than market determined in order to guarantee a constant flow of labour power towards urban industries, which required that the supply of labour in the rural sector should be of a certain magnitude, at least during the early phase of industrialization, in order to prevent a fall in agricultural production and at the same time a rise in rural wages to the levels prevalent in the urban sector. The operative principle behind this balancing act was "zero marginal productivity", and this meant that agrarian productivity in an underdeveloped economy was so low that workers could be subtracted from the agricultural labour force, up to a certain point, without affecting over-all production, although this did not mean that, at any given time, a unit of labour could not be more productively employed.

Lewis' oft-repeated concern was productivity--in the sense that more production per capita redounded in a more equitable share of goods and income--because he believed that in the long-run it was trade that would allow for steady growth through export competitiveness. The overloaded rural sector did not allow much room for improvement as it was, but there were trade benefits to be had from an expanded industrial sector. The countryside could contribute cheap agricultural produce to sustain the rural-urban migration. In the end it would benefit from a

lessened human burden on its resources and from higher per capita output. Nurkse was in substantial agreement with the idea that agriculture should keep its prices down. Following these recommendations Latin American economists would argue that "food prices are irrelevant to the long-run development process since both producer and consumers are insensitive to changes in prices", a fallacy which would cost developing countries dearly in future. J.C.H. Fei and G. Ranis became identified during the 60s with "labour-surplus economy" theory, which they derived from Lewis' unlimited supply of labour idea, and summarized in this manner: "In a word, the vital real resources function of the agricultural sector in the dualistic economy is performed when the released agricultural worker fed by the agricultural surplus is enabled to create new output in the industrial sector." Without surrendering the premiss of the low-productivity rural sector, they tended to emphasize the over-all necessity of balanced growth between agriculture and industry, and in 1969, in view of the frequent misapplication in underdeveloped countries of the orthodox norms of development economics, they wrote: "While the modernization impulse may well have to come from outside agriculture, without the mobilization of that sector and its full interaction with the rest of the economy in an ever broadening net of human and market participation, development is difficult to sustain."¹⁰¹

Development economics did not deal with a "natural" or spontaneous process of industrialization or with the causes of why this process had not occurred. Its concerns were induced industrialization and development. From the study of its fundamental texts, we have tried to extract certain basic doctrines by singling out and inter-relating the ideas which best exemplify the process of induced growth and which by all logic are the least ascribable to a real historical process of industrialization, such as the British 18th and 19th century paradigm, since those ideas by definition had to do with historical lags and were meant to provide correctives for them. The concept of structural

underdevelopment characterized by vicious circles and poverty traps is foreign not to say antipodal to the process of material growth in the industrialized countries. It is true that capitalism was afflicted by relatively short-term economic cycles, which reached a depressive paroxysm in the 1930s, but these periodic downturns were also by definition surmountable, and this was not the case with the sort of continuous low-intensity rhythm of activity that defined underdevelopment. We have also seen that development economics conceived development as induced industrialization, which is not consonant either with the historical norm. Foreign investments were required to industrialize and this again did not reflect an invariant historical pattern. Neither economies of scale nor social overhead--except in terms of profits, as for the latter, in British toll roads and canals--were operative historical functions. We have refrained from indicating other concepts, such as infant-industry protection or policies for monetary stimulation, because they are either self-evident or they were part of historical experience. Finally, we have seen development economics attempting to model short-run replications of the complex and historically long-term process of Western urbanization that came perilously close to being distortional in the light of historical experience. Yet these daring prescriptions were still not enough by the canons of development economics to ensure industrialization. At least two more coordinative principles were necessary: one practical, the other a guiding theoretical light.

PLANNING AND BALANCED GROWTH

Early development economics was as committed to planning as it was to any other of its basic principles. However, Rosenstein-Rodan always seemed diffident about the subject despite the fact that his views on induced industrialization seemed to clamour for strong economic dirigisme. Nurkse like him sounded copy and uncommitted on the subject although the policies he advocated also required not just planning but planning that was both precise and far-reaching. Lewis probably expressed the general attitude

of his peers when in 1949 he wrote for the Fabian Society a book on planning in which he practically defined it as "targeting" and as having to do with "the means which the government uses to try to enforce upon private enterprise the targets which have been previously determined". Lewis was only marginally pro-planning and inclined strongly in favour of "mobility of resources". Here again we see that development economics required of its practitioners an ethical commitment that went beyond the mere exercise of a profession or the use of scientific instruments. Despite their very real and very profound misgivings, Rosenstein-Rodan, Nurkse, and Lewis had to admit that planning was a necessity in order to combat poverty, and planning duly entered development economics on an equal footing with induced industrialization and rural-urban population flows. Theorists like the Indian Mahalanobis and the Dutchman J. Tinbergen did their best to make it practical and acceptable. Mahalanobis in particular became influential through his crucial involvement in the choice in post-independence India of a policy of all-out heavy industrialization, that is, in favour of the construction of the steel mills and the engineering and tool plant that Third World countries were yearning to possess. Ironically, early gung-ho industrializers took for granted in their planning models one of the tools that has proven most recalcitrant to the control of underdeveloped nations: a practical, self-multiplying fund of modern industrial technology. Conventional wisdom had it that education would provide the resources needed in that area, but few economists apparently suspected how complex technology would become, or to what extent the centres of gravity of technological research under capitalism would shift over the years from the universities to the laboratories of multinational corporations. This exclusion from the sources of vital knowledge for survival in the international market place would become in due time the crowning aggravation in the career of failures and frustrations that economic development has turned out to be for most of the countries

in the Third World.¹⁰²

If planning was supposed to offer the superior means to stimulate and control the process of industrialization, "balanced growth" was the open sesame with which development economists hoped to crack open the gates of progress. It had been spelled out first by Rosenstein-Rodan in his 1943 essay, where it was proposed as an all-weather azimuth for those involved in the process of economic planning, and it was of a piece with the idea of the big push. After the war, when economists started to perceive the quagmire on which Rosenstein-Rodan's grandiose edifice of industrialization had to be built, balanced growth and the big push were invoked as the two sledge-hammers with which to break the vicious circle and the poverty trap. Nurkse had few illusions about the big push, but he was the foremost advocate of balanced growth. In his view it was the necessary approach to attack the fundamental dilemma that any input into an underdeveloped economy, whether of capital, labour, or foreign currency, was never sufficient for self-sustained growth because it generated additional needs and requirements, as when investment A generated a demand that could only be satisfied domestically by investment B, except that by the time that B was in place the output of A could not supply the aggregate demand of A + B. By anticipating these problems, balanced growth could ensure what Nelson described as a "linear homogeneous" production curve. In primary-products exporting economies, it was the ideal strategic alternative for stagnating exports through diversified and mutually complementary industrial investments.

There was an even more basic application of the same principle, which incidentally showed that Nurkse was not unaware that agriculture could not be entirely neglected in the process of development: "The relation between agriculture and manufacturing industry offers the clearest and simplest case of balance needed for economic growth." But Nurkse also drew from the notion of balanced growth an additional justification for the principle requiring that

cheap food should keep flowing to the cities at all costs in order to support industrialization. The reasoning behind this was apparently that increasing demand would stimulate productivity in the agricultural sector and bring it in line with industry, but in practice the policy of supporting urban industrialization was interpreted as either underpaying producers or subsidizing them where fiscal resources permitted it, and resulted in agriculture becoming the poor handmaiden of industry and eventually in parasitic, ramshackle, and volatile urban economies, which came to seem like the millstone around the neck of development theory. Whatever the distortions that were later introduced, Nurkse rested his case in this fashion: "The case for balanced growth is concerned with establishing a pattern of mutually supporting investments over a range of industries wide enough to overcome the frustration of isolated advances in order precisely to create a formal momentum of growth." Balanced growth, then, was a sort of compendium of all the norms and dicta of development economics. It was specifically contrasted to international specialisation by Nurkse, which was about as complete a statement as could be found of the internal-market orientation, as opposed to trade-oriented strategies, of development economics. The idea was fertile in possibilities and influences. No other policy made planning so absolutely indispensable, and not just of the indicative sort that Lewis seemed to favour. H.B. Chenery understood that it had to be the moving force behind industrialization or development programs. In line with his heavy-equilibrium view of underdevelopment and despite evidence on the limitations of foreign aid and investments, H. Leibenstein in 1957 still insisted that in order to break the vicious circle of poverty it would have to be attacked through a critical minimum effort oriented by the guiding idea of balanced growth.¹⁰³

MODERNIZATION THEORY, OR A CONTROVERSIAL EXPANSION OF DEVELOPMENT STUDIES

In 1972 G. Myrdal wrote of his disenchantment over the increasing socioeconomic inequalities within Third World

countries themselves. His moral fervour on market inequalities and international injustices had been buffeted by events and grievously offended by the social reality in some underdeveloped societies. He had in effect come down from the Elysium of figures and intentions to the mire of corruption and bureaucracy. In his own words: "After the war and the avalanche of decolonization, the ideals of modernization were adopted almost everywhere as a sort of state religion. A prominent role among these ideas was played by the egalitarian doctrine. There is a strong flavour of the Enlightenment philosophy colouring most public pronouncements in these countries concerning the goals for planned development." Reality, however, was a painful let-down. "In sharp contrast to these declarations for greater inequality", he went on, "stands the fact that almost everywhere in the non-communist underdeveloped countries actual development has moved towards increasing inequality. Even when egalitarian reforms have been legislated for in some of these countries, they have not been carried out, or they have been permitted to work in the interest of the not-so-poor." The basis of these observations was an in-depth study of social habits and institutions in some South Asian states which he undertook when his wife Alva was named Sweden's ambassador to India in 1957. From this immersion in the day-to-day reality of developing societies, Myrdal concluded "that social and economic institutions and attitudes should be changed in order to: increase labour efficiency and diligence, effective competition, mobility, and enterprise; permit greater equality of opportunities; make possible higher productivity and well-being; and generally promote development".

The new emphases in his approach to the problem of underdevelopment were decidedly grimmer than they had ever been, even granting that he was never really a pollyanna on the possibilities of development, and it led him to a terrible dilemma: "Observing the broad correlation between degree of inequality and poverty in South Asia, it is

legitimate to ask whether or not poverty breeds inequality." He surfaced with three concepts which explained for him in part the causes of the observed deterioration: environmental influence, cultural determinism, and the "soft state". The last two put him smack in the middle of an important Western intellectual stream. Cultural determinism was exemplified by religion, which, on the popular level, was "a ritualized and stratified complex of highly emotional beliefs and valuations that regularly give the sanction of sacredness, taboo, and immutability to inherited institutional arrangements, modes of living and attitudes...acts as a tremendous force for social inertia." The "soft state" was a crucial derivation from this psycho-cultural complex. Within it there was neither solidarity nor social discipline. Western juridical principles and practices were foreign or incompatible with it. But above all it was arbitrary and corrupt. And Myrdal mentioned the irony of Third World corruption: "On one hand it had proved difficult [in backward countries] to allow and encourage the operation of rational motivations with profitable ends in the social sector where these motivations function in developed countries, which is the area of private business; while on the other hand it has been seen to be equally arduous to eliminate the search for personal gain in that sector where it has been extirpated in the West, which is that of political power and public administration." Myrdal cited the case of Indonesia where corruption was reputedly absent during Dutch colonial rule but had picked up dramatically after independence. By some recondite means, climate was the ultimate cause of social and economic backwardness, but the immediate determinant influences were "reformable" social practices. The offshoot seemed to be that more could be done about underdevelopment from within than by changing the structures of international commerce.¹⁰⁴ We shall refer later on to the implications of Myrdal's change of heart about underdeveloped countries, but let us explore now the intellectual frame of reference in which it came about. What had happened between his plaintive pleas on

international inequities and his later schoolmarmish attitude towards non-Western developing societies?

There is a line of reasoning going back to at least M. Weber which explains development as the result of certain favourable collective mental attitudes and the resulting social habits. The essential idea of the psychological origins of progress reappears in J.A. Schumpeter's thesis on the importance of the entrepreneur for the optimal working of a capitalist model. American sociology had been examining these ideas since the 30s without extending its conclusions beyond what could be described as the field of its immediate social implications, but during the 50s it had begun to enlarge its vision to take in the problems of underdevelopment. The starting point for this analysis was T. Parson's concept of "pattern variables", which clustered related traits into divergent groups of varying social efficacy. D. Lehman considers that modernization theory, which, in this context, is a conventional name for the Western sociological concern with underdevelopment, is "Talcott Parson's reading expounded in his Structure of Social Action of Weber and Durkeim". D. McLelland (1961) drew from this research the idea that "community development" was a function of an individual desire to do well, which he called "n-achievement". Social progress depended for each group on the number of "n-achievers" which it produced. E. Hagen (1962) saw the possibility of applying these concepts to the condition of economic underdevelopment and he proceeded to do so, specifically in connection with "peasant societies". As B. Higgins (1959) put it: "In contrast to the technologically advanced society with its high n-achievement, high autonomy (need to be independent of others) and high need dominance (need to a leader), the peasant society is characterized by a high need-affiliation (need to please friends and to have their affection, to cooperate with them) and high need-dependency (need to feel inferior to someone; to have ideas and attitudes approved by persons regarded as superior)."

Furthermore, said Higgins: "The lack of Schumpeterian entrepreneurship in a peasant society is a direct reflection of the value system in such a society." Hagen cited as high-achievers the lower-order of Samurais in Japan and the antioquenos of Colombia (from amidst whom, incidentally, today's international cocaine-barons emerged). Other pattern-variables were proposed, always according to a scheme contrasting progress to stagnation. B.F. Hoselitz (1960) attributed to the "first world" a pattern of behaviour defined by universalism, achievement-orientation and functional specificity, and to the Third World the opposite traits: particularism, the inability to generalize or discover productive analogies; adscription, the acceptance of one's station in life; and functional diffusion, the lack of concentration and method. It was believed by the theorist of this tendency that if the n-achievement mystique could be instilled in a general and systematic way into a society it could help it escape underdevelopment. The program for doing this was known as the "sociology of development", and the designation "modernization theory" probably derives from looser, non-technical analyses of developing societies, such as those by D. Lerner (1958). In essence, this method sought to substitute traditional habits and values, which were seen as retardating, with new, progressive, essentially Western ones. Myrdal has admitted that the work he undertook in Asia was specifically oriented towards modernization, that is to say, towards the study of "attitudes and institutions" which he "found to be largely responsible for those countries' underdevelopment and would have to be changed in order to speed up development".¹⁰⁵

Modernization theory did not have the acceptance in economic circles, or the success in general, its authors and defenders envisioned. Myrdal's Asian Drama (1968) was probably both its hightide and its swan song. The appearance and diffusion of the sociology of development during the 60s permitted the creation of the wider category

of development studies, but the sociological approach to underdevelopment has not prospered either academically or in the area of policy, as P.W. Preston stated in 1984. Its influence on development economics has been minimal though not entirely null. There are elements of sociology in the re-orientation of economic development studies in the 70s towards social objectives, but on the whole development economists, while accepting the existence of non-economic factors in underdevelopment, have tended to put them on a "lower order of variables", or to use them only as discrete or ancillary aspects of the entire picture. Even if they agree that underdevelopment has endogenous causes, development economists, habituated to interpreting behaviour in terms of rational self-interest, do not as a rule see it as psychological in origin. As was to be expected, the greatest opposition to modernization came from those who believe that underdevelopment is not primarily a self-generated phenomenon, but a product of international inequalities and forces. This takes us a step closer to the contemporary theory of economic imperialism, which is critical of development studies in general, and it is apposite in this respect to mention the A.G. Frank critique of the sociology of development because of its precise targeting and because, despite Frank's radicalism, it probably reflects the widest possible spectrum of Third World opinion on the subject. Frank, of course, denies the assumptions about the origins of underdevelopment in modernization theory, but he goes further and impugns the theory itself in that it posits a "psychological dualism" which goes against the fundamental idea of the unity of humanity. His criticism consists in attributing to modernization theory an implicit racist discriminatory content which he then proceeds to demolish with a mixture of both sarcasm and common sense.¹⁰⁶ Was his victim really racist though? One supposes it was not by intention, but like the I.Q. test, it laid the burden of the proof of its egalitarianism on the shoulders of the people it deprecated. Even if its influence had gone further than it actually did,

the sociology of development would always have been a difficult doctrine to preach in the context of economic theory and policy.

THE W.W. ROSTOW SYNTHESIS AND ITS CRITICS

The figure who brings together all the main strands of development studies is also the most controversial because of his theoretical contentions and because of his political clout. One aspect really cannot be separated from the other. With the publication and wide dissemination--to no small degree due to the quasi-official backing of the US government--of his book The Stages of Economic Growth (1960), W.W. Rostow came to seem like the incarnation of the quintessential development economist, but before that he had been associated with the theory of modernization through his participation in the CIA-funded, MIT-based Centre for International Studies (CENIS). CENIS was a policy-research institution (a "think-tank", we would say today) pursuing that objective with a foot in economics and the other in sociology. It also exemplified the tight bonding in the US during the 50s between government and academe on Third World development issues. This is Rostow's own description of its operations: "CENIS's work on development began formally in 1952 and included intensive studies in India, Indonesia and Italy. Aside from [M.] Millikan and me, the members of the senior staff engaged in economic development problems were Everett Hagen, Benjamin Higgins, Wilfred Malenbaum, and P.N. Rosenstein-Rodan. Rodan had, of course, been at work in development problems longer than any of us--since his research on Eastern Europe in London during the Second World War. We were also closely in touch with our colleague Charles Kindleberger, whose wide portfolio of interests included the field of economic growth in both a historical and a contemporary context." However, even before his attachment to modernization as a strategy for development, Rostow had been interested in the "application of economic theory to economic history", in particular in connection to economic growth.

By fishing in three different ponds--the history of economic development, development economics, and the sociology of modernization--, he came up with his special theory of stages in economic development. Rostow's contribution in this area consisted in defining and describing five stages through which economic modernization supposedly went: starting from traditional society, itself classified as the initial stage, these were: the transitional stage, the take-off stage, maturity, and high mass consumption. From the angle of underdevelopment, the take-off stage was the principal concern and target of policy. Thirlwall summarized it in these terms: "Since the pre-conditions of take-off have been met in the transitional stage, the take-off stage is a short stage of development during which growth becomes self-sustaining. Investment must rise to a level in excess of 10% of national income in order for per capita income to rise sufficiently to guarantee adequate future levels of saving and investment." Conventionally, Rostow accepted that resources had to be transferred from the rural to the urban economy. Less conventionally, he was not in favour of balanced growth. In development, he found, certain key industries led the way generating forward, backward, and lateral linkages. This meant, therefore, unbalanced growth in its most elementary sense. Rostow wove together in his study of stages of growth, first adumbrated in an article from 1956, strands from different, even opposed tendencies within development economics, an approach which gives more substance to the notion that his work was a conscious attempt at a summation of all the basic themes and areas of development studies. The sociological aspects of a strategy of development, which could be defined as the political, social, and institutional frameworks for industrialization, had to do with change and stimulation of traditional societies or of large traditional residues within changing societies. Ultimately for Rostow, as for the other intellectual pillars of development economics, change and progress were dependent on the assimilation of technology, which was the process itself of

learning, and economic growth was not an end in itself but a symptom, "one manifestation of a society's total performance", as he stated in The Process of Economic Growth, a book from 1952.¹⁰⁷

There was a blandness about all this that belied but could not do away with the fact that this was near-official American foreign policy doctrine for Latin America and the rest of the Third World during the late 50s and early 60s, and Rostow himself made no bones in 1984 about his clear perception of the stakes in the East-West power politics: "It was vice president Nixon's difficulties in Lima and Caracas in May 1958...that shifted the balance of power within the Eisenhower administration towards support for the Inter-American Bank and other positive responses to Latin America's development needs, long urged upon it. Castro's emergency in 1959 as a working ally of Moscow was not irrelevant to easy congressional acceptance of the Alliance for Progress." Rostow was, of course, completely identified with this ill-started program for aid and counselling in Latin America. His ideological position has provoked more attacks and denunciations than the actual contents of his academic work, but the latter has not had easy sailing either. In putting aside (or down) Rostow's claims to having given due recognition to non-economic factors in development, A. Fishlow inveighed against his reliance on quantitative measurements to define economic stages and in particular the so-called take-off stage, which is the crucial step in the development ladder, and he cited nations that, like Mexico and Argentina, have entered the transition phase to take-off and relapsed or stagnated without apparent cause. Fishlow explained: "The national capital input ratio lacks behavioural content. Its constancy subsumes complementary changes in other inputs, such as labour or entrepreneurial skills, not to mention technological progress. It excludes the important category of human capital." Furthermore, Fishlow argued that Rostow's quantitative measuring rods were useless to stabilize his

stages because the historical evidence for them was at best patchy and at worst contradictory. S. Kuznets, whom Rostow recognized as an influential teacher, nevertheless castigated Rostow's historical data as well as some of the conclusions that he derived from the historical process of industrialization. Kuznets disputed Rostow's estimates on the savings ratio (marginal propensity to save) characteristic of the take-off stage, but worse, he compared unfavourably today's data from the LDC's and the estimates for the pre-industrial phase of the industrialized nations, and he concluded that Rostow's optimistic sequency of stages was probably unrealistic. In short, what Kuznets was saying was simply that history does not repeat itself. But he also faulted Rostow for applying to economic history the Procrustean bed of development economics, as, for instance, with his (Kuznets') claim that industry and agriculture during the pre-industrial and the industrial phases in Europe presented a reciprocal growth pattern, rather than agriculture being skimmed for industry's benefit, as development economics seemed sometimes to suggest. We shall see more of Kuznet's pessimism but his final answer to Rostow on underdeveloped countries was that they could be in "a sequence of long-term growth separate and distinct from that of the Western European cradle of the modern economic epoch".¹⁰⁸

An interesting analytical adjunct to Rostow's historical approach to economic development was a Ranis/Fei article from 1961 in which they attempted "to make a contribution towards the theory of growth by rigorously analysing the transition process through which an underdeveloped economy hopes to move from a condition of stagnation to one of self-sustaining growth". The authors stated that they took as their basic reference "an economy's first departure from quasi-stagnation or the initiation of the so-called take-off process. Rostow defines this as a period of two or three decades during which the economy transforms itself in such a way that economic growth

becomes, subsequently, more or less automatic; its characteristics are a reduction of the rural proportion of the population, a doubling of savings rates and the first marked and continuous flowing of industry stimulated by the availability of surplus labour. This well-known intuitive notion has been chosen as our point of departure. For our basic analytical tool-kit, however, we draw heavily on the work of Arthur Lewis." Considering that the authors made liberal use in their analysis of the ideas of balanced growth and of the critical minimum effort, it can be considered as an attempt at an analytical synthesis of the principal doctrines of development economics. Their elaborate mathematical framework yielded, as most models of that sort did, fairly self-evident, even simplistic results. In concluding, they said that "the take-off can only occur if $i > r$; if $i = r$ or $i < r$, no matter how large a t is permitted, take-off becomes impossible", where i was the rate of growth of the industrial labour force, r was population growth, and t a conventionally assumed time-period. For the rest they underlined the necessity of increased investment in agriculture as development materialized and the application to industrialization of the "critical minimum effort" thesis, although what this really meant was "that, for every value of t , a certain investment activity must be carried on in both the industrial and the agricultural sectors during every year of the take-off process, from year 0 to year 5".¹⁰⁹

THE BALANCE TO 1960 AND THE PRIDE OF THE HERE-AND-NOW

What was the intellectual balance of development economics to around 1960? It had been built on a series of coordinated assumptions that amounted to one large theoretical construct which is frequently and on the whole accurately described as the orthodoxy of development economics. In future it would subject itself to a mordant critique of those assumptions, even to raising the question of its own legitimacy, for what if not the assumptions in question was development economics? Few on the outside (or

even inside it) accorded it the title of science, or even of academic discipline, separate, that is, from the wider science of economics. But it was not downgradeable to a mere chapter or section on the concept of growth, as Meier, Baldwin, and Kindleberger had implicitly suggested. It was therefore a theory. Its first assumption was the commendable one that all men could and should be capable of the same productivity, and were consequently entitled to a commensurate standard of living. It was a democratic, egalitarian doctrine in face of evidence on abysmal inequalities and on yawning cultural canyons. It assumed that underdevelopment, which was measured in per capita terms, could only be understood and described through the concept of a social duality: on one side, a modern urban society with the basic economic traits of more advanced Western societies, but with a much lower register of activity; on the other, a traditional rural society with a high degree of hidden or overt unemployment and therefore a very low level of productivity. The values of the rural society were antithetic to those of the city and of the West, and it was on this contrast that modernization theory and the sociology of development were built in the 50s and 60s. It was assumed that it was necessary to promote industrialization in order to modernize all of society, which in essence meant integrating the two badly articulated planes on which underdevelopment thrived. This was a very convenient assumption because it supposed that the human-input needs of industry could be supplied by the rural masses, and that therefore one and the other ideally complemented each other. The capital needed for industry would come from domestic savings and from foreign investment. The guiding principle in this process was dubbed balanced growth and the instrument chosen for its application had to be economic planning, but of the targeting persuasive kind. Why didn't development economics choose development through export specialization or growth-through-trade? Because most of its leading lights had actually accepted the thesis that developing countries were

being deprived or swindled out of the profits in their commerce with the industrialized nations and would not be able to raise sufficient surplus in that way to escape the vicious circle of poverty, whereas through the principle of balanced growth they expected that the internal consumer market could grow in tandem with an increasing supply of goods. It was expected that development would become self-sustaining, which on the assumptions about the terms of trade, it simply could not be. Was development economics biased against agriculture? Defenders of its gestation phase like D. Lehman claim that it favoured industrialization but did not neglect agriculture. However, the facts speak quite clearly: while development economics had all sorts of prescriptions on the technology of planned or stimulated industrialization, it had nothing but contempt for agricultural commodities or it went out of its way in nurturing the expectation that the urban economy would of itself in the end stimulate agricultural productivity.¹¹⁰

Having said all this, we must go one step further. Development economics had one fundamental outlook and assumed one significant philosophical stance in such a way that it informed all its undertakings and all its objectives from the very start, and was in fact consubstantial with its very existence, and that is what we shall call the phenomenological attitude towards reality. Development economics above all strove for and stood by the claim of having achieved objectivity. It prided in its impartiality and purported lack of biases. And yet we have seen that the orthodoxy of development economics consisted of mostly a priori choices and manifested biases in matters of policy and method. In what then did the phenomenological attitude consist? It consisted in the pride of the here-and-now. Development economics virtually rejected history as a dimension in its research. It accepted the past hesitantly or in rigid cliometric dimensions, but mainly it saw time in terms of the abstract future involved in policy and planning. However, even if it did not openly state or

acknowledge it, even if it glided into it silently and sometimes unwittingly, development economics was an attempt at replicating the European Industrial Revolution in the Third World. It harboured a model for replication obtained by superimposing the historical experiences of the principal national industrialization cycles in Western Europe. The model could be a bad copy, or what is more likely, it could be that it was the wrong model to throw at the Third World, but the historical involvement of development economics in this sense can not be ignored. To what then does the here-and-now attitude specifically apply? In which respect is it valid if at all? Development economics had its biases and it did not entirely ignore history despite the apparently abstract, intemporal character of its injunctions, but it did tend to avoid as if from principle the issue of the origins of underdevelopment. We shall see that this is not entirely true either, that some development economists did write on that subject, categorically if briefly; but taking all in all, the attitude of the literature itself in its mainstream phase could be synthesized in this manner: we have a problem that needs solving; we have identified the problem; we know how the problem can be solved, because it has been solved in the past; but frankly it is none of our concern how the problem came about. This spurious "ahistoricity" goes to the root of the fundamental differences in approach between development economics and the contemporary theories of economic imperialism.

Did the gestation phase of development economics actually produce an original theory of economic growth? Setting aside the vexed issue of what exactly is a theory of economic growth, we think it is possible to arrive at an unassuming assessment through the use of a variant on the once-common analogy between society and human physiology. Biological growth can be studied from three angles: the description of the average natural rate of growth of an organism, that is, the how of growth; the physiological analysis of the process of growth, that is, the immediate

why; and the study of the disruptions of growth and of the means for its stimulation, that is, the pathology and the therapeutics of growth. We shall assume that the how of growth refers to an individual type and thus obviate the question of a genotypal tendency over the long term for an increasing rate of growth. Economic marginalism and equilibrium theory in this analogy are concerned with the how of growth. The tradition of political economy since the physiocrats has dealt with the why of growth. For example, W.A. Lewis wrote in 1955 that "the last great book" to deal with economic growth was J.S. Mill's Principles of Political Economy (1848), and it is true that Mill did make a clear distinction between growth and the distribution of wealth: growth was possible in backward countries; allocation was the proper study in developed economies. Besides its concern with equilibrium levels of employment and income, Keynesianism has been passionately dedicated to applying correctives to economic dysfunctions. In this sense, there does not exist a unique theory of growth, but different categories of valid theories on growth to the extent that they address themselves not exclusively but predominantly to one of the different aspects of growth in our analogy.

Development economics in its gestation phase did have underlying ideas on the how of growth, but they were taken by its practitioner from what they perceived as the process of modern European development, that is, industrialization, rural-urban migration, balanced growth, et al. In order to describe underdevelopment, development economists borrowed the Keynesian idea of equilibrium with unemployment and transformed it into the unstable or low-level equilibrium trap. As to the why of growth, they harked back to the classical industry-oriented models of Ricardo and Mill, and they (including now the sociologists) also reflected the more modern preoccupation with the utility of technologies and the importance of the entrepreneurial function. There was also a tendency to identify economic development with the Harrod/Domar formulation on growth, but although the

shared emphasis on savings and investment did seem to indicate some kind of concordance, it was easily seen that the social circumstances of underdevelopment did not warrant an unrestricted scope of applicability. Where development economists did seem to break new ground was in the obvious area of correctives and stimuli, because here they had no classical or Keynesian precedents to go by, yet even in this they borrowed old infant-industry and other neo-Mercantilist precepts. In the mainstream of the orthodoxy of development economics were the orderly transfer of labour from the countryside to the cities, the indispensability of foreign aid and investments, and the coordination of growth through planning. These "recipes", except to some degree the one referring to foreign investment, were not part of "standard" Western growth models. Some precedents were to be found in the Soviet Union, but it would be unfair and inaccurate to say that development economics advocated Soviet policies, or that it "lifted" its doctrines in one piece from a communist model. Development economics was fully and unambiguously committed to capitalism and private initiative. The development assistance it advocated was Western capitalist assistance. The planning it contemplated was an indicative pis aller, not the coercive totalitarian type. The trouble with its program was that precisely because of its ultimate libertarian, easy-going character, it could not cope with the sweeping historical movements it foresaw, like the shifting of population masses or the conversion of sleepy old Andean towns into whirring industrial dynamos. Nevertheless, with all its shortcomings there did exist a "corrective" development-economics theory of growth with what seemed like a rightful place in the firmament of academic disciplines. Would it hold up against the hammering of reality?

THE CRITICS OF THE ORTHODOXY OF DEVELOPMENT ECONOMICS

Even before time had its say, the orthodoxy of development economics had come under fire from all directions, right, left, and centre, even from those who

could be considered to be intrinsically involved in its affairs. S. Kuznet had been researching into the statistics of growth since before WW2. In fact, C. Clark mentions him as a source of advice for his pioneering book on world statistics. During the mainstream period of development economics, Kuznets took to it like a duck to water, and thus he can be credited with having been an early starter both in cliometrics and in development economics. His original field had included the late-19th century and onwards, but he also went backwards much beyond this bound, for which F. Braudel paid him the following tribute: "La tentation, a la quelle il a heureusement cede, etait de remonter en deca du XIXe siecle, pour suivre ou deviner les evolutions possibles du XVIIIe, en utilisant les solides graphiques consacres a la croissance anglaise par Phyllis Dean et W.A. Cole, puis, de report en report, arriver jusqu'en 1500 et meme en deca." What Kuznets found in his long trek was that there did not appear to be as was usually believed a noticeable or dramatic change in net capital formation in the period prior to the clear emergence of the Industrial Revolution in the 18th century, a finding which had to be particularly gratifying to Braudel with his long-term gradualism amounting almost to a denial of the concept of Industrial Revolution. However, there had in fact been a considerable increment in gross capital formation, which meant that much of the investment leading to industrialization had gone into the yearly renovation of the existing stock of capital and into social overhead.¹¹¹

When Kuznets came to face with the assumptions of development economics, he pointed out that "Output per capita is much lower in the underdeveloped countries today than it was in the presently developed countries at the date of entry--a period rather than a point in time--into modern economic growth". But even more significantly he concluded that "the most serious obstacle to the rapid spread of the industrial system was one that it shared with many major innovations: it meant a marked break in established patterns

of social and economic life; it destroys established interests; it requires a system of social values and a cultural milieu quite different from those that are the heritage of a long historical past in many countries". The instrument of change within a society thus attached to traditional values was a class "which views the industrial system as its ideal; which is willing to exercise pressure for the social change requisite for the introduction of the system; and which become powerful enough to impose its interests, considered by it identical with the interests of society at large, upon the country". He was not optimistic about the generalization of change: "The spread of the industrial system is often assumed to be a process that will take its inexorable course in due time--like a slowly moving glacier whose course cannot be stopped or avoided. In the light of history such a picture is largely an illusion." Finally, he himself had no illusions about discovering a formula for development, "some invariant pattern of economic growth of nations" which would permit "distinguishing between the necessary and accidental conditions of the effective adoption of the industrial system".¹¹² What Kuznets was telling his peers then was that European development had been a process of "longue duree", in Braudel's phrase, not the result of a sudden spurt of growth, and therefore, it was highly unlikely that there would be a replication of it in the compressed time-scale of development economists. This was a much-needed cautionary note that few heeded and in the event was to prove premonitory. It also meant that Kuznets was a defender of the notion that the Third World could not be considered a homogeneous lump to be kneaded and shaped in any way development economists wanted.

If Kuznets assailed the heedless optimism of development economics, A.O. Hirschman's equally basic criticism was directed at the crucial principle of balanced growth. Hirschman was a "front-line" or *in situ* development economist in the sense that a decisive part of his formation

took place while acting in his professional capacity as economic adviser in Colombia from 1952 to 1956. He had, of course, his career prejudices, but he took the trouble to observe how Colombians themselves were managing their economic affairs in their own "al revés" fashion (the other way around), in which he discovered merit that went against the grain of standard development doctrine. For one thing, whatever development economists propounded about the simultaneous advance of different branches of industry in an underdeveloped economy in order to achieve all-round complementarities and provide maximum employment, the existence of high-technology, high-efficiency enterprises seemed to be defensible through unquantifiable advantages. Hirschman called them "pressure mechanisms" and "pacing devices", because they set standards of productivity and were means for passing on efficiency to other sectors. He used the example of airlines--Colombia's at the time was considered one of the most advanced in Latin America--, and he generally included as illustration of his idea industries with a high capital to labour ratio, precisely those that orthodox development economics considered unadvisable for high-unemployment developing economies. Another Hirschman proposition was the "investment sequence" based on an advanced industrial activity which complements itself by creating backward and forward linkages, again in rank disregard of the coordinated frontal advance envisioned in balanced growth. Hirschman applied the principle of imbalance to other areas, like inflation and balance of payments, always trying to see the more salutary and exploitable side of real events rather than trying to squeeze reality into a preconceived mould. What Hirschman's approach amounted to was in effect a rationale of what Latin American countries were laboriously striving to implement on their own devices, which was to foment industrialization by all available means and to simultaneously control inflation and produce enough trade surplus to fuel growth. The concept of import-substitution industrialization, which Hirschman considered a fundamental if flawed development

strategy, was compared by him to the Hansel and Gretel situation in which the "fatter" the imports of a specific sort a country had, the likelier it was that they would be swallowed up in its industrializing efforts. Hirschman carried his diagnosis of the reality of development in Latin America to the decision-making process in government in his book Journey towards Progress (1963). Here he proclaimed himself an enthusiastic subscriber to modernization theory, specifically to its Schumpeterian emphasis on the entrepreneur as the initiator of progress, the entrepreneur, however, as decision-maker in the public as well as in the private sector. Above all, he was arguing for improvisatory development from within as against development by formula, or as he put it: "I am trying to show how a society can begin to move forward as it is, in spite of what it is."¹¹³ Hirschman's work was undoubtedly a denial of the orthodoxy of development economics. What he claimed was that the developing countries were doing things their own way, regardless of balanced growth and the rest of the development economics shibboleths, because they really had no other choice. In spite of the constraints, however, they were not doing so badly, in Latin America at least, and the task of developmental research was to observe and to cull the good from the useless. Hirschman was an acute and persuasive expositor, and his approach, its refusal of preconceived models and well-intentioned but impractical abstractions, would be influential when the time came for development economics to take a starker look at itself.

HOW MARXISM AND DEVELOPMENTALISM FELL TOGETHER

It is possible to exaggerate Hirschman's alienation from orthodox development economics, because both had things in common, like the convenience of discreet government planning and prodding or the necessity for foreign investments. It is nearly impossible to do so in regard to the critics that development economics had on the right. These were out-and-out partisans of laissez faire and its corollary of growth through the comparative advantages of foreign trade

specialization. Their idols were Adam Smith and homo economicus. They did not believe in economic planning or in strict modernization theory, but in the profit motive, in free enterprise, and in the free movement of factors. The leading light of this group was and has remained to this day P.T. Bauer, a hard-to-beat record in the history of the trends in development studies. Bauer believes in the retardating influence of the state. To the argument that the state merely supplies the lack of the entrepreneurial function in an economy, he replies that bureaucrats can hardly do as a substitute. He blames the West for the politicization and the social distortions in the Third World. His ideas on underdevelopment sound sometimes like a mini-theory on despotism, comparable in some respects to Wittfogel's except that Bauer puts the blame not on "hydraulics" but on development economics and on "the establishments in most Third World countries". J. Viner and H. Myint were both defenders of the market and the doctrine of growth through trade. Viner was also very keen on the defence of agriculture in the midst of the development economics high tide. "Misallocation of resources as between agriculture and manufactures", he wrote, "is probably rarely a major cause of poverty and backwardness, except where government, through tariffs, discriminatory taxation and expenditure policies, and failure to provide on a regionally non-discriminatory pattern facilities for education, health, promotion and technical training, is itself responsible for this misallocation. Where there is such government-induced misallocation, it is today more likely to consist of the diversion of agrarian-produced resources to the support of parasitic cities than of overinvestment of resources in primary industries and in workers in such industries." Myint employed the formula "balanced growth" mainly in the sense of equal weight in development policies for agriculture and manufactures. He did not believe that the international trade in primary products had exhausted its potential for contributing to Third World development and

he denied that the transfer of rural masses to the cities was devoid of social costs.¹¹⁴

How influential were these critics? Bauer was active in Washington in the 60s, in general pushing for aid programmes in Latin America which favoured free enterprise regardless of the politics of the recipient countries, and his insistence certainly did not go unheeded. The well-intentioned, relatively innovating policies of the Kennedy administration in the early 60s, associated with Rostow and the mainstream of development economics, were scrapped or modified by Lyndon Johnson, but this was probably just a question of getting a rickety old train on its rails again, that is, going back to traditional American policies oriented towards maintaining the status quo in Latin America, although the Kennedy program, it must be said, was no inter-city either. Within development studies the preachings of the pro-trade, pro-agriculture lobby became influential as the optimism of the mainstream phase waned in the 60s. But this influence really came into its own in the late 70s and the 80s with the electoral deluges that brought M. Thatcher and R. Reagan to power in Great Britain and in the USA, respectively with their monetarist and supply-side policies. The sanction all this gave to radical anti-state, pro-market administrative philosophies was also a tacit recognition for the same approach to development problems and in Western relations with the LDCs. These political changes in two of the most important capitalist countries coincided with the strengthening of conservative academic trends and with the rise of a phalanx of economists and specialists on LDCs, some new, some converted, who denounced development economics as a bankrupt statist ideology. Among these voices were those of D. Lal, K. Basu, A. Sen, W. Elkan, B. Balassa, and others. Their influence today probably means that development economics as a theory of growth will probably stay dormant for a long time to come, unless some dramatic political changes bring it to the fore again.

But what really did the orthodoxy of development economics in as the nearly "official" Western approach to the problems of the Third World, was probably the failure of the revolutionary Marxist alternative to capitalist development. We saw that the expansion of development economics was chiefly a response to decolonization and to the rise of communist world influence after WW2. However, the communist record in the Third World has been lamentable. After three decades of Marxism, Cuba remains as underdeveloped as when Batista and the Mafia left. Vietnam's heroic freedom struggle produced national integration but also extreme poverty, and the country probably deserves the dubious accolade of being the most militarily powerful amongst the poorest nations of the world. Angola and Mozambique have not advanced much since independence in 1975, though admittedly they have had to cope with the siege from racist South Africa and from its own armed dissidents. The Soviets compounded their own serious problems and the problems of communism in the Third World with their December 1979 invasion of Afghanistan. The communist spectre no longer seems to be haunting the world. The LDCs apparently can take care of themselves if not actually develop. They have their own powerful interests, as they in fact always have had, in not going communist. The West's economic help is not needed urgently. It has been severely chastised as useless or actually counter-productive by the critics of development economics, and the underdeveloped countries themselves have often hindered and sabotaged its operation. Neither are Western specialists and their advice and their policies required and welcomed as they were in the past, partly of course because LDCs have had time to prepare their own people. Politics is now as it was after WW2 what is determining the rise and fall, the influence and the eclipse, of development economics. Are its critics on the right correct, therefore, in calling it an ideology? Perhaps, but if so they themselves must admit that they share in essence of the same capitalist ideology and that their polemics are over means rather than over

objectives. Let us see, to close the mainstream phase, what the practical balance-sheet of development economics was.

THE PRACTICAL BALANCE-SHEET

The parallels between the strategies put forward by development economics and the polices and social tendencies within developing countries after WW2, concern such crucial areas that it is tempting to infer a vital, even a causal connection. There was world-wide a significant rural-urban movement in underdeveloped countries. Cities grew much faster there than in the industrialized nations, where, after a rapid post-war increase, they tended towards population stability or decrease (in the case of the large metropolitan centres). For the LDCs, urbanization became both a goal and a badge of progress. It was possible to argue that it should be stimulated even if the cities did not have the immediate resources to integrate the rural emigrants because at least these would be settling where makeshift work could be had and where eventually social and economic reforms would be easier to implement. Industrialization likewise was an objective pursued in almost every independent underdeveloped country. From this time were the images of thousands of Indian peasants carrying wicker baskets weighed down with earth and rocks for the construction of a steel mill in Bihar. The same pride in and devotion to vast industrial projects was shown in all the other LDCs that could allocate funds to them, or could attract or borrow the necessary capital. Those nations that could not afford a steel mill actively pursued or stimulated less ambitious enterprises as long as they were in manufacturing. To promote them, all sorts of financial institutions were created and to protect them tariffs were raised and restrictions on free-flow were devised. Although of course grounded on rational arguments industrialization shone in their eyes with the aura of religious dogma.

One thing that was absent from all this no matter how hard the LDCs and their experts and foreign advisers tried,

was the achievement of the cherished principle of balanced growth. Inequalities, disparities, and distortions kept tugging and squeezing things out of shape, like the work of a maladroit taxidermist. For a seeming endless time--in fact, it still is the case of most developing countries--, they could not escape the single export pattern, but investment in agriculture was not keeping up either with manufactures or with the demand for foodstuffs in the cities. In the industrial sector, the rolling mills and the sheet metal plants were producing uncompetitive goods for domestic consumers that had not come on stream. Industrialization was a kind of slapped-up monstrosity with some very powerful looking limbs but with others that were either shrunken or made of rotten wood. Its tiny head lolled on a thread-like neck over a huge but emaciated ribcage. Planning was going on all the time, but it was not achieving much except an endless flow of inaccurate statistics. It quite seemed as if Hirschman had been absolutely right: underdevelopment had to be taken on its own terms, not forced into moulds, and development had to be nurtured and raised like a fragile plant. Indeed, the only development economist who appeared to have gotten the right measure of underdevelopment in his works, was Hirschman to the extent that he perceived that the real striving for development was not imported into but generated within underdevelopment itself. At the time he wrote his classic work on unbalanced growth, fresh from his Colombian stint, it was obvious to him also that the more appropriate development tactics being applied in Third World countries had not been invented outside, but had been elaborated there from experience and from needs. However, even his own ideas on "pacing devices" and "pressure points" and on productive, spontaneously arising linkages were actual observed events he hoped would happen again, and even today the sad facts are that there have been as many or more cases of linkages either not taking place or doing so incompletely as of fully

realized chains of linkages in any individual underdeveloped country.

Hirschman himself said that ISI was the cant-phrase development economists gave to a process that had been going on in Colombia before he got there. It is very likely, therefore, that what development economics did in Latin America and elsewhere was to give sanction to, and perhaps to modulate somewhat, certain fundamental policies that had already been chosen and were already being applied as practical measures. It would be very hard to claim that development economics influenced or determined any sort of fundamental choices in the Third World. It might have channelled some of those choices, like tendering proposals on how to stimulate an orderly rural-urban flow, but it could be argued as well that post-war circumstances were probably favourable to spontaneous world-wide urbanization. Latin American governments in general believed in it. Newly independent states agreed with it because it made ruling easier. The West in general did not want the sort of communist-sponsored rural agitation that had incubated in Malaysia, Indochina, and Indonesia. Even the communists still believed that revolution was more likely in the cities than in the country. Urbanization like industrialization was a global aspiration: for modernity, for prestige, for development. J. Nehru in India, to put it succinctly, wanted industrialization, and industrialization of sorts would have come with or without Mahalanobis. These trends were as important and as irresistible as nationalism. It is not very likely that development economics had anything crucial to do with them, or the way they were working themselves out all over the underdeveloped world. Mutatis mutandi, it would be like placing the historical responsibility for the Industrial Revolution on D. Hume or on A. Smith, or like explaining Western economic history in the decades before WW1 through the medium of equilibrium analysis. Of course if development economics did not significantly affect the post-war evolution of

underdeveloped economics, it was not the Dr Frankenstein that created the monster of Third World industrialization. It could be argued that developing countries did not apply correctly the principles of development economics, but this would be complicating the issue with a series of useless *contrafactual* possibilities. And in the end the fact will remain that development economics, despite its claims to originality, was merely following historical trends which it did not undertake to criticize unambiguously and, *tout au contraire*, did the utmost to abet and encourage, as when, as often happened, Third World countries intent in applying statist strategies called upon Western development economists to give their blessing to policies that had already been selected and were practically in motion. Finally, it is also very likely that the high-faluting, idealized conditions that development economists envisaged, such as balanced growth, were self-defeating in that they were used by its critics to highlight the disparities between targets and real achievements, and this was, when all is said and done, the ultimate explanation of its downfall.

DEVELOPMENT ECONOMICS AND THE ORIGINS OF INTERNATIONAL ECONOMIC INEQUALITY

Does development economics include or imply a theory on the origins of economic inequality among nations? A common 19th century Western European way of thinking about the relations between cultures and nations was founded on the notion of inequality, or as we have called it, the superiority/inferiority matrix. Inequality was seen as the product of a struggle for survival in which the decisive advantage was race. The useless carnage of WW1 had signalled the end of credible social Darwinism. Racism persisted but it was largely discredited as a serious intellectual doctrine in the West, except in Nazi Germany. By the start of WW2, the old Eurocentric matrix, though still quite a common outlook, was being supplanted in the more advanced Western circles by a politico-economicist

optic that no longer saw the world in terms of superior and inferior cultures but of nations divided according to their state of economic development or their international economic specialization. However, it would be an error to affirm that there had been a total break with Eurocentrism in the West. The politico-economicist perspective did not have the force to suppress the Western-supremacy historical syndrome. The latter was still there but without the double foundation of social Darwinism and racism.

In its avowed aims and in its consequences WW2 helped to strengthen the politico-economicist perspective. After the war, development economics made it explicit, and in doing so assumed part of the burden of defining the terms of the relationship between the West and the rest of the non-communist world. Just as it had been biology and race that gave form to international doctrine in Victorian Britain and during the Second Empire and the Third Republic in France, so gradually before and much faster after WW2 it was economics that shaped the ideas influencing a wide gamut of relations between the industrialized and the underdeveloped capitalist nations. This may be because of all the social sciences economics is the only one that is fundamentally committed to a rock-bottom definition of human nature and can thus deal with diversity and with all the grades in the scale of social progress with the utmost steadfastness and self-assurance. Development economics was, in sum, the best instrument the West had to hand for managing intellectually an explosive piebald world. In this respect, it would be idle to explore the ideological propensities of individual development economists one by one. Development economics, of which it can accurately be said that it represented more than the sum of its individual thinking parts, had its own overarching political engagements, to which its practitioners as a rule subscribed. The latter sometimes came close to but never edged into socialism. Shared cultural attitudes were another matter. On the whole, development economics was resolutely Eurocentric, but not so

much in the old way we have so often seen in this work as in presenting the West as a socio-economic paradigm.

MYRDAL, PREBISCH, AND THE PERSISTENCE OF EUROCENTRISM

Take the case Myrdal. He had two attitudes towards the Third World: in the first he blamed underdevelopment, in part at least, on "cumulative causation" and he called earnestly for redress; in the second he blamed the "soft state" and vented his moral indignation on corruption, which he seemed to attribute to the brain-withering power of the Tropic sun despite the fact that there is more corruption going in New York or Tokyo, to mention two notorious venues, than all the considerable stealing in Venezuela and India together. What was the difference between the first and the second Myrdal? A stay in the Third World perhaps? At any rate, the cultural prejudices of the second Myrdal were always in the first Myrdal so it is probably true that there wasn't that much difference. Yet a caveat is in order. Myrdal was neither racist nor a social Darwinist. His moral feelings were sincere. He was what in America is called a "bleeding-heart liberal", that is, someone who will sympathize with the poor but never sanction rebellion. He had, in Marxist parlance, a "petit bourgeois" mentality. And in this he was very much like his unimpeachably third-worldist Latin American colleague Prebisch, who towards the end of his life was still decrying poverty and injustice but having to accept the system because, although unfair, it was somehow compatible with freedom. Both, the Argentine and the Swede, the theorists of "core/periphery" and of "cumulative causation", in the final reckoning turned for the causes of underdevelopment towards the inside of underdeveloped societies. They were in fact upholding Western developmental paradigms and, in particular, they were being loyal to the principles of their academic discipline. The case of both these passionate developmentalists serves, we think, to illustrate convincingly the limits of speculation on the origins of

international economic inequality within development economics and development studies in general.

On a deeper level--and here too Myrdal, though not Prebisch, concurred--, Western developmentalism had, as we have seen, the nagging awareness that tropical climes were related if not causally at least consistently to economic retardation, and many development economists during the mainstream phase and afterwards, Streeten perhaps foremost amongst them, kept making asides in the course of their researches to bow respectfully in the direction of environmental theory. In the end this did not produce more than obiter dicta amounting to an endorsement of the truism that, since Montesquieu, had written down indolence and backwardness, partially at least, to the effects of adverse environmental circumstances. Development economics and development studies as a whole were not interested in origins but in the here-and-now, in analysis and in policy, and this undoubtedly prevented them from an engagement with further, deeper research in that area. Even the work of A.M. Kamarck, which we cited in the first part of this work as relating minutely the adverse effects of climate on economic performance, was strictly analytical and contemporary, totally lacking in historical and cultural dimensions. Development economics limited its say on origins to positing endogenous causes, at times, as in Myrdal, through concrete social analysis and criticism, but mostly by default, through not saying anything on the subject and letting the eloquence of its socio-economic paradigm speak for itself. If a verdict were to have been required from development economists on the relations between the West and the rest of the world and their economic consequences, it probably would have been the express exoneration of all Western responsibility for Third World backwardness. The sociology of development was much more declarative in this respect, which in itself had the merit of forthrightness, but it overstepped the bounds of reasonable cultural and social differentiation in that its

premisses closely bordered on a kind of psychological superiority in the West, and although the distinction between psychological and cultural or social attitudes is often hair-thin--how separable, from an economic point of view such as Kuznets', are social and psychological habits and attitudes from their cultural matrixes?--, it is valid enough to have kept economics and the sociology of development clearly apart on the issue of the causes of underdevelopment. Though garbed in modern sociological jargon, modernization theory was of the purest Eurocentric stock, and could have been related historically to the more obscurantist 19th century pronouncements on Asian despotism and on non-Western cultural backwardness in general. As such it made an easy target for anti-capitalist polemicists and more generally it bared itself to a complete clean-conscience repudiation by anyone connected to or affiliated in any way with the Third World.¹¹⁵

DEVELOPMENT ECONOMICS IN THE SIXTIES

Despite the carping, development economics went almost intact through the 60s, which was probably the time of its greatest political clout. There were however significant stirrings of dissatisfaction with previous doctrine, some even perceivable in the original upholders of that doctrine. Arndt underscores the significance of T.W. Schultz's orientation towards the formation of human capital instead of the accumulation of physical capital. But you could not honestly fault development economists for not being aware of the benefits of education, and besides, with this theme Schultz was more interested in economic growth in the US than in the underdeveloped countries. However, he was much closer to development economics in his no-holds-barred repudiation of the idea of the zero marginal productivity of labour in the rural areas of backward countries. In this he was adding to the growing bulk of the literature that was picking holes in, or simply putting down, the established priorities for development economists between the rural and the urban sectors in developing nations. D.W. Jorgenson at

the start of the decade and on the heels of Lewis and others, stated flatly, but with the benefit of a mathematical model for dual economies, that "there is no 'minimum critical effort' of investment in dual economies in which substitution between capital and labour in manufacturing is possible", a statement which apparently seemed to undercut the advantages of the touted rural-urban flow. In 1967 H.M. Southworth and B.F. Johnston wrote what seemed like a self-evident truth, but which development economics in the 50s, with all its ingenious inventions and complicated models, apparently did not grasp: "Most of the underdeveloped areas are predominantly agricultural. It is now recognised that increasing the productivity of their agriculture is essential to their economic development." This was but one blow away from bashing the other icon of the rural-excess school, and this one M. Lipton dealt in a 1968 collective work on the crisis of Indian planning, where he spoke of urban bias and the useless diversion of manpower to the cities. This general volte face in development studies was even evident in the noticeable shift of emphases which we observed in Fei and Ranis, who were the principal exegetes of the Lewis canon. They were not the only ones re-assessing the orthodoxy from within, or at least some of its emphasis, as could have been observed when Prebisch in 1964 took a mincing sidestep away from all-out ISI towards manufacturing for exports. Finally in this short list of uncollected arrears, G.M. Meier put his finger on another trend when he went for international trade as the engine of growth from a Rostovian angle and in step with other favourable international reports on this subject.¹¹⁶

If it is accepted that development economics is a legitimate discipline of study and research, less than a science but more than an ideology, which exhibits sufficient identificatory traits in the past and still has a claim to recognition whether because of its field or its methods or for whatever other reasons, then more pertinent to its evolution during the 60s than the critiques and

reassessments were certain burgeoning trends within the discipline itself. We shall discuss three of those: C. Furtado's historical outlook from a conventional developmentalist position, for it brought developmentalism to proximity with dependency theses and presaged the dependency debate; the disabused assessment of the limitations of developmentalism in D. Seers and P. Streeten, which was a forerunner of the discouragement and disillusion of the following decade; and J. Freyssinet's abstract, almost philosophical enquiry into the nature of underdevelopment, in that it synthesized French theorization on developmentalism--not significantly different from the contents of the orthodoxy of development economics--and also indicated a tendency to either evasion or ossification.

At the start of the period, the Brazilian economist C. Furtado held reasonably conventional views on development: underdeveloped economies suffered from lack of capital accumulation; cultural explanations of development, which he traced to Weber, were helpful in explaining instances of economic retardation; ISI was valid as a development strategy; and so on. But his Latin American origins made him especially sensitive to the question of the causes of underdevelopment and he devoted a considerable amount of thought to it as part of his research. His fundamental idea, apparently related to the dual-economy construct, was that underdevelopment resulted from a hybridization between capitalism and earlier and more primitive economic structures. As he put it: "The advancing European economic frontier was almost always translated in the formation of hybrid economics, in which a capitalist world peacefully coexisted with an archaic structure." Apparently then (because Furtado's writings are not pellucid on the subject), capitalism, which was brought from Portugal into Brazil at the start of colonization, first coexisted with the tribal economy of the Amerindians, then with some form of feudalism, which it had itself engendered, or more importantly, with a slave-based plantation system, also of

its own creation, and finally, with the modified vestiges of those systems in our times. Furtado's distance from the dual-economy model of the Boeke type was explained by his close acquaintance with Marxism, which, however, he on the whole refuted, and by the specific character of the economic evolution of Brazil and Latin America in general. Despite his emphasis on hybridization, Furtado considered underdevelopment to be a singular, discrete manifestation: "As the specific phenomenon which it is, underdevelopment requires an autonomous theoretical effort," which in such terms was made to seem, from the point of view of research, as solid and as self consistent as capitalism, i.e., as a "structural" phenomenon. The same ambiguity obtained when he tried to relate development and underdevelopment from a historical optic: "Underdevelopment must be understood as a phenomenon of modern history, coeval with development, as one of the aspects of the diffusion of the Industrial Revolution." It was not clear, however, whether underdevelopment travelled like a virus or whether it was created *in situ*. What is significant about Furtado is not so much the specific meaning of his theory on underdevelopment as the fact that he renounced the phenomenological here-and-now of development economics and placed underdevelopment in a historical and inter-cultural perspective. He did not actually subscribe to imperialism theory, to which Prebisch unwittingly perhaps came much closer, but Prebisch's core/periphery scheme described an international system with a marginal if significant impact on peripheral societies, whereas Furtado's hybrid capitalism suggested that Europe had put the seed of backwardness in Brazil and presumably in the rest of Latin America as well. Furtado was not strictly a dependency theorist, but he had all the bricks with which others were already constructing dependency elevations.¹¹⁷

Economics in general and development economics in particular have a habit of coming up with related or collaborative pairs: Smith and Hume, Ricardo and Mill,

Marshall and Jevons, Harrod and Domar, Prebisch and Singer, Fei and Ranis. Seers and Streeten are undoubtedly part of that tradition. Both were drawn to development economics in the 60s, and both have Sussex University as base. They have collaborated on some projects. And especially they are both inclined to theoretical radicalism--Seers perhaps more than Streeten--and have remained in close theoretical nearness to each other. Before he became an advocate of the "basic needs approach", Streeten took a significant siding away from the development economics mainline. He negated the "advantages of being a latecomer", and with that an important aspect of the overly optimistic expectations of development economics. He came close to denying the possibility of development and his ideas, with Furtado's, could have led to another hybrid: the spontaneous generation within development economics of a theory of dependent, non-progressive capitalism. What Streeten did was to prepare a commentated list of the drawbacks to developing countries from the fact alone of the existence of developed countries, that is, without going into whatever deliberate effects the economic policies of the latter had on the former. He took no cognizance of economic imperialism as such, but even without this, the consequences of the coexistence in time of development and underdevelopment seemed devastating. One was "overpopulation", which could be attributed in part to the inevitable diffusion of medical techniques. Advances in labour-saving technologies, no matter how punctiliously the Third World hewed to labour-intensive development policies, unavoidably filtered down to developing countries and had a chain-reaction effect, a stricture that placed Streeten in direct confrontation to Hirschman. Social welfare was a practice that Western Europe started implementing in the second half of the 19th century, when the capitalist core states had already amply surpassed the breakthrough stage of industrialization. Ironically, its imitation in the Third World produced a harmful diversion of resources from industrialization itself. Synthetics replaced raw commodities like rubber and cotton and had a negative effect

on Third World exports. The developed countries had virtually closed their doors to Third World immigration, but they still exerted the "brain-drain" effect so debilitating to developing countries. By another route Streeten came to Kuznets' conclusion that history would probably not repeat itself, the contrary being one of the underlying implications of development theory. He was not, however, perplexed or obsessed with paradoxes, but pointing out the "limits" of development studies.¹¹⁸

In 1975, he argued that his critique of the prospects of industrialization in the Third World did not mean giving up on them, but going for the production of "simple mass consumption goods" like hoes, tillers, and bicycles. By then Streeten was exploring the priorities of "basic needs" in underdeveloped countries. D. Seers had theorized in the early 60s on the "special" nature of development problems. By the end of the decade he was emphasizing social needs rather than standard developmentalist remedies and during the 70s both he and Streeten were doubtful about the singularity of development economics. As Streeten put it in 1979: "Whereas, with the growing interest in different societies in the Sixties, many had argued that there is no single, universal 'science' of economics, applicable from China to Peru, and Dudley Seers wrote on 'the economics of the special case', the wheel has now turned full circle and we (with Dudley Seers in the lead) now acknowledge that many of the issues that we considered as belonging to the poor countries are seen to be universal, of concern to the rich, too." This position was difficult to grasp fully in view of the fact that Seers and Streeten were then immersed in the study of basic needs, which if anything could serve to emphasize not the similarities but the differences between the developed and the underdeveloped countries.¹¹⁹

There was another trend during the early 60s which, though less iconoclastic, was probably more generally disruptive: it in effect raised development economics to an abstract almost philosophical level where its ideas were

taken at their own value rather than in their connection to reality, and as is known, development economics, or any discipline of studies, thrives on its rapport with concrete reality and tends to fade into ineffectuality without it. In J. Freyssinet's Le concept de sous-développement (1966), policy issues gave way to a gradual paying out of a repertory of descriptive concepts. Grossly modo, the book is divided into two parts: in one, underdevelopment is disclosed in its aspects as the "defeat of development" with the analysis of concepts such as "low-level equilibrium" and "growth threshold" presented without regard to chronology, disciplinary area, or affiliation to intellectual school or social ideology; in the other, underdevelopment is the "product of development" involving "terms of exchange", the Marxist theory of imperialism, and the specially interesting idea of underdevelopment as non-integrated or non-articulated planes, all these motions brought together through their internal affinities rather than external classificatory signs. Non-articulated spaces or planes can be interpreted as another derivation from the dual-economy idea, as prolific in conceptual possibilities as it was momentous in its policy implications. It can also be related to the Marxist theory of the articulation of MOPs. After convening the different manifestations of economic dualism (two-sector economies, development poles, rural-urban balanced growth, and so on), Freyssinet reached a climax in his exploration of underdevelopment with the two-pronged notion of the incompatibility of developed and underdeveloped spaces and of the "non-convergence" of planes within an underdeveloped space. This conceptual approach, favoured by French students of development, sometimes adopted by Braudel, and which can be traced to so-called spatial economics going back to the early 19th century work of the German economist J.H. von Thunen, cannot however conceal its limited practicality in the elaboration of concrete policy alternatives, although in offering a more prehensible representation of underdevelopment it can at

least lead to clarity of scope and perception, and that is always a useful result.¹²⁰

CHAPTER 4

THE MARXIST RESPONSE TO WESTERN DEVELOPMENTALISM

Before the 60s, Marxist or Marxist-derived theories on imperialism, though they could contain an underlying concept of underdevelopment, were usually designed as instruments of politics and not as purely academic representations of reality. If we substitute "policy" for "politics", it would be possible to discover a certain similarity between that and the concerns of development economics during its mainstream phase, but of course in a totally different direction: the theory of economic imperialism had always pursued radical social change and development economics was created to stabilize the status through change within the status. We have so far covered two phases of the theory: the phase from Hobson to Lenin, and the Comintern phase, which was virtually terminated with the congress of 1935. Neither of these phases was influential on the dominant Western conceptualization of the relations between the advanced capitalist nations and the rest of the world. The Marxist conception of the backward countries was, of course, vastly different from the old Eurocentric cliches, but in the West in the decades before WW2, there were few influential Marxist thinkers, their influence was marginal, and often they managed to reconcile their Marxism with undisguised though moderate Eurocentrism. In explaining the relative intellectual isolation in the West of Marxist thinking on colonialism and on international economic inequality, it must be taken into account that the greatest individual influence on the theory of economic imperialism came from Stalin himself, hardly an impartial, objective theoretician. Even at the height of Marxist proselytizing among intellectuals during the 30s, the "scientific" authority of this theory did not extend beyond the leftist press. It had a much greater latitude in literature, but what obtained here were images and representations rather than new ideas. Stalin had been Lenin's spokesman in 1924 on the issue of the revolutionary importance of the colonies and "semi-colonies" insofar as they rebelled against imperialism and wasted some of its strength. He remained faithful to this doctrine and even tended over the years to

emphasize its importance affirming that the fate of capitalism depended on its hold in the colonies and backward lands. By "hold" of course he meant actual physical domination. Obviously post-WW2 events would force the Soviets to backtrack discreetly while trying to preserve Stalin's "infallibility".¹²¹

THE WORLD AS SEEN BY NEW TIMES

For a short while after WW2, the Soviets adopted a conciliatory tone towards their erstwhile Western allies, and this was reflected in their attitude towards the colonial empires and the other underdeveloped lands within the Western orbit, which they habitually described as "dependencies". In general, "dependency" rather than "imperialism" was the concept used to denote in the magazine New Times (the English language version of Trud), the relationship between the principal Western powers, mainly the USA and the UK, and their client states. There was thus created a grey area in which dependency and colonialism seemed to merge and blend. There were underlying oppositions between the West and the Soviets and they would soon come out into the open. The Anglo-American alliance was resentful of the USSR's absorption of Eastern Europe, and in order to achieve what was seen essentially as containing communism, the US government approved the massive economic recovery programme known as the Marshall Plan. It also adopted the policy of tendering assistance to any nation facing communist subversion as enunciated in the "Truman Doctrine". And finally, it resisted the Soviet blockade of Berlin and gave unstinted backing to the German Federal Republic. The Soviets responded flexibly: they gave ground in Greece, which means that they cut their people loose in exchange for tacit guarantees on Yugoslavia; they suspended the Berlin blockade, but created the German Democratic Republic; and they formed the economic organization Comecon with themselves at the centre of all the European nations under their control. But the Soviet condemnation of the West in all its guises and in all its

policies henceforth became unsparing, unremitting, and unrestricted. It was particularly noticeable in the concept of imperialism and the way the Soviets reverted to using it.

As the Cold War froze over, the Soviet doctrine of economic imperialism became set into a cluster of principles of universal and inflexible application to the underdeveloped world. The doctrine was a derivation from pre-war ideology. The idea that capitalism prevented development in colonies and "semi-colonies" was a clear carry-over from the Comintern, and the notion that the capitalist West needed its colonies to survive was standard Stalinist fare. Soviet thinking on imperialism has tended in the past to be chiliastic, and this has put it more than once, as it did in the post-war period, in the position of the bearded fanatic carrying a ludicrous sign about an imminent end of the world that obviously never comes. The fanatic in this analogy was evidently Stalin, but he got others to do the sign-carrying for him. One of the constant motifs of Soviet analysis was the supposed Anglo-American imperialist "act", in which Britain sometimes cooperated as junior partner and sometimes tried to be the rival and got its knuckles bashed. A case of cooperation was India, which we shall examine later, and a case of rivalry was oil, in which the Americans usually got the upper hand. Iran supposedly was up for grabs by the two imperialisms. New Times, who was not a stickler for consistency, afterwards never explained how the British could get the best of the Americans there or how they allowed Mohammed Mossadegh to come to power.¹²²

Latin America, however, was the area where imperialism had achieved its fullest bloom. Immediately after the war, it was described as a "dependency" of the USA, and within each country what the correspondents of New Times observed and reported were what seemed to be internally generated inequality and poverty. Such were the cases of Argentina and Venezuela, the most written up countries in the magazine. By mid-1947, "imperialism" and "imperialists" had

fully replaced "dependency", and in Venezuela as elsewhere "US monopolists" were squeezing out profits and creating social and economic misery. Extortionate foreign capital was also behind fundamental political decisions. It was supposedly responsible in 1947 for the break in diplomatic relations between on one side the USSR and Brazil and Chile on the other. New Times was perhaps not too far amiss in blaming American sugar interests for some of Cuba's economic ills, but it probably exaggerated in attributing the rise of Peron and Peronism to the interference of foreign monopolies. Venezuela was the prime example of imperialist domination, and it became little less than a colony when the Venezuelan government broke with the USSR in 1952, "on orders from the USA". A Venezuelan communist, J. Faria, was much more direct if not more accurate in disparaging Venezuela's sovereignty when he claimed in 1949 that a military coup the year before had been engineered by the military attache at the American embassy, whose full name and rank he appeared to ignore. There was not an iota of proof behind that claim, but other communist claims like it by people like Faria--Clodomiro Almeyda in Chile, for example, who described American interference in all facets of Chilean politics--, were being made the length and breadth of the continent. When it was impossible to go to the usual extremes about interfering American "monopolies" (a word that was used right and left without a clear sense of its meaning), as happened to be the case of Uruguay, with a high standard of living and no raw materials in exploitable abundance, Soviet resourcefulness pointed out that Uruguay's dependence had to do with its not having a steel industry! In each country, imperialism relied on its "agents", "placemen", or "anti-popular governments". They hardly mattered: by 1951 all of Latin America was "under Washington's control", and New Times summarized the situation in this sweeping way: "The activities of the American imperialists in Latin America can be compared only with the occupation of a conquered country. To all intents and purposes, American imperialism has deprived the Latin

American people not only of their economic, but also of their political independence as well. With the aid of its placemen in Latin American governments, the USA is dictating its own line in home and foreign policy." Stalin himself gave a better reason than an interest in truth for the New Times line on economic imperialism: he did not like the way Latin American countries were voting in the UN. Be it said in passing that the Spanish language edition of New Times circulated profusely in Latin America and that it was often the only and certainly the most available socialist news magazine all over that region, which perhaps puts in a more realistic perspective the actual political sway of American "monopolies".¹²³

The start of decolonization came as something of a surprise to New Times, as well it might given Stalin's prejudices on the subject. There were two sets of reactions for each of which India was the perfect module. At first Stalinist analysis did not believe that decolonization was actually taking place or would really take place. It presented as proof of its scepticism the Dutch return to Indonesia, the French offensive in Indo-China, and more specifically the British military presence in India. Therefore, what New Times did was to cheer on the nationalist movements in Asia quite as enthusiastically as it did the doomed Greek guerillas, whose ultimate fate Stalinists must have known beforehand. When India and Pakistan became independent nations, New Times initially termed their independence "fictitious". However, decolonization went on, formally at least, and New Times had to design new "informative" lines. There were three categories for that: outright colonialist or neo-colonialist intervention, as in Indonesia; informal imperialism, which excluded intervention and was applied in the case of Burma; and there was the complicated case of India, which was not quite in the other categories and was described by the magazine in 1949 in this manner: "The British and American capitalists, upon whose help the Indian government relies,

are anything but interested in promoting India's industrial development; on the contrary, they are anxious to retard it and to use the country as a market for their own commodities...The Indian big bourgeoisie are too closely interconnected with British capital to permit the nationalization of its plants." This was evidently a form of imperialism, but it was not of the all-powerful kind that the magazine pretended to observe in Latin America. India was too big a country to belong in the imperialist fold of the UK or the US alone. Soviet general attitudes, therefore, went from an initial pertinacious scepticism on the possibility of decolonization to graduated denials of the reality of independence: outright in the case of Indonesia, partial for Burma, and qualified for India as independence with economic subjection. In all cases, however, economic imperialism retained ultimate control.¹²⁴

Western Marxists/Leninists had been toeing the Soviet Stalinist line since before WW2. They seemed willing to go on doing so manifesting no foreseeable intention of innovating after the war. The villains in the Marxist economic-imperialism scenario did not vary whether they were seen from Moscow or from Paris. Communist ideology managed to leap effortlessly across the Iron Curtain in a way that capitalism could not due to the totalitarian nature of the Soviet regime. The Latin American version of Stalinism had had a go at achieving a kind of regional identity but it was not really extremely original at it. The ideas involved had been there since the 20s in the work of J.C. Mariategui and in the tenuous influence of the Comintern, and in fact what the post-WW2 Latin American communists did was to make them more rigid and more dogmatic. Their standard view of underdevelopment was based on the infliction on powerless nations of a dual mode-of-production structure in which feudalism was strong enough to dominate an incipient often venal bourgeoisie through an alliance with imperialism. As in a musical score for organ, you could play with the buttons and the keys and come up with variations like making

the bourgeoisie stronger and more promising as an adjunct to progressive economic forces, or, as was more frequently the case, assuming that imperialism was the ultimate king-maker and arbiter. The basic concepts and the principal enemies of progress were always the same: feudalism, capitalism, imperialism, etc. Communists were invariably in their midst or hovering about, quick to see, first to draw conclusions, nimble in scurrying to hover again. The appeal of this model was so powerful that it undoubtedly influenced Furtado, whose point of view, however, was long-term historical and did not have overt political motivations. The model current in the early post-war was extremely ideological and mechanistic. It defined terms like feudalism loosely or not at all. And above all, it was incurious about basic causation and in general contemptuous of serious historical research. In other words, it was propaganda with a smattering of Marxist jargon.

STALINISM OUT OF ITS DEPTH

But even as Stalinism kept its hold on the minds and wills of its adherents, it was losing touch with reality fast. There was the unresolved issue of colonialism, of which Stalin had made such a to-do in the past. He had put every loyal communist in the uncomfortable situation of having to beat his brains out for an explanation to the fact of spreading decolonization. Even if it was claimed, as New Times was wont to do, that these new nations were not as sovereign as they should have been, to any brain but that of a Stalino-Marxist fanatic a bit of a good thing would have seemed better than nothing at all. To deny decolonization therefore was plain obstinacy. There was also distortion. The Stalinist portrayal of Latin America was sweeping and strident, so close in places to absolute falsehood that it probably was not possible to separate lies from near-truths in it. It was true that the US had a long history of intervention in the Caribbean after the Spanish-American War. It was also true that Mexico had an even longer history as object of American interventionism and

aggrandizement. Most Latin American countries were weak. They were also keen on receiving foreign investments, or at the very least, they were willing to be accommodating to foreign economic interests. But that was at quite a remove from saying that American military attaches made coups from their desks at their embassies, or that American imperialism did in Brazil exactly as it wished--in rank disregard of the fact that the military there and all over Latin America were usually even more reactionary than imperialism--, or that "monopolies" had the free run of the Argentine economy during the paroxysm of Peron's extreme economic chauvinism. Stalinists could have claimed that imperialism exploits whereas the military do not, but there were also Brazilians who exploited and it was mainly on behalf of these that the military acted. To go to the extreme of downplaying the exploitation and the abuses and the failures of the local bourgeoisies in Latin America required a special sort of effort, and that was the effort that communists were putting into their commitment to the Soviet Union at the height of the Cold War. But what was good for the Soviet Union was not necessarily good for Latin America or for theorization in the West.

One thing that was definitely distasteful to communist dogma was the theory and the practice of developmentalism and in particular the idea of foreign aid. The Marshall Plan rankled the Soviet Union as the showcase of American aid and because it was a reminder of the frustrated Soviet project for a manipulable European order. In Latin America nothing even remotely comparable had been initiated, but New Times let loose a barrage of invective at the slightest hint or mention of foreign aid. It was argued untiringly and without proof that American aid was the cutting edge of economic imperialism and that it was specifically intended to open the way for resource exploitation by "big monopolies". This argument left standing as many questions as the answers it pretended to provide on the issue of Latin American economic backwardness. In due time the radical

left would find more sophisticated arguments against American aid and investment based on relatively reliable statistics and substituting "multinational corporations" for "monopolies", but the fundamental anti-capitalist prejudices on this subject would not change. Curiously enough, the Soviets and their partisans in Latin America had no qualms about using for their own purposes the idea of underdevelopment despite the implication of economic progress that flew in the face of the Stalinist dogma that capitalism obstructed progress, a contradiction that would later be pointed out from within the Marxist camp itself. They apparently were not standing up to look at all the connotations of the notion, which they employed as just another synonym for backwardness.

Aside from the unsubstantiated critique of "monopolies" and "placemen" and the rest of the "forces" which acted as brakes on development, what general explanation for the origins of economic backwardness did the Stalino-Marxist theory of economic imperialism propose? The principal question was the historical frustration of potential economic growth in individual underdeveloped countries. Although he had duly nodded towards Marx's belief in the progressive character of capitalism, Lenin insisted on blaming it for generating backwardness but with the qualification that this was happening after capitalism had debouched onto its imperialist phase. This was hard to swallow especially as it was placed cheek-by-jowl with the even unlikelier proposition that capitalism had changed in a matter of years from stimulating economic progress in backward countries to being its principal obstacle, as Lenin *de facto* implied. Nevertheless, he had left open the possibility of endogenous development through the agency of the national bourgeoisies in each country. Comintern debate, which was not basically about economic development but about how to organize successful revolutions, tended to squash that possibility in the same breath that it periodically impugned the politically progressive role of

the bourgeoisie, all of which amounted to a denial that capitalism outside or inside backward countries could have any stimulative power at all. This view had been sponsored by Stalin on various occasions and it became an essential ingredient of Soviet doctrine up to the post-war years. New Times expressed it in a direct and unsophisticated manner: "In bygone times, when the fight was against feudalism, capitalist initiative helped to develop the economic resources of society; capitalism was then a step forward compared with medieval economic forms. But today capitalism is incapable of being a constructive force."¹²⁵ This explanation was profoundly unsatisfactory even taking into account the context and the intention behind it, which was primarily propaganda. Supposing that this "fight against feudalism" had taken place in Europe, why had it ceased operating in the rest of the world? Why did capitalism achieve so much in some countries and so little in others? Was capitalism then promoting feudalism in Latin America and elsewhere instead of displacing it? The underdeveloped world simply seemed to have been left out of marxist analysis in a cloud of anti-imperialist gas, and the Latin American version of the Stalinist imperialist model, in particular, with its persistent invocation of the fight against feudalism within national frontiers, contained a contradiction in adjecto insofar as it also insisted that the only visible enemy of contemporary social change was imperialism itself. Even granting the elementary nature of Stalinist ideological formulations, one could have expected some minimal degree of theoretical consistency.

P.A. BARAN TO THE RESCUE OF ECONOMIC-IMPERIALISM THEORY

The problem was even more complicated than it seemed because communist attitudes towards underdevelopment never faced the issue squarely. Communists blamed capitalism or imperialism in a ritualistic way for perpetuating economic backwardness, and they made no attempt to discover the origins of economic inequality, on which development studies had at least some half-baked explanations. The Marxist

historical perspective was either diffuse, impossible to circumscribe in accordance with a precisely oriented theoretical model, or else it had a clear if unconvincing point of view with a myopic visual reach. Lenin's imperialism was a specific historical manifestation of capitalism in which capital had become nationalistic and managed to combine a two-tier system of labour exploitation with the wholesale exploitation of entire national entities. Would knowing how capitalism had gotten there have made any difference? Did the study of the origins of economic inequality have any theoretical importance for Lenin? Apparently it did not and there was a hitch to all this. As we saw, development economics arrived at a theory of sorts by default or by inference: the West was definitely not to blame for underdevelopment; therefore, underdevelopment had secular endogenous causes in the underdeveloped countries themselves. This simple formalistic approach left much to be desired, and the least that was to be expected was that Marxists should respond with a deeper historical explanation of underdevelopment rather than with the tired political slogans on the immediate oppressive consequences of economic imperialism. Something more rounded, more meaningful, and more far-reaching was needed.

Proposed

The person who an answer was the Russian-American Marxist economist Paul A. Baran. The importance of Baran has been bruited by those who worked beside him, like H. Magdoff and P. Sweezy. Magdoff considered him a significant innovator within Marxist thought because of his criticism of "relayed stereotypes". At the zenith of his tempestuous career, A.G. Frank admitted Baran's decisive influence on him, which was no mean compliment. R.B. Sutcliffe credited Baran with being the first warrior against the myths and mirages of development economics. G. Palma considers him the "father" of dependency theory. A.M. Hoogvelt explains: "From about the late 1950's theories of imperialism began to address popularly the effects of imperialism on the overseas territories in an attempt to

explain the roots of backwardness. The dependency theory that emerged from this exercise thus became a counterpart to Marxist theories of imperialism." Hoogvelt's reference to "overseas territories" is at first confusing because of the implication that he might have meant colonies alone. The use of "counterpart" is also imprecise as it suggests a strong differentiation, but further on he makes his case explicit: "The original version of 'dependency and underdevelopment' theory, as outlined by first Paul Baran, and next more popularly and grandly by Andre Gunder Frank, concentrated on locating the cause of backwardness of Third World countries, more especially of Latin America, within the dynamic growth of the world capitalist system." There is an unjustified chronological compression in attributing dependency directly and originally to Baran, but Hoogvelt is nearly right in saying that the "genesis of dependency thinking and its continuing qualifying essence was its criticism of bourgeois modernization theory", although again it would be more accurate to speak of a criticism of Western development studies in its two branches of economy and sociology. The point well taken is that Baran led the way in the formulation of contemporary dependency theory. From Wallerstein's optic he "introduced 'the long view' into the core/periphery conception", which was a bit like recognizing Baran too as Wallerstein's intellectual progenitor.¹²⁶

Baran's early explorations of the persistence of underdevelopment are contained in two essays, one on economic causes (1951) and the other on social analysis (1952). The first of the two essays did not once mention economic imperialism. It aimed to prove that economic development was impossible in a capitalist underdeveloped country, contrary to the donnees and expectations of development economics, solely from the inhibiting mechanisms of capitalism itself. This was nothing less than *lese majeste* to Stalinist imperialism theories, but the Soviet credibility gap in the West was even then so large, even among Marxists, as to make the offense less heinous than it

would have seemed in other circumstances. Baran's claim was that in any "profit-determined economy" there exists a large divergence between what Arndt calls "the social and private marginal product", or less technically, between social ends and private motives, and this difference was "particularly striking in underdeveloped countries". Development policies had to fail because they would have to curtail upper-income corruption, including the prevention of foreign currency flight, and this was something that the system in place would not tolerate.¹²⁷ This does not sound very original on the surface but in fact it was something that neither development economists nor Stalinists were emphasizing: the latter because what they wanted to prove were the evils of Yankee imperialism, not those of local bourgeoisies; and the former because development economists did not go about antagonizing their patrons in the Third World, no matter how strongly they may have felt in pectore about social injustice. Western developmentalists in the best of cases usually preached to people whom they probably knew would either bungle or sabotage any stringent programme for economic growth, and in fact some of them were merely proposing timid policy measures with the understanding that radical programmes of social reform were unnecessary. As a result you seldom got to hear or to see in print simple, almost self-evident statements like Baran's, which almost no one wanted to hear anyway.

The second of the two essays did approximately the same thing as the first but by concentrating on the collective behaviour of the upper classes in a social situation somewhere between feudalism and capitalism. Baran gave no names, used no dates, and cited no figures. The thesis was the same as before: that under capitalism underdevelopment could not be overcome, and as before, the culprit was capitalism and not some maleficent, all-mighty imperialist juggernaut. According to the Baran outline, capitalism "reoriented the partly or wholly self-sufficient economies of agricultural countries towards the production of

marketable commodities", but it did not wipe out feudalism leaving instead mostly dual-economy situations: "an economic and political amalgam combining the worst features" of feudalism and capitalism. And who introduced capitalism into the social equation? The imperialist jenie, at this point in Baran's thinking, was discreet but he was on the loose anyway. The "ruling coalition of owning classes" could not increase output by employing the manpower in the countryside or by transferring it to industrial jobs in the city for various reasons: potential investors either feared the risk or they lacked the necessary technology for industry; wealth was squandered in conspicuous consumption; measures to stimulate development were nearly inconceivable. "The mere listing of the steps that would have to be undertaken in order to assure an expansion of output and income in an underdeveloped country", wrote Baran, "reveals the utter implausibility of the view that they could be carried out by the governments existing in most underdeveloped countries." Large landowners were the only potential investors in industrial development, but even if they were willing to invest, the problem of infrastructure was beyond them both as a possibility and in principle. Government planning and investment, on the other hand, would only breed corruption and inefficiency under capitalism. And Baran underlined: "The crucial fact rendering the realization of a development programme illusory is the political and social structure of the governments in power." This was turning all the fundamental precepts and principles of development economics upside down. Baran's underdeveloped country was a pure model, a distillation of all the negative traits in a backward society, but it was also a never-never land, and therefore this article was perhaps less good than the first one, in which the arguments rested on economic logic, that is, the logic of either individual or collective self-interest. But it was also effective in that it based its arguments on solid social grounds and in that it skirted the imperialist controversy and went to the root of the question, which was underdevelopment itself, and

faced off development economics on its own terms. Aid, Baran said, whether policy advice or external monetary aid, was no substitute for endogenous growth.¹²⁸ Why there had been no endogenous growth in the Third World in the first place would be his next endeavour in this field. Something momentous happened before that, however.

THE "ATOMISATION" OF MARXISM AND THE RISE OF THE THIRD WORLD

Joseph Stalin died on the 5th March 1953. The process of the "atomisation" of Marxism had started before that, but his death gave it further licence and momentum. Atomisation presented two aspects: actual international political decentralization and its correlative ideological fragmentation. From its birth the USSR had every right to consider itself the Vatican of Marxist communism and no one dared to dispute this for a long time. There was some disappointment and some grumbling in the West when Stalin signed a non-aggression pact with Nazi Germany in 1939, but Nazi barbarism soon cleared away the fog and the ambiguities, for most Marxists at any rate. The crimes of Stalin were not as well known and documented during WW2 as they later became. After the war, the USSR had as much world prestige as it ever had had in its short history, but Stalin had not changed his stripes and he was bound to slip. Yugoslavia was the one and only slippery slope in his lifetime: Tito bucked the Stalinist yoke in 1949 and the USSR reacted with all the fury of a thwarted super-power, but the situation between East and West was still fluid and Belgrade offered the capitalist powers the olive branch of a neutralist foreign policy. Thus was born Titoism. It was premonitory of future events in the communist political world, where the Yugoslav initiative was followed by failed insurrections in East Germany (1953) and Hungary (1956), by the defections from the Soviet orbit of China in 1960 (if she ever had actually been within it) and of Albania (1961), by the Prague 1968 spring, and by the civil war in Afghanistan (1979); and ideologically, Titoism became influential through the decisive participation of its

founder in the deliberations that launched the non-aligned movement. The latter is very significant. The Afro-Asian nations had met in Bandung in 1955 and had approved the basic general principles of non-alignment. In 1956 Tito was host to Nasser and Nehru for the preparations of the first non-aligned summit meeting, which gathered in Belgrade in 1961. Marxist Yugoslavia thus contributed meaningfully to the formation of an international doctrine which stated that nations not only could but in fact should steer a course between the extremes of American capitalism and Soviet communism. This of course did not go unobserved by Marxist theoreticians in the West. The influence of this approach to international issues was further enhanced, though perhaps not wittingly, by the revelations about the crimes of Stalin made by N. Khrushchev during the 20th Congress of the Communist Party of the USSR in February of 1956. At about that time, the USSR also adopted the principle of peaceful coexistence with capitalism, which put the Leninist/Trotskyist doctrine of uneven development and permanent revolution into *sine die* abeyance. But perhaps the greatest impact on Marxist theorisation about underdevelopment was the rise of the Third World.

Opinions on the Third World run the gamut from forthright scepticism and denial to sympathetic understanding and "official" self-affirmation. Marxist radicals have been wont in the past to describe third-worldism as, in J. Sebrelli's phrase, a "bourgeois myth", or in R. Debray's own dressing down, as "a statistical gap". Western scepticism is on the whole less ideological, more attuned to the realpolitik insufficiencies of the Third World. The anthropologist and sociologist P. Worsley illustrates an evolving perception of the Third World which went from hopeful acceptance--in his 1963 book The Third World--to frank disillusionment ten years later. In this personal intellectual process the Third World passed from being a historical awareness of itself allied to a will for change into the bottom-line belief in "the economic strategy

of a mixed economy". An extremely critical view of third-worldism, manifesting a curious convergence between the right and a relatively consistent interpretation of Marx, holds that it was begotten after WW2 through Stalinist influence and support and depicts it as a simplistic, maladroit copy of dependency theory in its reiterative, emotion-laden blaming of underdevelopment on the capitalist West.¹²⁹

As against these critiques, there exists what might be called the "official" literature of the Third World movement which principally encompasses the voluminous proclamations, statements of principle, and "action" programmes emanating from Third World conferences, conclaves, and more or less permanent international organisms such as the United Nations Commission on Trade and Development (UNCTAD) or the also UN-sponsored economic commissions for Latin America, for Africa and for the Pacific. The contents of this literature can actually be boiled down to what came to be known in the 70s as the New International Economic Order (NIEO). The political scientist K. Nweihe has prepared an instructive outline of the evolution of Third World solidarity starting with the Bandung Conference and branching out into a political and an economic cycle. On the political side he places the non-aligned movement from Belgrade to the 1973 Algiers conference. The economic cycle covers mainly the actions and proceedings of the Organization of Petroleum Exporting Countries (OPEC), created in 1960, and of UNCTAD, founded in 1964. In this outline, the two cycles, which were evidently not oblivious to each other, moved fully into phase with the approval by the General Assembly of the UN in 1974 of the NIEO. (Table 4) Nweihe considers that the essence of third-worldism are the principles of non-alignment and of international economic justice. What the latter means had already been stated by Prebisch and Singer in the gestation phase of development economics--better prices for Third World raw produce and non-reciprocal concessions on trade from the industrialized nations--, and

TABLE 4

THIRD-WORLD SOLIDARITY TABLE TO 1974 (Simplified version)

Bandung (1955)

POLITICS

ECONOMICS

-1960: OPEC (Bagdad)

-1961: Non-aligned movement
(Belgrade)

-1964: Non-aligned conference 2
(Cairo)

-1964: UNCTAD 1
(Geneva)

-1966: Tricontinental conference
(Havana)

-1967: UNCTAD 2
(New Delhi)

-1970: Non-aligned conference 3
(Lusaka)

-1972: UNCTAD 3
(Santiago)

-1972: Teheran OPEC
meeting on
oil crisis

-1973: Non-aligned conference 4
(Algiers)

Declaration of the "New International Economic Order" in the
6th Special Session of the General Assembly of the ONU on
development and primary products (1974)

Courtesy of Dr K.G. Nweihed

it was also a theme that came up in all the reunions of the non-aligned and of UNCTAD. However, there was also beyond these general principles an ideological undercurrent that received full expression at the 6th non-aligned conference that met in Havana in September of 1979. This document was not subscribed by the entire Third World--many governments were present only as observers and others expressed reservations about its contents--, but it was fairly representative of widespread Third World opinions whether official or not. Its tenor despite the facade of impartiality was definitely anti-Western and anti-capitalist. It defined non-alignment as "the fight against imperialism, colonialism, neo-colonialism, apartheid, Zionism", and so forth, and it harped on this theme time and again in virtually unvarying language. It devoted a considerable part of its considerable extension to a review of the struggles for liberation. It proposed a "new international informative order" based on national as opposed to international news media and sources. It pointed to the "widening breach" between the developed and the under-developed countries. It sanctioned, as a matter of course, the NIEO, and then it practically turned this into an indictment of "imperialism, colonialism, neo-colonialism", etc., of MNCs, and of capitalism in general, in other words, it was what might be called an exercise in applied dependency theory. Was this, however, a valid expression of basic Third World positions? 130

UNANSWERED QUESTIONS AND A DOCTORAL DISSERTATION

There is a valid connection between third-worldism and dependency, but we believe that it is not to be found in the fellow-travelling pieties of the Havana Declaration but in the nature of the questions that the Third World started asking on the origins of international economic inequality from the moment it became conscious of itself, and it may even be that these questions themselves are the only valid definition of third-worldism. Since doubt and query are often the liminary stances to the emergence of valid

correlatives of reality, they may not have been a flimsy basis on which to construct, and whatever some views on the Third World may have claimed, the Stalinist theory of imperialism was not giving sufficiently good answers to these questions. It simply did not go deep or far enough. There was, of course, a general Third World consensus that colonialism blocked development, besides being racist and unjust, but it was also admitted that economic retardation was there before colonialism had the run of the planet in the late 19th century. Colonialism was capitalism in action, but it was not the only form of capitalist expansionism. There was, among other forms, informal imperialism, part of the large and flexible concept of informal political influences on which Robinson and Gallagher had built their studies of 19th century English imperialism. The concept also had wide acceptance on the left and was employed by K. Nkrumah, H. Magdoff, and even the magazine New Times. The theories that began to appear in the late 50s and which expanded and crossbred and clashed in the 60s and 70s were meant to be to a considerable extent answers to Third World queries. That is also why for the first time many of the theorists that were involved in their elaboration came from the Third World, from the vast area on which the speculations in this thesis have mostly been about, but engaged in at a distance, in the context of strictly Western preoccupations. The death of Stalin and the loosening of the previously adamantine ideological bonding of Marxists, what we have called the atomisation of Marxism, in conjunction with Third World political and intellectual dissatisfaction and unrest, were the mainspring of this theoretical dispersion and search, and in fact, they were primarily crucial in starting the process of revision of the theory of economic imperialism in the West.

Before the publication of Baran's cornerstone long-view of dependency and underdevelopment, the French-speaking Egyptian theoretician S. Amin, in an unpublished but influential dissertation from 1955, which presaged the

accession of Third World thinkers to the front rank in economic-imperialism studies and research, analysed the circumstances that prevented economic development in the Third World, although he did not use this expression, as he did not use the term imperialism either, and dependence only in an elementary, non-ideological sense. Subsequently, Amin would become much more of an intellectual radical, but in this scholarly work--which still contains the seeds of some valid theses, such as the analysis of colonial and post-colonial monetary systems and his study of the economic cycle in underdeveloped economies--, he hewed punctiliously to an academic, non-political method and approach. Even though his starting point was a distinction between "economic structures" that was analogous to Marxist mode-of-production analysis, he did not stake any claims on systematic Marxism or Leninism. The difference between development and underdevelopment--the latter being given the global definition of "misere"--was the operation in the former of "epargne creatrice": under "autocentric" capitalism, savings were put to use in production and in demand-generating circulation. Because of their backward economic structures--based on land-rent, on subsistence agriculture, and on artisanal industry, and involving in addition a different "psychological structure"--underdeveloped countries did not use savings to improve or expand production, although Amin did admit that the potential was there. But the crux of his argument really was that once advanced capitalism integrated these economies into the world market their ability to develop, which was precarious at the best of times, simply evaporated. Initially they were utilized merely as outlets for industrial production to mitigate cyclical imbalances between production and demand in the developed countries, but even the external flow of capital, which came in the heels of manufactured imports, although it did have some "multiplier" effects, went into the exporting sector and flowed right out as profits that easily compensated the initial outlays. Amin accepted the monopoly theory of capitalism--which he derived

unquestioningly from Lenin, just as he accepted in the same spirit of acquiescence the idea of the beginning of the decisive outward expansion of capitalism in the late 19th century--, and he ruled out any possibility of competition, either between exporters of goods and exporters of capital, who were the same in his view, or between foreign articles and local manufactures, which could not prosper because of inherent disadvantages in the latter. The few gains that went into local underdeveloped economies either entered the tertiary sector, which was interpreted by Amin as a sign of backwardness, or into what he called "thesaurisation", i.e., mostly accumulation for consumption by land-owners.¹³¹

There was a significant ambiguity in that Amin, despite his radicalism, in the end consented to the development-economics model in nearly all its parts. He accepted the dual-economy theory, in fact he made it the basis of his entire analysis, and not an alternative Marxist formulation of it based on the mode-of-production concept. He came out in favour of delinking in terms comparable to those used by Singer. Although he attacked the Nurksean idea of the vicious circle and the concomitant notion that external capital and aid could foment development, he agreed with the principles of balanced growth and of planning, perhaps in a more committed and enthusiastic way, but in essence such as development economists were proposing them at the time. With reservations, he gave sanction to Prebisch's ideas on the growing imbalance of trade between centre and periphery and on the potentially productive results of internal inflation, i.e., if it permitted internal investible accumulation. His insistence on the absolute necessity of transforming precapitalist social structures coincided with Kuznet's emphasis on the same point, and could even be read as an anticipation of modernization theory. And finally, he even ratified the assumption in development economics that underdevelopment was not originally produced through the action of external forces but was begotten endogenously. It could be said of Amin, in effect, that he, more even than

development economists, took their hypothesis and assumptions to their ultimate radical intellectual consequences, and in doing so, demonstrated how close they could be to radical Marxist ideas on development. But whereas development economists, as we saw, never even contemplated shaking off their bottom-line adherence to capitalism, Amin did not labour under that inhibition and he did not rule out that the Soviet model could in the end be the one valid instrument for the development of the Third World.¹³² In this remarkable coincidence of criteria, more than in any other instance that we shall study, it is possible to appreciate how the differences between developmentalism and Marxism in their final definitions and approaches to underdevelopment were more a matter of ideological choice than of purely academic preoccupations. When we meet Amin again, it shall be as a contributor to the foundations of dependency theory. As in other aspects of it, Baran here also pointed the way to his successors.

BARAN'S LONG-VIEW OF UNDERDEVELOPMENT

Baran had a talent for utilizing the technique of conceptual transposition. A case in point was the idea of "uneven development", which in the Lenin canon refers principally to the disparities in economic and military strengths between advanced capitalist powers, but which Baran, and many others after him, used to refer to the economic gap between developed and underdeveloped nations. Another was "primitive accumulation": in Marx it was the process whereby producers were divested of their means of production at the onset of the capitalist mode of production, but Baran used it to refer in a crucial way to colonial booty. The transposition of Marxist concepts became in due time a regular practice of dependency theorists, who would turn almost all the basic ones into equivalences in relation to underdevelopment. It could be argued that these were simply latitudinous readings of Marx and Lenin, but if you combine all the transpositions you do not get the same results as you do with the same concepts in

their pristine ordering. "Uneven development" gave rise to the inevitability of war under capitalism. Khrushchev banished the latter with the formula of "peaceful coexistence". Shortly afterwards, Baran used "uneven development" again, but out of its original context and subject to any arbitrary interpretation. It could refer indistinctly to war or to exploitation or to both at the same time. The "reserve army of the proletariat", another Marxist concept transposed in the Baran manner, referred to the growing legions of unemployed as a consequence of the increase in the organic composition of capital and of successive capitalist business crises. It was supposedly the mechanism whereby capitalism kept wages low and ensured its profits beyond the point of exhaustion of its real productive potential. In the transposed version--which had been adumbrated in Luxemburg's analysis of enlarged reproduction--, it was loosely used to refer to the unemployed in the underdeveloped countries, who had no actual role to play in the mechanics of developed capitalism. Alternatively, it designated the underdevelopment economies themselves, presumably capitalists and all.

The work that contains the fundamentals of Baran's thinking on underdevelopment, The Political Economy of Growth (1957), was principally another attempt to explain how capitalist relations of production hampered growth yet still managed to subsist. In this sense, it was conceived in the spirit of Hilferding and Luxemburg. Baran's explanation was founded on the concept of surplus, which is related to but not quite the same as Marx's surplus value. In his short-hand definition, surplus was the difference between production and consumption, and it raised once again the classic Marxist problem of realization. The trouble originated in that the monopolistic and oligopolistic structure of the capitalist system did not allow for the rational and socially beneficial investment of surplus, such as, he believed, would obtain under socialism and planning

(though not necessarily Stalinist-type socialism), and propitiated instead wasteful spending on publicity, which acted as a substitute for competition; on trashy and unnecessary output; and most significantly, on armies and weaponry. The last item was crucial in two respects: it demonstrated how government functioned under capitalism as the crucial prop of the system and it pointed towards the "international relations" of advanced capitalist countries, which were likewise an indispensable area for the irrational disposal of surplus. Given the inability of the system to utilize surplus rationally in its own maximization for the benefit of society, it streamed out to underdeveloped lands, where it could exploit at will and obtain exceptionally high rates of return. Capitalist surplus was, then, but a fragment of its potential size, and at the same time, it operated as the safety net that kept the system, like a fat ageing acrobat, from landing on its face. Through its employment for military purposes and in its outlay in foreign economic relations, which were complementary functions, it constituted "the central core of government intervention on behalf of 'full employment'". But this of course was nothing but a "glitteringn facade of economic prosperity and social and political cohesion". At the time all this was written, Marxists believed that, after Korea and on the doorstep of Vietnam, capitalism was living on time borrowed from militarism. Baran sounded as Marxist as one would expect, yet the quotes from Marx were either so general and abstract, or so specific and technical, that they could not be easily grasped or refuted. The old Marxism was dead, you seemed to feel, but here was a new version of the old dogma, a non-Stalinist, libertarian, ultra-modern Marxism. H. Marcuse was then waiting in the wings for fame and prestige in America.¹³³

When Baran came to consider the problem of underdevelopment in Marxist terms, he did not have to do much fiddling with Marx, as he had had to do in dealing with the surplus, because there was not much there to tamper with.

In fact, what he had to do was answer questions that the theory of imperialism, which had not been Marx's doing, fudged or simply did not consider. The implications in Marx were that all societies could climb from the most primitive to the most advanced stages of economic development, and that the environment had to do with the divergences that had appeared between cultures over the ages. Marx had also asserted that capitalism was an unwitting agent for change and progress in less advanced countries. Lenin could not stomach the idea that capitalism was good for anything, even for change, so he formulated the notion that at a very advanced and decadent stage capitalism becomes imperialistic and totally reactionary. After that, the Comintern wove motifs on the nap of imperialism's worthlessness. It made the Leninist theory a dogma, with Lenin's approval. These ideas explained late-19th century colonialism and they explained how imperialism kept territories under subjection and exploited them, but they did not explain how underdevelopment got started. In Latin America in the 20s, the Peruvian Marxist J.C. Mariategui, and a few other lesser lights, toyed with the notion that imperialism had inflicted a crippling dual mode-of-production system on less developed economies, and this would become standard Marxist fare for the region. Because of his realism and objectivity, Mariategui is considered with some justice a social analyst head and shoulders over his contemporaries, but he never claimed that he was looking for origins or causes. If these had been his main concern, or even one of his main concerns, he certainly would have devoted more time to historical as opposed to social analysis.¹³⁸ Through Comintern influence analogous ideas derived from Lenin were applied by communists to the rest of the backward lands up to and beyond WW2, but again these explanations were either tentative and unexplored or they were strictly for contemporary politico-strategic use with scant historiographical or analytical value. At any rate, for Marxists these and only these were the options in considering economic backwardness and the relations between

the advanced and the backward countries, and this was the situation until the post-war years, when the concept of underdevelopment came into general use in the West and even in communist texts.

CAPITALISM, OR THE ROOT OF ALL EVILS

Baran was a Western-trained economist and he knew what underdevelopment meant as a new conceptual mediation in the relations between the industrialized and the poor countries in the capitalist world. He knew that development economics had espoused aggressively in the name of capitalism the idea that economic development was possible, and he had tried to refute the essential suppositions behind that project. The West had substituted "underdeveloped" for "backward". It was making a strong bid for support in the less developed countries while Stalinists were still talking about colonies and "semi-colonies". Among the latter were Brazil, Argentina, Iran, India, and so on, and this, apart from incongruous and unconvincing, was offensive to such important national entities. On the other hand, colonialism per se could not explain the full meaning of the social condition of underdevelopment. Baran wanted to prove that underdevelopment, the very concept practically patented by development economics, was consubstantial with capitalism, that development and underdevelopment were the two faces of the capitalist Janus, and that underdevelopment was as eradicable under capitalism as marrow was from bone. That a relation of dependence existed few would have denied and Baran's intention was to make it as explicit and tight as possible.

Baran subscribed to Marx's principles that the countries of the first rank of history have shown the way that the others were to take: "Still, whatever its speed and whatever its zigzags, the general direction of the historical movement seems to have been the same for the backward echelons as for the forwards contingents. The country that is more developed industrially only shows to the less developed the image of its own future." But this

was not the way history had taken. There were disparities to start with: "Differences not only in the natural prerequisites of economic development, in geographic location and climate, but also in political, cultural and religious background, were bound to create divergences in levels of rates of increase and of productivity." Western Europe had gone ahead of the rest of the world because its geographical location stimulated overseas mercantile enterprise and, strangely enough, because of its lack of resources. However, its "large leap forward need not necessarily have prevented economic growth in other countries". What happened was that once capitalism started operating all over the world, which had happened long before the Industrial Revolution and the advent of the classic Marxist model of a capitalist economy, the laws of exploitation and accumulation inherent to the system put a stop to economic development in all the less advanced countries. This in turn served to consolidate the West's progress and led to the economic breakthrough of industrialism, which in effect meant the permanent subordination and backwardness of today's underdeveloped economies. Baran was not too precise about the exact magnitude of the world's tribute to the development of the West, but he had no doubt about its importance: "The intensity of the boost to Western Europe's development resulting from the 'exogenous' contribution to its capital accumulation can hardly be exaggerated."¹³⁵ It was like saying: "we know it is true but we can not prove it." This sort of tactic would come up time and again in dependency arguments against historical capitalism.

The plundering of India was of special concern to Baran. With Hobson, he believed that colonialism, a quintessentially structured form of capitalist international exploitation, had disrupted the cohesion of its pre-capitalist society for the sole purpose of extracting profit. India was, of course, less advanced than Great Britain when its conquest started and so less capable of utilizing its own economic resources, but even so "there can

be no doubt that had the amount of economic surplus that Britain has torn from India been invested in India, India's economic development to date would have borne little similarity to the actual sombre record". Furthermore, "it should not be overlooked that India, if left to herself, might have found in the course of time a shorter and surely less tortuous road toward a better and richer society. That in that road she would have had to pass through the purgatory of a bourgeois revolution, that a long phase of capitalist development would have been the inevitable price that she would have had to pay for progress, can hardly be doubted."¹³⁶ In reading Baran's text the question persists: but why Britain and not India? Surely being an island and lacking resources, which was how Baran explained the causes behind England's historical advance, was not enough. Throughout dependency literature, these residual interrogations will always seem like the final metaphysical Achilles heel of dependency explanations of underdevelopment. What must be emphasized about Baran's speculations on Indian underdevelopment is that they at least try to give it a historical rationale rather than to use it solely as an unconditional condemnation of colonialism or of Anglo-American imperialism. In the balance, Baran's was the first attempt at a systematic if summary theory on the origins of the contemporary inequality between the advanced capitalist nations and the rest of the non-communist world on the assumption of the relative comparability between East and West before the advent of colonialism. And the fact that it was simplistic and schematic does not detract from its originality.

Finally, there was the question, which in retrospect seems premature as applied to the newly independent ex-colonies, of the persistence of underdevelopment in a world in which colonialism was becoming a thing of the past or for that matter in nations with a long history of independent life like those of Latin America. Why did sovereign nations avid for economic development fail to increase their

productivity and improve their standard of living? Baran on this issue tried to light the candle at both ends. On one hand, he argued that "colonial and dependent countries today have no such sources of primary accumulation of capital as were available to the now advanced capitalist countries". This proposition he balanced with the claim that potential economic surplus in underdeveloped lands was large enough for a very high rate of growth. Apart from the scepticism about national elites expressed in his articles in 1951 and 1952, there was also the problem that sovereignty in the Third World was often an illusion--he cited as especially significant the case of the overthrow in 1948 of a democratically elected government in Venezuela--and, as B. Sutcliffe explained in a lengthy exposition on Baran's ideas, that when a nation sought to oppose foreign economic domination "all leverages of diplomatic intrigue, economic pressure, and political subversion are set into motion to overthrow the recalcitrant national government and to replace it with politicians who are willing to serve the interests of the capitalist countries". These interests were that economic frontiers should remain open to foreign investment for the extraction of raw materials, for the unrestricted marketing of manufactured goods, and for the acquisition of profitable assets either for direct surplus-extraction or for the crushing of competition. The only form of capitalism allowed by foreign capital were minor merchandising and other trivial services. "The principal impact of foreign enterprise in the development of the underdeveloped countries", Baran insisted, "lies in hardening and strengthening the sway of merchant capitalism, in slowing down and indeed preventing its transformation into industrial capitalism." And as to Third World reformist planks, such as the thesis of the unequal terms of trade, Baran belittled the tapage around them with the argument that they had no bearing on development for what counted was who benefitted from trade in the Third World and not what the benefits were. Even if the terms of trade could be evened up or made favourable to the underdeveloped

countries, as long as the benefits from trade belonged to a privileged class of accomplices in the capitalist system of trade relations, development would remain an ignis fatuus.¹³⁷

A TIME OF POLITICAL RADICALISM

The fluid historical circumstances in which Baran divulged his theories on underdevelopment were crucial to the influence that they achieved as well as in connection to the basic targets that they aimed at. Of the latter, one was technically within the purview of Marxism, and the other target could be fairly described as one of the main intellectual adversaries of violent change in the Third World. Baran gave, if not proof, at least colorable arguments against the notion that capitalist development in the Third World was possible, or as G. Lichtheim had put it, that there was nothing in the laws of the system to prevent it. Bill Warren later would say that capitalist development in the underdeveloped countries was inevitable, that it was, in fact, happening. Even later, N. Harris would adduce that he had proof of it. But the bulk of Marxist opinion had been from Lenin's day that capitalism not only did not develop but also prevented development by any other means and even tended to immiserate. However, until Baran this was dogma and propaganda. It was founded on images and feelings and not primarily on reason. Baran gave reasons. Latin American Marxists were torn between hatred of Yankee imperialism and the Marxist logic that feudalism engenders capitalism. Baran explained that feudalism was not the primary cause of the condition of underdevelopment, because endogenous capitalist development could evolve from it, as it had in the advanced Western nations, and that it was capitalism imposed from the outside as a system of exploitation and of lopsided trade relations that had been producing backwardness and poverty over the centuries from the start of European expansion. In proposing these explanations, Baran fused Marx's sometime-negative view of

colonialism with a vast historical expansion of Lenin's theory on the reactionary nature of imperialism.

The other target singled out by Baran was development economics: the whole wide myth that all that Latin America needed was social reform, some state intervention, and plenty of investment in order to develop without tampering with private property or with the incentives to private enterprise. It was against this more than against anything else that Baran flung his missiles, because here was an enemy that had to be destroyed, and that was the idea of potential progress at the heart of the concept of underdevelopment. Before Baran the left had been content to castigate the colonialist and semi-colonialist Western domination of the world and it had done nothing significant to counter the specific threat in the idea of a potentiality for development in the Third World that only had to be stimulated, and this was an ideological and policy approach that bid fair to move and in fact was moving the relations between the industrialized and the non-industrialized nations from the old Eurocentric and colonialist patterns onto a new basis of possible dialogue and collaboration, certainly of strong intellectual and political complicities. This was not a promise of instant change and thirty years ago it was not even much of a possibility, but underdevelopment nevertheless needed to be defined by Marxists differently from the way Western developmentalism had defined it when it created the idea during and after WW2. Baran understood how important it was to scotch any notion that being underdeveloped meant that development was possible, which was the philosophy behind an anti-Marxist, anti-socialist programme like the Alliance for Progress, and that is what, in Marxist terms, he tried to accomplish in his book and in some three basic articles he wrote on the subject.

Baran's book was published the year that F. Castro came to power. The Cuban revolution became radicalized in less than a year. By 1961 it was trying to export subversion all

over Latin America. The ideological prestige of Stalinism, which, in spite of Cold War vociferation, was basically conservative in that it placed Soviet interests above all else and in that it at times contemplated progressive inter-class nationalist alliances in backward countries, had died with the Soviet despot, and the Soviet Marxist ideological centre was not holding. All over the Third World there was a tendency to try out new ideological formulas, usually with radical often irresponsible or adventurist practical implications. New Times did not have the same readership and influence as before. In Latin America in particular the New York-based relatively unorthodox Monthly Review had a reach and commanded a respect out of all proportion to its scant circulation (probably around 10,000 copies per issue). Some of the forces for renovation in Latin American Marxist thinking irradiated from its pages, in which L. Huberman, S. Nearing, Sweezy, Magdoff, and others regularly expressed their views. It was used by Baran as a vehicle for his ideas, and it was the firing range in which A.G. Frank later tested his most explosive arguments. The shock of the Cuban revolution on Latin American politics and society after 1960 had something to do with the spread of the ideas that Monthly Review had been expounding during the previous years.¹³⁴ In particular there was a special complementarity between theories that postulated a complete rejection of capitalism and a political strategy that spurned all alliances and compromises in favour of revolutionary radicalism and even violence. The theoretical rationale to armed insurrection might have been the strategic ideas of R. Debray, but Baran (or something akin to his work) was the necessary ideological lynchpin on which everything hung. In the wider Third World, Baran's ideas (or again, an orientation similar to them) were likewise at work, though in a more subtle fashion. The non-aligned movement manifested a decidedly anti-Western bias on both political and economic issues. In conjunction with the call for the end of colonialism, it proposed that the world capitalist economic order be re-structured. The communist world

emerged unscathed. The USSR was now much involved in the Afro-Asian countries: it had tended bridges to India, it was building Egypt's Aswan dam, it was in general in the midst of its Krushchevian Third World offensive, and it was brandishing its space triumphs and its revolutionary self-confidence. The Third World felt assisted in its inchoate intuition that it was not to blame historically for its underdevelopment, that it was the victim of Western cupidity, and that the West had a responsibility for which it had to make amends, and part at least of this was what Baran had been claiming since at least 1957.

A DISPASSIONATE ASSESSMENT OF BARAN

What can be said of Baran's work from a less passionate vantage than the political confrontations of his time? In general his approach to history was abstract, diffuse, and subsuming. Less than a fully worked out interpretation of "historical underdevelopment", what he proposed was a gigantic and unspecific programme of research. Frank attempted this for Latin America and Wallerstein for the entire world with the results that we shall see. W. Rodney followed through on Baran's idea of frustrated nationhood in the countries colonialized by Europe. Baran merely threw out what amounted to hints and clues, and his texts, like Amin's dissertation, are shot through with ambiguities. In general they have not produced consistently quality fruits. The idea that capitalist primitive accumulation took place at the expense of the colonial world is pure impressionism of the sort "it would seem as if" or "it evidently had to be". He did not have an iota of proof, and the idea itself lacks even clear definition. His speculations on the contemporary relationships between the developed capitalist countries and the Third World, what he specifically called "dependency", have failed, as we shall see, the proof both of investigation and of subsequent historical events. His insistence on the notion that the prosperity of the West depends on the exploitation and the misery of the Third World seems in hindsight nothing short of pious and

arbitrary, that is, with no other basis than the intense desire that it be true. When all is said and done, for all his superficial unconventionality as a Marxist thinker, Baran was essentially a prejudiced pro-communist Marxist observer. What is his standing as such? He had the knack of transposing Marxist concepts, which consists in taking the originals and giving them a likely twist for the purpose of contemporary analysis but in the process isolating them from their original organic context. Baran invented something called the "social surplus", which has as much to do with surplus-value as Mr Gradgrind with the Rockefeller Foundation. And "primitive accumulation" as he defined it is as foreign to Marx's thinking as was the idea of a Third World.

Baran did make what seem like two significant contributions to Marxist/Leninist thought. He cut through the contemporary tangle concerning the theory on the meshing of disparate modes of production in underdeveloped countries. This scheme, especially recurred to in Latin America, permitted a series of inferences on possible political alliances between Marxists and the property-owning or the rising middle classes or different combinations of these classes. The explanation was that imperialism somehow had a special affinity for "feudalism", which in turn was the enemy of industrialization. There were special definitions of what in Latin America constituted feudalism, but they were mostly too vague or too abstract and certainly had nothing whatever to do with the Marxist feudal mode of production, although, ironically enough, they were elaborated by Latin American Marxist intellectuals in an effort to mould their thinking to Marxist and post-Marxist theory. Baran, who had himself also initiated his study of underdevelopment with a rather bloodless feudal-seeming social model, had come around to seeing the essential vacuity of the concept of feudalism outside of its Marxist Eurocentric context. He therefore cast it aside and pointed out that external capitalism took on as ally any class that

had an interest in the capitalist system of exploitation. To emphasize "feudalism" was anachronistic and inaccurate, and worse still, it was unnecessary since feudalism, capitalism, imperialism, and other related concepts, were equivalent insofar as the creation of underdevelopment was concerned.

Baran's other contribution had to do with Lenin's idea of labour opportunism. The latter implied some degree of nation-to-nation exploitation. Imperialism exploited workers in the colonies and in the "semi-colonies". The benefits were hoarded by the ruling classes in the "four pillars" of imperialism, but some wage benefits trickled down to the workers there through the agency of opportunistic labour bosses. This infuriated Lenin. Baran was somewhat more resigned to the fact that some of the spoils of imperialism were part of a workingman's paycheque in the USA. He did not like it but the alternative for him was the Soviet myth of the starving masses under capitalism, and Baran knew the lie behind this. What he did do was an analysis of the way nation-to-nation exploitation worked, and this made the Lenin intuition explicit. Imperialism exploited entire countries to the extent that even its ruling classes, which were the collaborators of imperialism, received only the crumbs. These profits were added to surplus in the developed world and made possible a superfluous production, principally in war industries, which created jobs and the illusion of prosperity. The idea was that for its own preservation capitalism could not afford not to share out with its wage-earners part of its ill-gotten gains.

Baran refrained from calling his historical system "imperialism". The Marxist tradition was to stick to Lenin's terms according to which "imperialism" had started around the beginning of the century. Lenin had relied for general purposes on the term "dependency", which, as we saw, was used during the 19th century to designate colonialized territories in contrast to colonies of settlement. Despite

the definition of "dependency" by the Ecuadorian Paredes in the Comintern as referring to a country that is not a colony and in which imperialist penetration had not managed to subvert national sovereignty entirely--which responded to a peculiarly Latin American view of hierarchical international categories--, the term still retained the connotation of subjection or absence of effective sovereignty, and Baran opted for it to indicate the historical impact of Western capitalism on the world at large. The Leninist touchstone for imperialism was that capitalism in its final stage had to look for areas to exploit beyond its own backyard. But for Baran capitalism had always gone overseas to seek out profits necessary to its own advancement. The Industrial Revolution would not have taken place as it did without the exploitation of India and other colonies. (This left unanswered questions on why Spain had not kept in economic step with the rest of Western Europe, but that was an issue that came under the province of more precise historical research, such as Wallerstein initiated with his world-system analysis.) It is logical, therefore, to conclude that when Baran explored the distant origins of underdevelopment and related them to capitalism, he was formulating the long-view, long-term version of economic imperialism that is known as dependency theory.

THE LEFT TAKES THE OFFENSIVE DURING THE 60s

The Western counterpart to the spread of Marxist and generally anti-Western radicalism in Latin America and the wider Third World during the 60s, was a strategy combining softness and hardness. On the soft side there was decolonisation. Algeria acceded to independence after many years of struggle. More peacefully, so did most of Africa and all of Asia, as well as Guyana and the former British West Indies. It was also the time of the widest and most intense application in the Third World of the Western strategy of aid-and-advice. The Alliance for Progress reached its apogee during the first half of the decade, and on the whole, the American government tried to stimulate

private investments all over the underdeveloped world while inter-governmental assistance banks evaluated projects and lent funds. On the other hand, the hard side of all this, Washington armed and financed in 1961 a failed invasion of Cuba, which was the culmination of countless raids and attacks on Cuban territory, and in 1963, the US Marines actually invaded and occupied the Dominican Republic to thwart a perceived leftist take-over threat in that country. The former Belgian Congo at one time during the 60s was in the grip of European mercenary brigades, later displaced by a peace-keeping contingent of the UNO. France currently sent its paratroops into its unstable former colonies in Africa. Massively supported by American military aid, Israel in 1967 occupied the West Bank, Gaza, the Sinai, and the Golan Heights. If anything what all this showed were the limitations of the Western economicist, developmentalist approach to its relations with the Third World, and the Left was not slow to notice.

Leftist intellectuals tried to counter the capitalist West in at least three ways: by revamping or updating the theory of economic imperialism as Baran had done, with the denunciation of "neo-colonialism", and through the stimulation of Third World anti-Western attitudes. The French ideologue P. Jalee wrote in 1965: "La quasi totalite des pays du tiers monde ont ete naguere des colonies, quelques-uns le sont encore. La dependance militaire et politique n'a ete etablie, dans la plupart des cas, que pour asseoir la dependance economique, et celle-ci, nous l'avons deja dit chemin faisant, n'est de nos jours que la survivance et l'adoption au monde moderne du vieux 'pacte colonial.'" In other words, overt colonial domination had given way to complete dependency. One of the founding fathers of the Afro-Asian non-aligned movement, K. Nkrumah, the first head of state of Ghana, the country which in 1957 became the first British African colony to gain independence, was arguably the principal intellectual supporter of the idea of neo-colonialism, which he defined

thus: "The essence of neo-colonialism is that the state which is subject to it is, in theory, independent and has all the outward trappings of international sovereignty. In reality its economic system and thus its political policy is directed from outside."¹³⁵ Sovereignty, independence, even decolonization, were at most dubious concepts. Ex-colonies had to be kept under observation to see whether they could slough off the condition of dependence. H. Magdoff summed up the ultimate intent of neo-colonialism: "Imperialism without colonies".

One of the ways to combat dependence was to stimulate Third World solidarity, which was based for most underdeveloped countries on a common colonial past and on current capitalist/imperialist penetration. In order to achieve this, as Baran had shrewdly perceived, developmentalism had to be unmasked. Jalee cited the French Marxist economist C. Bettelheim as having "demystifiee le concept de sous-development" by denouncing its implication that underdeveloped countries were catching up with the advanced capitalist economies. This was a direct onslaught against development economics. The countries of the Third World, Jalee affirmed, unlike the industrialized nations, did not possess and did not exploit their own resources. By way of contrast, according to Bettelheim, who in this followed Baran's logic closely, today's industrialized nations had never been economically dependent. Jalee supported Bettelheim's suggestion that the Third World was integrated not by "underdeveloped" countries but by "pays exploites, domines, et a economie deforme". E. Ruiz Garcia, following P. Moussa, suggested that they should be termed "proletarian nations". For Ruiz Garcia, a radical Spanish demographer with a wide-ranging and sympathetic interest in the Third World, Third World unity reposed on the awareness of colonial outrages, with special emphasis on racism, whose wounds decolonization had not permanently healed. The French historian G. de Bosschere, who was not a partisan of dependency or economic imperialism theory, also emphasized

the poisoned legacy of colonialism and the painful after-effects it had during and after decolonization. Insofar as his writings, like those of Ruiz Garcia, who was much nearer to Marxism/Leninism, consistently pursued a structural conception of Third World, they, and many other sympathetic intellectuals, contributed subsidiarily to the propagation of the theoretical model of dependence between the underdeveloped and the developed nations posited in dependency theory.¹³⁹ The concept of Third World in the 60s was not exclusively Marxist revolutionary property but the moral indignation against the West and the enthusiastic cheering that it evoked from different quarters usually served to feed the mill grinding out radical leftist theses.

NEO-LENINISM

Perhaps the most important of those theses concerned the new imperialism, whose basic assumption was that Lenin's doctrine was still valid and needed only the "retouchings" that the times called for, mainly having to do with decolonization and the capitalist global developmental strategy. Baran and P.M. Sweezy published in 1966 an essay in which they substituted MNCs for the Hilferding/Lenin concept of finance capital. In 1967 Sweezy again forayed into the area of imperialism to describe how international capitalism assigned underdeveloped countries the work of raw material production, and even then sought to control those resources through the investments of giant corporations. T. Kemp also believed that MNCs had taken over the running of imperialism. His thesis was addressed specifically to the epoch of decolonization in the sense that the new imperialism was relaying the colonialist states in turning newly-independent countries into economic neo-colonies. H. Magdoff devoted most of his research, published in the late 60s, to the nitty-gritty of imperialist control and exploitation. The strictly theoretical side of his work was standard neo-imperialist fare. W.J. Mommsen describes it in this manner: "Magdoff's interpretation is thus summed up in the thesis that imperialism signifies economic rule by the

big monopolies (despite their mutual rivalry), either exercised by simple pre-eminence or in the form of overt colonialism. Imperialism continues after colonialism has formally come to an end. The colonial period served only to adapt the social and economic institutions of the dependent countries to metropolitan needs. Once this was done, the colonial relationship persisted after the establishment of formal political independence, thanks to the informal economic, financial and social structures that had been created." Magdoff explored the different liens fastening underdeveloped countries to imperialism. US banks went international due to "a relative shrinkage of business opportunities in the domestic front and attractive opportunities overseas". This was a conventional contemporary reiteration of the thesis on the tendency of rates of profit to decline. In the Third World these institutions used subsidiary corporations to acquire controlling interests in native enterprises. Likewise, US firms dealing in raw materials operated in those countries to secure a strategic share of world production. As a consequence, raw materials were produced, priced, and exported there on decisions made by MNCs. American foreign aid also functioned as an instrument of imperialist control. The objectives of the US aid programme in the Third World were two-fold: a) "to keep the outer rim of the imperialist network as dependencies of the system"; and b) "to stimulate the growth of capitalist forces--economic and political--within these countries". The deficit in the US balance of payments put these considerations out of focus, but Magdoff explained it away by adding to foreign investments military spending abroad, especially in Vietnam, and the cost of military assistance and economic aid, all of which were indispensable for the maintenance of the international capitalist system. His arguments were all backed by abundant statistics, the over-all trend of which was to prove the growing share of the US participation in foreign

placements and in world trade, especially with underdeveloped countries.¹⁴⁰

In the context of Marxist theory on economic retardation, the special features of Latin America merit mentioning. With nearly a century and a half of independent political life, these republics could not in good faith blame colonialism for their underdevelopment, and in fact when traditional or academic Latin American historians turned their eyes in search of causes of economic retardation they tended to blame endogenous traits and processes. The combination of Marxist MOP analysis and economic-imperialism theory that the Comintern had devised to explain international economic inequalities had been relatively influential in Latin America. Mariategui's pioneering socio-analytical approach to the problems of latifundia and of the Indian population in Peru was undoubtedly a creative and stimulating use of Marxist methodology. However, in the 30s and especially in the years immediately after WW2, Latin American Marxists, completely and willingly under the thumb of Stalinism, went over to an extreme form of anti-imperialism that ruled out any possibility of objective social analysis. Nevertheless, reality could not be entirely obviated, and there arose an early form of Latin America dependency theory--well exemplified by a group of Venezuelan writers active in the early 60s--resulting from a cross between anti-imperialist cliches and the unavoidable awareness that Latin American republics had independent histories of their own.¹⁴¹ The overuse by Marxists of the concept of feudalism had been under revision by authors such as Hobsbawm and Anderson. The practice also had been attacked and refuted by Baran and Magdoff. Yet it was imbedded in Latin American Marxist thought, which hung on tenaciously to its *sui generis* definitions of feudalism, and it was accepted by non-Marxists such as Furtado and C. Fuentes. Frank's theses were in part a reaction against this practice.¹⁴² At any rate, Latin American Marxist theorization on international

economic inequalities stemmed from the "chemistry" within this melange of views on external dependence and on internal social structures, in which the former category in its radical anti-imperialist form was the dominant element.

REVOLUTIONARY RADICALISM AND OTHER NOT-SO-RADICAL POLITICAL TRENDS IN LATIN AMERICA

Political events in the 60s were impelling leftist Latin American intellectuals in opposite directions: one towards the extreme left and the other towards moderation. The diffusionist effects of the Cuban revolution had been checked by the mid-60s, yet, as often in history, there seemed to be a lag between facts and theory, between Clio and logos. Even as subversion waned, the literature of insurrection proliferated. Particularly influential were the ideas of F. Fanon on the revolutionary potential of urban slum-dwellers and those of Debray on the strategy of foquismo, that is, the idea that guerilla bands could act as leavening in the mass of discontented peasantry.¹⁴³ But on the whole the cause of revolution seemed to be losing momentum: the USSR had suffered an important setback in the missile crisis of 1963 and not long afterwards L. Brezhnev inaugurated a policy of retrenchment in the Third World. The US under the administration of L.B. Johnson, cut back on the Alliance for Progress and shifted to a policy of indiscriminate recognition and support of repressive military regimes.¹⁴⁴

Superficially it would seem as if these currents and events should have tipped Latin American Marxist theorization towards a hard-line, out-and-out anti-imperialist position, and in fact this did happen to some extent, but they also paved the way for a "dependencia" theory that represented in various ways a break with the traditional orthodoxy of anti-imperialism. There were good reasons for this, too, grounded in the evolving reality of Latin America. There were symptoms that the image of economic imperialism as an unfettered and unstoppable kingmaker all over Latin America was losing its power. The

Peruvian military had taken over in their country in 1965 with the excuse of covert oil-company machinations, and they had decreed a programme of defiant nationalism and radical socio-economic reforms, which at the time was compared to Nasser's Arab revolution and was widely studied in Latin America as an alternative political and developmental model. Despite heavy pressure from Washington, Mexico never broke with the Cuban revolutionary regime even at the height of its promotion of guerilla activities. Allende's election itself was decided in the Chilean congress against heavy conservative and American opposition in 1970. Besides the vanishing outline of the imperialist spectre on which communism thrived, there was also for Marxists the terribly wasting dilemma of advocating and relying on a proletarian movement that simply did not take wing, that in fact whenever it showed some force either leaned towards state-sponsored reformism as in Venezuela or towards a freak, irresponsible populism such as Peron's in Argentina, or in any direction except revolution and communism. Last but certainly not least, there existed clear indications that capitalism had not entirely exhausted its industrializing and developing potential in spite of the combined refutation of Soviet propaganda, of dependency arguments such as those used by Venezuelan Marxists, of the neo-imperialism thesis defended by Monthly Review theorists, and of the long-view anti-capitalist perspective expounded by P. Baran. If anything some Latin American Marxists in the early 70s were in secret, dare-not-say-its-name sympathy with the idea that, as Marx had coyly implied, history and class struggle had to run their course and the bourgeoisie had to achieve its historical tasks before revolution could come about. Even though it has been said repeatedly that "dependencia" got its winding up from the prevalence in CEPAL circles of the Prebisch core/periphery paradigm, it is more likely than not that "cepalistas" in the late 60s were concentrating more on the development side of their economic studies and policy researches than on imperialism theory, and the former in the final analysis were not incompatible

with modified versions of national capitalist structures.¹⁴⁵ This seemed particularly true for Brazil, where economic development in spite of glaring social lacunae seemed to be taking on a new lease on life under the auspices of "technocratic" military authoritarianism.

WHAT CARDOSO AND FALETTA SAW THAT OTHERS DID NOT WANT TO SEE

The concept of dependency has had different avatars along the pages of this work. We saw it used by Lenin as an all-purpose designation for the relations in the capitalist world between the centres of imperialist power and the rest of the world. In the Comintern it was proposed as a half-way condition between complete colonial status and economic and political independence. Baran employed it to describe a world-historical condition created by the expansion of capitalism from the start of colonialism in the 16th century. Finally, some Marxists defined dependency basically in terms of all-embracing, all-powerful economic imperialism. According to some observers, the definitive Latin American version of dependency was formulated by F.H. Cardoso and E. Faletto in their famous and controversial work Dependencia y desarrollo en America Latina. Before proceeding, a brief word is in order on the publication life of this treatise. It was written between 1965 and 1967 in Santiago de Chile, when its authors were working at the Latin American Institute for Economic and Social Planning, an offshoot of ECLA. However, the book was apparently first published in Mexico in 1969 and reprinted there in 1971. It was not published in English until 1979, on the basis of the 1971 edition but in an "expanded and ammended version" which included a lengthy and almost defensive but illuminating "Preface to the English Edition". This edition retained the original "Conclusions" plus an added, minutely explanatory "Post-Scriptum". It is necessary to make these clarifications because a great deal of the "dependency debate" which later arose hinged on the Cardoso/Faletto "justification" of their own enterprise in the English edition, and we shall use this edition as the mainstay of

this analysis. P.J. O'Brien, affirms that "the original formulation of dependency in Latin America began within ECLA in the mid 1960's" and that the Cardoso/Faletto "text is classic in the sense that it was the first clear, comprehensive, ambitious and rigorous attempt both to formulate the concept and to analyse a variety of dependency situations in Latin America". C. Abel and C. Lewis praise Cardoso and Faletto for "the breadth of their canvass and in the sustained exhilaration of their presentation". On the other hand, neither G. Palma nor R. Thorp seem to attach more than a moderate significance to the Cardoso/Faletto contribution to social analysis in Latin America giving pride of place instead, in the context of dependency, to A.G. Frank and, the former especially, to T. dos Santos.¹⁴⁶ In our opinion, which we will justify later, Frank and dos Santos do not meaningfully depart from the radical long-term economic imperialism ideology, being in fact some of its early formulators in the wake of Baran, whereas Cardoso and Faletto at least made a stab, a very restrained and not finally a very successful one, at reinterpreting Latin American history, both from the socio-political and from the international point of view, under a more modulated, less intransigent "dependency" illumination.

In a brief somewhat pedantic critique of Cardoso and Faletto, the American professor R.A. Packenham made three points concerning their ideological position. He said: a) that Cardoso and Faletto were hard-line defenders of the neo-Marxist economic-imperialism line; b) that their work was probably influenced by A.G. Frank's theses on Latin America, or that at any rate their theories were nearly indistinguishable; and c) that in the English language 1979 edition of Dependency and Development in Latin America they went out of their way to emphasize the "autonomist" aspect of their position, after they had seen how economic and political events were going in Latin America, presumably also to ingratiate themselves with an American audience. Cardoso and Faletto have disclaimed any influence from Frank

on purely chronological grounds and others have endorsed their allegation.¹⁴⁷ Their position, they affirm, was defined and expressed before Frank's own main works. The important distinction to be made on this discrepancy is that whereas Cardoso and Faletto were trying to insert Marxist analysis into a Latin American socio-historical tradition, Frank was doing his utmost to pour Latin American history into a mould that combined the long-view general theory of economic imperialism derived from Baran and the neo-imperialist analyses of the Monthly Review theorists, among whom he could rightly count himself. Having said this, however, it does not do to start by stressing too strongly an aspect of the Cardoso/Faletto analysis with which they themselves sometimes seem to feel uncomfortable.

In what exactly does their malaise consist? To start with, they define their work as belonging to a "radically critical Latin American heritage". They even go as far as to give blanket "at least" approval to the Latin American guerilla movements, and they conclude that their main concern "is how to construct paths towards socialism", which in Latin American ideological parlance is little different from communism. However, they did admit, as Abel and Lewis put it, "that socialism was not on the immediate agenda". All of this probably means that Cardoso and Faletto took note, as few of their fellow Marxist intellectuals had, that contemporary events did not warrant a revolutionary optimism, or even a die-hard ultraist "you-just-wait-and-see" attitude, which was quite common among radicals either putting down or taking up arms in the late 60s. The other set of facts they worked with, elicited from social and economic processes in Latin America, had to do with the nature and the potentialities of capitalist industrialization. They shared Furtado's diffident acquiescence on this point and they participated critically to some extent in ECLA's dogged search for developmental formulas and strategies, which were inevitably affiliated to the assumptions and the programmes of development economics in

its mainstream phase. They went about expressing this in words that committed without putting them too far out on a limb which other Marxists cut easily saw behind them. They made tentative, ambiguous statements such as that "when foreign capitals start to promote development in dependent economies some deepening of internal markets occurs and some forms of income redistribution benefit upper levels of middle sectors", benefits which they "might expand to include...alienated parts of working classes". In brief, "a real process of dependent development does exist in some Latin American countries", a form of discriminatory lopsided development, which nonetheless empowered them to criticize "those who expect permanent stagnation in underdeveloped countries because of a constant decline in the rate of profits or the 'narrowness of internal markets', which supposedly function as an impassable obstacle to capitalist advancement". This form of development, even though it was characterized by the "increasing control over the economic system of nations by large multinational corporations", did not conform to the "belief that the internal or national socio-political situation is mechanically conditioned by external dominance". On the contrary, "the formation of an industrial economy in the periphery of the capitalist system minimizes the effects of typically colonial exploitation; this economy incorporates not only the dominant classes but also social groups tied to modern capitalist production, such as wage earners, technicians, entrepreneurs, and bureaucrats." This was then a picture of convergence and conciliation of internal and external interests rather than one of dominance and submission, and one that "makes possible political analysis". The evident awareness of the Latin American historical juncture in Cardoso and Faletto was expressed in a judgment which seemed to exclude the violent radicalism of the previous years: "There are structural possibilities for various types of social and political movements." When they spoke of "historically

viable goals", they were in effect saying, like Marie-Antoinette: "Give them cakes instead of bread."¹⁴⁸

THE "METAPHYSICAL PRINCIPLE" OF IMPERIALISM

Despite the implied reformism and the sketchy politics of participation, which in themselves were not unknown among certain Latin American communist movements and tendencies--in Venezuela in particular the party was embittered and repentant after a decade of military trouncings--, Cardoso and Faletto were not throwing out all the traditional Marxist imperialist motifs. If anything they reaffirmed some of the more persistent ones in their own conception of what they were attempting to express. Dependency was still dependency, even in its extreme anti-imperialist meaning. Their definition of it is eloquent enough: "From the economic point of view a system is dependent when the accumulation and expansion of capital cannot find its essential dynamic component inside the system." This meant that capitalist development had very limited possibilities. It was impeded by the stumbling block of the capital goods sector in countries like Brazil and Mexico. It did not lessen the underlying irreconcilabilities of the class struggle, and it did not even act in a significantly long-haul redistributive manner. It had nothing in common with the "theoretical schemes concerning the formation of capitalist society in present day developed countries".¹⁴⁶ So in what way did Cardoso and Faletto distance themselves from the Baran-style or the more current extremist Latin American Marxist definitions of dependency? To answer this it will be necessary to bring into sharper focus the way in which the various versions of the theory of economic imperialism conceived the relations between the centre and the periphery, to use the handy and ultimately accurate Prebisch duality. For this in turn we have to insist on the distinction between the narrower, more "orthodox" Hobson/Lenin thesis (this designation refers to its two basic chronological poles and ideological extremes) and the general long-view theory of economic imperialism outlined by

Baran in the form of an explanation of the origins of international economic inequality.

In simple terms, the former propounded an overwhelming, almost sudden turning of advanced (and for Lenin also moribund) capitalism towards backward countries with the intention of preventing the decline of profits through the exploitation of labour in the extraction of raw materials and other primary products. This tendency resulted from either the "laws" or the inherent mechanisms of the system, driven at all costs towards the realization of surplus value in whatever terrain was accessible to it. It was not something that had been initially decided in board rooms or other decision centres of social and political power and control, but once the process got in motion it was difficult to escape the impression derived from the loci classici that it was being planned and conducted deliberately and infallibly towards its specific, perfectly defined targets. The effects of imperialism fell on already backward nations, but they further resulted in that no development, or at most only rigorously controlled, inconsequential forms of development would occur. For imperialism there were no frontiers and no sovereignties. It dealt mostly in colonies, and in those territories that hung on to the external trappings of nationhood, it brought down and put up puppet governments at will. Bourgeoisies if they existed had no backbone and no economic roots. There were class conflicts, of course, but they were rudimentary and unclear; it was imperialism itself that ultimately decided who had the upper hand. According to Marxist/Leninist ideology, there was usually an alliance between imperialism and something extrapolated from European history called feudalism. Only communist political action could change this scheme. Truth to say, the only difference between this ideology and its Stalinist variant, was the vociferous and simplistic extreme to which the latter carried it, and also perhaps the absolute reliance that Stalinist post-war political strategy placed on anti-imperialism everywhere,

which had been muted in the case of Western Europe during the anti-fascist period before the war. Hobson, be it said in passing, had not contemplated most of these accretions to his theory, but they were in one way or another deducible from his pristine adumbration of a colonial system built on impersonal capitalist forces.

The long-term general theory was more vague about how the process got started, because it traced its origins back to the initial post-Medieval expansion of merchant capitalism, or as some put it, when capitalism took the first steps towards becoming a world system. Here things were much more impersonal. Laws and forces and all sorts of influences external to the system were taken into account, but the primum mobile of expansion was still and principally the part of surplus accruing to profits. Given the diffuse and erratic nature of the process due to technical, financial, and resource limitations, it was more difficult to speak of intentionality or deliberateness, but again results bespoke causal uniformity and this was exactly as if history took place according to a carefully drawn out blueprint. And in the case of the forces involved in the general theory, which have been identified as "world market", "world-system", or simply "capitalism" according to who does the expounding, there was no room for the uncertainties that Lenin allowed through Marxist revolutionary political tactics: capitalism in whatever form it took prevented or scotched any potentiality of economic progress or change. Despite the inchoateness of its roots, the general theory was even more fatalistic than the narrower original version: nations were pawns and hostages, social classes and politics outside of the imperialist centres did not count in the balance of history. Here were the origins of international economic inequality. Only revolutionary social change could achieve economic progress and independence. The two theories, rightly considered by many as basically Eurocentric, arrived at the same revolutionary conclusions, and this was one of the rubs,

because the revolution in Latin America was stalled or seriously stalling. And there were other even more grievous objections. If there were as we have seen persistent questions on the economic nature of the scramble for Africa, there was no consistent historical evidence to the effect that imperialism had been manipulating the politics and the economic policies of Latin American nations against their will from the start of independence. Even the evidence on the direct imperialist exploitation of those countries, as defined in Lenin or Baran, who were totally agreed on this point, was not--pace E. Galeano and the other muck-rakers of Latin American history--conclusive for the 19th century and much less so for the 20th. There was though plenty of evidence on political instability and local complicity in foreign capitalist penetration, although the latter did not conform to one universal pattern. In addition, if the Marxist alternative of classist political analysis and tactics were based on the premiss of imperialist domination, it was virtually emptied of efficacy. In other words, the Marxist theories of economic imperialism were very close to bankruptcy past the mid-20th century in Latin America, and Cardoso and Faletto were trying to pay the creditors in the interest of a broader Marxist analysis of realistic socialist politics.

The historical scope of their book is restricted. It delves superficially into colonial history and in general it downplays the "external connection" in Latin American 19th century history in favour of internal political events and processes. The authors' fundamental source for these processes was T. Halperin Doughi, a Marxist in the mode-of-production, class-struggle tradition. Instead of the all-or-nothing schematic approach of economic-imperialism doctrine, Cardoso and Faletto preferred to categorize what they called "basic situations of dependency", of which they described two: the "enclave economies" and "economies controlled by local bourgeoisies". In the former, capital "originates in the exterior"; in the latter, "capital

accumulation is...internal". For the 20th century they created an additional modality which they called "contemporary dependent industrializing economies controlled by multinational corporations", in which a substantial part of "industrial production is sold in the internal market", their distinguishing feature as regarded enclave economies. Local control of capital ensured a greater degree of development, but significantly the other modalities did not indicate total imperialist domination. "We conceive the relationship between external and internal forces", they wrote, "as forming a complex whole whose structural links are not based on mere external forms of exploitation and coercion, but are rooted in coincidences of interests between local dominant classes and international ones, and, on the other side, are challenged by local dominated groups and classes." Or more explicitly: "What we affirm simply means that the system of domination reappears in 'internal' forces, through the social practices of local groups and classes which try to enforce foreign interests, not precisely because they were foreign, but because they may coincide with values and interests that these groups pretend as their own." This was, in effect, a laboured recognition of the fact that Latin American societies, whatever their terrible inequities, had lives of their own, even the power of decision-making with regards to their own evolution. Political action within underdevelopment was not entirely subservient to imperialist intervention or even to covert string-pulling. Therefore, leftist political practice had to proceed on the basis of this supposition if it was to have some efficacy. Dependency was still very much in the works, but it had to be fought at the grass-roots political level so to speak, rather than with the tiresome reiteration of the slogans on external domination. In particular, dependence had to be considered in the manner in which it affected the social structure in each dependent country. Class struggle was paramount but it did not respond to special "laws" pertaining only to dependency situations. It

could only be understood and interpreted within the framework of a "general economic theory of capitalism".¹⁴⁹

What, in the final analysis, Cardoso and Faletto were trying to destroy, was the image which we described before, of imperialism as the supreme arbiter in the destinies of all underdeveloped countries. "Conceived in this manner", they said, "imperialism turns into an active and metaphysical principle which traces out the pattern of history on the sensitive but passive skins of dependent countries. Forms of local societies, reactions against imperialism, the political dynamic of local societies, and attempts at alternatives are not taken into consideration. This type of analysis, although it uses Marxist vocabulary, is methodologically symmetrical to interpretations based on the 'logic of industrialization', or on the 'stages of modernization', or even on the phases of 'political development', which foresee change as a result of mechanical factors." The key words, we think, are "change" and "metaphysical": the latter because it embodies the refutation of the old inadequate representations in economic-imperialism theory, and the former because, although like Baran's The Political Economy of Growth this is a programme for research and inquiry rather than a finished, perfected construct, it is also above all a strategy for political change. In fact, behind all Marxist-affiliated theories on international economic inequalities there is a project of radical social transformation, and therein lies the reason why in our times with respect to the Third World no rational reconciliation or coexistence is possible between the theories that posit endogenous causes and those that stress, however modulated, the external connection. They are all basically incompatible political choices.¹⁵⁰

THE "NEW" DEPENDENCY AND THE LATIN AMERICAN HISTORIOGRAPHICAL TRADITION

Dependency and Development in Latin America is a work riddled with equivocations and yawning gaps. Political

independence led to the "consolidation of external linkages", yet these were no obstacles to a considerable degree of autonomous development in some countries. Capitalist development was definitely possible, but it was dependent development. This echoed the dilemma that Marx willed on his 20th century followers of trying to reconcile the denunciation of capitalism in toto while seeking for underdeveloped countries the blessings of developed capitalism. You could not denounce interminably the developed core of capitalism for "causing" underdevelopment without at some point coming to terms with what it was that development really meant. If it meant "capitalist development" or some aspects of it, then why denounce capitalism globally? Apparently it worked in some countries and in others it did not. If it was "socialist development", then two problems came up: one, the core could not really be in a developed state despite appearances, and two, given the balance of political forces, it was practically a will-o'-the-wisp for the Third World, or at least, in the case of Cardoso and Faletto, for the Latin American part of it. The simple solution for these contradictions was that for Marx "capitalist development" per se was an alien concept. For him, there was a historical process determined by political and economic forces within successive modes of production towards some sort of ill-defined workers' millenium. There was no development in capitalism outside of that process. As it turned out, capitalism did develop. It did not culminate in a final showdown between antagonistic social classes. It somehow engendered social welfare and it wore down social asperities and antagonisms sufficiently to obtain a consensus approval for its continued operation. Of course, long-view Marxists believe that the historical process is still going on and that everything will eventually turn out the way Marx expected it would. This point of view is fraught with complexities and risky analytical profundities about the contemporary world. Standard Soviet Marxism peddled the "starving masses" theme, which it pretended to

apply equally to the core and the periphery of the capitalist universe, with the only perceivable difference being that capitalists in the core were richer and more rapacious than those in the periphery. Baran tried to make this seem plausible with his own definition of surplus, which implied a precarious equilibrium in the core sustained by militarism and conspicuous consumption. Cardoso and Faletto probably believed they had the answer in "dependent capitalism", which is integral to the one and only capitalism yet in some way a lesser variety of it. They invoked "socialism", but the term was not elaborated or explained. Perhaps they meant Cuba in the first version of their book, but later on they were hedging their bets, as Packenham correctly pointed out. The advent of socialism implied previous class struggle but they did hardly more than mention it repeatedly. In this sense, their analysis was not unlike E. Laclau's 1985 Gramscian essay "The Hegemonic Form of the Political" as it droned on interminably about "hegemony" and new forms of "socialist strategy", which could be, indeterminably, peaceful or violent, without once saying what it meant, unless it was the incorporation of "marginados", gays, and feminists into the political arena.¹⁵¹ Cardoso and Faletto were labouring to give birth to the mountain's mouse, or in the manner of H.G. Wells' jibe at the style of his erstwhile friend H. James, they were like two elephants trying to play soccer with a peanut.

In part what they were saying about Latin America was something that non-Marxist Latin American historians and social analysts had known for a long time, which was that the history of the region could be interpreted in the light of endogenous political events and social movements in the widest possible sense to the exclusion of any form of economic determinism including that put forward by the theory of economic imperialism.¹⁵² Despite its shortcomings and its shilly-shallying between a radical dependency outlook and political reformism, the Cardoso/Faletto

interpretation became highly influential, outside of Latin America especially through its diffusion by sympathetic commentators.¹⁵³ However, it fell far short of being an adequate understanding of Latin American underdevelopment, and by the standard we are using--the origins of international economic inequality--, it had precious little to say, even on the mundane problems raised by developmental strategies such as ISI, of which a more telling and eloquent critique can be found on O. Sunkel.¹⁵⁴

RADICAL DEPENDENCY THEORIZING FROM AND ABOUT LATIN AMERICA

Even as Cardoso and Faletto were exerting themselves to extricate dependency theory from the clutches of its own contradictions and distortions, other Latin American theorists were doing their utmost to prevent it from straying from its rigid adherence to the dogmas of economic imperialism. The Brazilian T. dos Santos, whose major contribution, La dependencia económica y las perspectivas de cambio en América Latina, dates from 1969, is credited by Palma with initiating "an interesting attempt to break with the concept of a mechanical determination of internal by external structures which dominated the traditional analysis of the left in Latin America, and which particularly characterized Frank's work", but in the same breath Palma admits that Santos' analysis "re-establishes, little by little, the priority of external over internal structures", and dos Santos himself in his "Introduction" to a 1974 rehashing of his previous work recognized that he and Frank were in the "same camp" and shared the same interest in finding "a theoretical alternative destined to serve as basis for the revolutionary transformation of Latin America." The origin of their "marginal" divergences was the priority which dos Santos gave to the exploration of the "process of social transformation" under the external weight of dependence, an emphasis which Frank tried not very enthusiastically to incorporate into his own social analysis. Also from 1969, R. Mauro Marini's Subdesarrollo y revolución, which in line with ultra-leftist dependency was

orientated towards revolutionary struggle more than towards any serious academic pursuit, was chiefly significant because it gave theoretical formulation to the concepts of "subimperialism" and "superexploitation of labour", both used extensively by Frank.¹⁵⁵ Apparently Marini began developing his "subimperialism" thesis in an article in Monthly Review from 1965, in which he argued that the military take-over in Brazil the previous year was leading to the "imperialist integration" of that country and the US. However, the most strenuous efforts within this ideological tendency were undoubtedly those of Frank himself.

A.G. FRANK

One approaches A.G. Frank with some trepidation. He is a formidable polemicist. He is a man with a conscience. He himself admits his "middle-class North American" background and his conventional even reactionary roots (one of his teachers in Chicago was M. Friedman) in development studies. He credits his contact with the reality of underdevelopment in Latin America with his political and intellectual radicalization. We shall try to be as accurate as possible in describing his positions and in remitting here his basic arguments, although this is a fearsome task given the capaciousness of his intellectual embrace, the volubility of his utterances, and the trenchancy of his mind. Before starting ~~IT IS CONVENIENT TO MAKE SOME COMMENTARIES~~ on his oeuvre, ~~BASED~~ ~~ON HIS USUALLY PRELIMINARY~~ claims on the time sequence and on the circumstances of his numerous works and theses. We shall also propose a three-fold division for the almost uninterrupted flow of his productions, which is not at odds with anything we have heard or read. We do not pretend to be exhaustive about his bibliography. In the first group in our classification, we include his early works specifically on Latin America, including his "apprenticeship" in Monthly Review, comprising: Capitalism and Underdevelopment in Latin America. Historical Studies of Chile and Brazil, published in 1967 but written in 1963-

65; the brief "The Sociology of Underdevelopment and the Underdevelopment of Sociology", part of a larger work on the Latin American revolution published in 1969; and the also brief Lumpenbourgeoisie, Lumpendevlopment, published in 1972. The trouble with this category is that, as Frank explains, while he was in Chile and presumably immersed in Latin American ^{ISSUES} he initiated his attempts to carry his researches onto a world stage from which eventually resulted works that go significantly beyond his initial historical and conceptual perspectives, although this did not detach him from his Latin American preoccupations and he published Mexican Agriculture, 1521-1630 in 1979. Be that as it may, and as this lingering interest in Latin America can be described as a quite common case of dialectical overlap indicating mere changes of emphases, the second group takes in a trio of works which have as fulcrum Dependent Accumulation and Underdevelopment, written in two laps in 1969-70 and 1972-73, and published in 1978: Towards a Theory of Capitalist Underdevelopment, a derivation from the previous work in the first lap, published in 1975; and World Accumulation, 1492-1789, also derived from the first work but from the second lap, published in 1978. The third general category of Frank's works are those which, following upon the fundamental labours and cornerstones of previous years, have undertaken the analysis of contemporary inter-related world events and processes. The most significant of these works are Crisis in the World Economy (1980), Crisis in the Third World (1981), and a collection of essays on a variety of themes chronicling the ebb-and-flow of his politico-intellectual fortunes titled Critique and Anti-critique: Essays on Dependence and Reformism (1984). To be quite thorough we should also mention a long list of "discussion papers" which he published while in East Anglia University, but these are in the main, chapters taken from the works in the third group.

From the start, Frank was clear on two points concerning Latin America: his own revolutionary ardour, which was partially a contagion from the Cuban revolution, and his conviction that capitalism underdevelops, expressed in the opening salvo of his work on Brazil and Chile: "I believe, with Paul Baran, that it is capitalism, both world and national, which produced underdevelopment in the past and which still generates underdevelopment in the present." From this it followed, as day does night, that he would also do his best to stimulate and defend revolutionary change, and that the best way to do it intellectually would be to refute the concept of feudalism as applied to Latin American history. Baran had toyed with a "feudalist" model to explain underdevelopment but he had discarded it for the wider notion of world capitalism. Aside from that, he never actually took a strong stand on the issue of feudalism. Frank would. Halperin-Donghi surely exaggerates when he attributes to Frank "a violent rejection of all Latin American intellectual and ideological tradition". Frank's iconoclasm and rebelliousness were perfectly in line with a tradition of Latin American "nay-saying" going back even to such pre-independence figures as Manco Capac, A. Narino, M. Gual, J.M. Espana, J.M. Morelos, M. Hidalgo, and many others, who manifested a sometimes rootless lashing out at the system and at its established conventions. Halperin-Donghi is perhaps closer to the truth when he suggests that Frank represents the perfect ideological pendant to Debray's musings, later recanted, on the correct strategy for the revolutionary conquest of power in Latin America. Frank's fulminations, which probably began with his onslaught in 1963 in the pages of Monthly Review on one more of countless repetitive appeals by Latin American intellectuals to the explanatory value of the idea of feudalism, despaired of any fruitful political action outside of the decisive triumph of the "masses". They were emitted at a time when, as Cardoso and Faletto perceived, such a possibility had been proving futile, as it would go on doing during the following decade. In 1984, Frank would admit that his essays from 1968 to 1973

were done "in an attempt to defend a hopefully still revolutionary position against reformism and the necessarily reactionary and successful reaction it generates". It is important to keep all this in mind because the ideological debate in Latin America during the late 60s and early 70s was as much about political action as it was about the reality of Latin American history and society. Here again it is inaccurate to displace Frank from his well-earned Latin American patch and his further Marxian admission "that the point in interpreting the world is to change it" harks back to Mariategui's defiant statement that all his essays regardless of the subject were political.¹⁵⁶ How did Frank's war on the socio-historical category of feudalism, which was after all a long-standing Latin American Marxist near-dogma, contribute to his vision of a revolutionary strategy?

Given its briefness, Baran's critical presentation of world-historical capitalism was necessarily sketchy. It did not go into details on how capitalism actually underdeveloped. Marxists in Latin America had usually accepted the idea that capitalist relations of production were a historical step forward. What they defined as "feudalism"--a mixed-bag concept fusing colonial institutions such as mita and encomienda with the useless dilapidation of surplus--was considered to be retardating especially in alliance with imperialism. Therefore, the bourgeoisie and the urban middle classes were sometimes seen as objectively progressive and potentially revolutionary in the long run. Frank took it upon himself to demonstrate what he saw as the essential kernel of truth in Baran's position. To do this he had to ablate from Latin American Marxism any residual illusion it still had about capitalism, and this necessitated making deductions and extrapolations from the "wider Marxist canon" and applying them to Latin American history. (This was, incidentally, his only real departure from what Halperin-Donghi calls the "Latin American intellectual and ideological tradition".)

Latin American history, in Frank's hands, was subject to the forging of two sets of chains of domination and exploitation: the first of these chains was the colonial satellization of nascent countries like Brazil and Chile by the fully operative forces of international merchant capitalism starting in the 16th century. But this subjection was economically meaningless without what he called "domestic polarization", in which the second set of chains were clapped on the "internal colonies" of the subsidiary centres of metropolitan political and economic control. The over-arching structure led to different "concrete" situations. In Chile it produced latifundia in the interior and some rudimentary manufacturing activity with owner/worker relations in the towns. In Brazil, with its potential for a European-style internal economic evolution in the 18th century, it established underdeveloping industrial monopolies and it placed the colonial economy on the frail foundations of sugar production in the North-East and gold-mining in the central interior. With the coming of independence, Chile's efforts to develop were undermined by free trade and the externally imposed reliance on the export of nitrates and minerals. This was a replication or a carry over of the colonial metropolis/satellite relationship. In Brazil, coffee was the instrument of further international satellization, and industry rather than being socially integrating became the catalyst of sharper internal polarizations, to which foreign capital contributed decisively. Imperialist retrenchment provoked by the Great Depression of the 30s resulted in what Frank labelled "active involution", which finally dissolved in the intensification of foreign capitalist penetration and control.¹⁵⁷ These processes were given the catchy over-all designation of "the development of underdevelopment". They were the specific playing out of the scenario that Baran outlined in which underdevelopment was the other side of the European-minted coin of development. One would not have been without the other; one would never be like other. The die of economic progress had been cast with the two sides in

mind: on one side, it showed that capitalism once it got going could only beget underdevelopment outside of its metropolitan centres; and on the other side, that the development of capitalism could only continue on the sweaty backs of the underdeveloped lands. There were some basic objections to this scheme.

"FROM THE NETHERLANDS DOWN TO THE INDIAN VILLAGE"

As observed from a supra-national, "impersonal" eminence, these processes responded to forces that could hardly be incarnated or reduced to the individual wills and actions of human beings. The seemingly "rational" and purposeful if deleterious and unjust results were "inevitable" from the way that capitalism worked, given the basic rules of its terribly contrived historical game. In Baran/Frank the real distinction between capitalism and imperialism was not Lenin's somewhat vague sudden heightening of capitalism's power and avidity in the late 19th century--in truth a product of the Hobsonian afflatus--, but a long-term intensification and sharpening of its international vision and sense of purpose. This was not sufficient to justify a historical separation between the two and instead it provided a crucial justification for positing an underlying general theory of economic imperialism. From the beginning, capitalism/imperialism was foreordained and irresistible. Wallerstein, as we shall see, is the only theorist to confront the global implications of this view. For the moment, what Frank did was to leave politics out in limbo, if by politics is understood, as Cardoso and Faletto seemed to understand, the ability to choose and determine, the art of the possible, in P. Mendes-France's famous apothegm. In Baran's murky vision the personae of history were like spectres entering and exiting national stages, especially so in the countries of the Third World. That is why his ultimate explanation of the origins of international economic inequality was vaguely "environmental", vaguely "culturalist". Frank's fulfillment of his "programme" insofar as it referred not to under-

development in general but to the underdevelopment of Chile and Brazil--extensive by analogy and research to all of Latin America--had to be more specific than that. He also had to contend with the seemingly superficial but really crucial objection that in his "satellization" outline, the Chilean/Brazilian pattern had not obtained everywhere.

Frank did not like the Cardoso/Faletto distinction between "enclaves" and less manipulable national economic structures. For him Argentina was not developed point blank. Brazil despite its social complexities and its gigantic geographic mass was simply a satellite. The Grito de Ypiranga and the Duque de Caixas were part of a mythology as unreal as Jason and the dragon's teeth or the birth of Quetzalcoatl in the Eastern Sea. The Brazilian upper classes were wasteful and sluggish coffee-vendors; the Chileans, incompetent brokers of solidified dung. In his view, Brazil had had various opportunities to develop: during the late 19th century coffee boom, during the world depression of the 30's, and during WW2. In all cases, after an initially promising beginning, external capitalist forces had intervened to strangle industrialization and to reinforce that country's status as economic satellite, and the internal forces and tendencies that could have propitiated growth were either too weak or too compromised to do anything about it. This etched deeper the Baran image of the spectrality of the political and economic actors in underdeveloped countries, but Frank accompanied it with a model including the following hypotheses: 1) that "in contrast to the development of the world metropolis, which is no one's satellite, the development of the national and other subordinate metropoles is limited by their satellite status"; 2) "that the satellites experience their greatest economic development and especially their most classically capitalist industrial development if and when their ties to the metropolis are weakest", a proposition that implied the corollary "that when the metropolis recovers from its crisis and re-establishes the trade and investment ties which fully

re-incorporate the satellite into the system, or when the metropolis expands to incorporate previously isolated regions into the world-wide system, the previous development and industrialization of these regions is choked off and channelled into directions which are not self-perpetuating and promising"; and 3) "that the regions which are most underdeveloped and feudal seeming today are the ones which had the closest ties to the metropolis in the past".¹⁵⁸ These long-winded propositions were choc-a-bloc with unproven assumptions. The concepts involved were imprecise or undefined. But what was really most damaging was that there were sufficient historical examples to disprove the gist of what they were claiming, that is, that the functioning of the world capitalist system--whatever exactly that was, for Frank had not actually taken the trouble to circumscribe it with precision--made economic development impossible or useless and that politics that were not revolutionary and violent were impotent or nugatory.

Frank could get away with ladling out these ideological lumps because Latin American Marxists were willing to accept them in the lingering radical climate of those years and they flocked to his field kitchen in droves. But he could not escape the dilemma of the developing to metropolitan status of a nation that like the US had the same satellite roots as its southern neighbours. Here was the real historical and ideological crux and here too one of his basic ideas on the "development of underdevelopment", and he referred to it in the opening chapter of Lumpenbourgeoisie, Lumpendevelopment, in the third chapter of World Accumulation and Underdevelopment, and in the "Preface" to World Accumulation, 1492-1789. He discovered two possible solutions: one was "Weberian" intimating differences between the colonizers themselves, which he haughtily dismissed; the other one was "suggested by Smith and Marx", and it applied particularly to Mexico and Peru. In these countries, the Spanish discovery of "gold and silver and a pre-existing socially organized and technologically knowledgeable work-

force whose exploitation through less-than-subsistence wages...permitting the expansion of commerce and the accumulation of capital in the European metropoles, required a certain mode of production and diverse institutional forms in the colonies in changing historical circumstances". Why didn't the English colonies follow the "Spanish example"? In his first treatment of the issue, he averred that English colonists had not found those "factors" in their own territories, but on further examination he discovered that the absence of those "productive and exchange relations" in New England, which was due to the "benign neglect" of the metropole, had permitted its development in combination with "its particular 'semi-peripheral' intermediate (as per Wallerstein) or 'proto-subimperialist' insertion and participation in the process of world accumulation, associated with its particular role in the triangular trade, which permitted an important merchant capital accumulation and its subsequent investment in industrialization in the New England and Middle Atlantic colonies". He did not explain with any more precision how this had been possible despite such obvious questions as why such a powerful metropole as Great Britain had allowed this to happen, why it had allowed the North American republic to prosper, and why it had preferred to underdevelop the less productive Latin American republics. Again, he asked why did the Spanish "implant single-crop export economies activated by low-salaried labour establishing thus a mode of production and a colonial relation of interchange, not unlike the Mexican and Peruvian, that generated the development of underdevelopment in Brazil, the Caribbean and the South but not the North of the US? Because these regions offered the potential for this sort of exploitation of labour and capital accumulation although only with an initial outlay of capital and the importation of manpower that could not be justified and would not have been without the resulting benefits and the necessary degree and kind of exploitation". If we exclude the transient character of the underdevelopment of the southern seaboard English colonies, the

blanket results were, "for the English and the Spanish colonies, critical and in the (comparative) levels of wages", all in favour of the economic development of the former. His theory, therefore, combined the natural and social determination of externally imposed underdeveloping "modes of production" which apparently carried in them the seeds of irresistible historical perpetuation through changing historico-political situations and circumstances. Political independence did not change the basic underlying economic structure and the continuation of the external linkages had only served to reinforce it. Whatever changes occurred in the "superstructure" had little effect on the "base" and on the nature of the imperialist connection, and none on the foredoomed nature of Latin American underdevelopment.¹⁵⁹ Even if we obviate the rather imprecise utilization of the concept of "mode of production", all of this still left standing the quintessential Marxist category of Latin American feudalism.

Every time that Frank employed the phrase "mode of production" in the Latin American colonial context, the temptation was there to read "feudalism" into it, at least from an "orthodox" Marxist point of view. In opposing this, Frank raised the primary set of chains that fettered Latin America. Disregarding the vexed issue of what exactly is capitalism and when it came into being (which Baran had also done), he claimed that it was "capitalism" that had discovered and colonized America. It was also capitalism therefore that had created the plantations and the mining centres everywhere, and it was capitalism in two incontestable ways: in the sense that the surplus from exploitation accrued to the home of capitalism in Europe, and in the sense that in whatever form it took, whether through wages or through enforced labour or even through slavery, exploitation was ultimately the handiwork of capitalism. After Frank, it became a commonplace in Latin American revolutionary tracts to illustrate the structure of capitalist/imperialist world domination by invoking the

calloused hands of the lowliest peasant picking the lowliest cotton-bud or coffee berry in the remotest corner of the remotest plantation in the globe, or as Bagchi ironically put it: the "Netherlands-down-to-the-Indian-village" view. Frank was slightly less hyperbolic: "Even the indigenous people of Latin America, whose supposed non-market subsistence economy is so often said to isolate them from national life, find themselves fully integrated into the same capitalist international imperialism." This was of course for the consumption of university students and derring-do ultra-leftist revolutionaries, and in later years, after the euphorias of Castro's Cuba and Allende's Chile were over, Frank found his hands full defending himself from communists who rubbished mercilessly his ultra-leftism and his political irresponsibility. What Frank was in effect proclaiming through his ostensibly academic research programme was that capitalist exploitation, having already reached out to all accessible mankind in all possible and conceivable ways of life and work, had gone the limits of its possibilities and was ripe for overthrowal. If the lowliest peasant was already "fully integrated" into the "system" and as fully subjected to exploitation as the most over-zealous Detroit card-puncher, what strength could the whole evil global machine have left in its nuts and bolts? There was really nothing remaining but to liberate them. Lenin had implied approximately the same thing, but Frank had the advantage in that his call to revolution came after 50 years during which capitalism had had more time to tighten the noose around its own neck. In all this there was even the glorious underlying historical absurdity that since, as Frank claimed, capitalism was behind the whole Spanish enterprise in America--as Baran had claimed for British India--, then it could be inferred that revolution had been advisable and theoretically possible in the 16th and in any of the subsequent centuries. But Frank was not really interested in these ideological minutiae. His exertions were "specifically directed at important problems of political analysis and policy". His criticism was

peppered with phrases like "scientifically unacceptable", "politically disastrous", and "real national liberation movements". His real target was not so much "feudalism", the communists' own bugbear, as the "national bourgeoisie" which in his view was the political lotus-flower that was paralyzing the will of the revolution.

What was this "bourgeoisie" that so exercised Marxists on so many different fronts? For Marx the bourgeoisie operated behind the scenes of power in each European country. He never explained whether the bourgeoisie was one or many, whether the bourgeoisie of all advanced capitalist countries would eventually merge or fight it out behind their respective frontiers, whether, in brief, it put profits or politics above all else. In the event, he tended not to distinguish between them, and for that he has been accused of neglecting the question of nationalism.¹⁶⁰ Bourgeoisies were self-generated through burgeoning capitalist forces and the concept of "local bourgeoisie", in the 20th century sense of "lesser" or "artificially created", would probably have been problematic for him. For Lenin, the concept presented less difficulties because he was convinced that capitalism in its imperialist stage had reached its historical pinnacle and that, whether bourgeoisies existed or not in the colonies and "semi-colonies", the centres of capitalism could mostly do with them as they wanted. They were ideologically irrelevant but not strategically so, since they could act as a bulwark against imperialism with the right sort of communist stimulation and support. Consequently, the Comintern and afterwards Stalin, who were both to a significant extent Lenin's creatures, acted in accordance and sometimes played up and sometimes played down the importance of "local bourgeoisies", which were like a flowering of mushrooms around a rotted tree trunk. By contrast, local communists on their own, though they were often obliged to accept Moscow's change of moods, normally inclined to view "local bourgeoisies" with some respect (some of the exceptions, as

in China in the 20s and in El Salvador in the 30s, paid bitterly in blood and suffering), and this was especially so after WW2 in Latin America. The fear of the bourgeoisie abated somewhat with the victory of Castro in Cuba (there was also then in circulation the Maoist dictum about "paper tigers"), but "true" Marxists, those that had read the master or knew their history, were never truly convinced that you could just snap your fingers at the bourgeoisie. Besides Latin Americans were used to hating "Yankee imperialism" and even Latin American Marxists never felt comfortable when it was suggested that their principal enemy could be at home sleeping beside them.

For a long time Moscow had obliged by blaming everything on the US, not coincidentally at the height of the Cold War. During the 60s, however, the insurrectionary strategy that the left flirted with and frequently adopted, ipso facto brought it into conflict with the bourgeoisie, and this had to be justified and understood if extremist momentum was not to be dissipated. Not all were interested in this. Cardoso and Faletto were not. But Frank's theories were expressly designed to that end. To start with they did not give up "Yankee imperialism". On the contrary: they offered a stream-lined if history-laden version of world capitalism. The latter was at the base of underdevelopment and it still was the principal brake on economic progress. Only socialism could save Latin America and Frank denied that socialism had to wait for the bourgeoisie to finish its work as the historical agent of economic progress. Capitalism had already done its best and worst, and the bourgeoisie's task was ended: "If the structure and development of the world capitalist system have long since incorporated and underdeveloped even the furthest outpost of 'traditional' society and no longer leave any room for classical national and modern state capitalist development independent of imperialism, then the contemporary structure of capitalism also does not provide for the autonomous development of a national bourgeoisie

independent enough to lead (or often to take part in) a real national liberation movement or progressive enough to destroy the capitalist structure of underdevelopment at home. If there is to be a 'bourgeois' democratic revolution and the elimination of capitalist underdevelopment, then it can no longer be the bourgeoisie in any of its guises which is capable of making this revolution. The historical mission and role of the bourgeoisie in Latin America--which was to accompany and to promote the underdevelopment of its society and of itself--is finished." This was a "logical" if far-fetched deduction from the idea that capitalist exploitation had reached the farthest recesses of the territories under its domination and was extracting as much surplus from its masses as could be expected, and the "logical" ideological riposte to this situation was to pair total exploitation with the total superfluity of the bourgeoisie, thus closing the cycle of history and the revolution. But was it true that peasants all over Latin America had reached on the average the peak of advancement that they could aspire to, which in Frank's scheme was no advancement at all but eternal miserable servitude? And had capitalism truly exhausted all possibilities of further development? Had the bourgeoisie in Latin America run out of ideas and of capital and of all other resources for industrialization and economic development? And even if all these questions were to be answered in the affirmative, did this necessarily mean that revolution was around the bend and "that the role of promoting historical progress has now fallen to the masses of the people alone" and that to play along with the bourgeoisie (the alternative inevitably having to be armed struggle) was "treacherous or treachery"?¹⁶¹ Needless to say, these statements, which were an integral part of Frank's "studies", put his writings into the correct context, which was academic and investigative only in form.¹⁶²

THE PROBLEMS OF WORLD ACCUMULATION

Frank's Latin American period ended with the overthrow of Allende, but by then he had already shifted his attention towards the mightier problems of historical capitalist accumulation and the origins of world underdevelopment. What motivated this shift? Frank wrote in the "Preface" to Capitalism and Underdevelopment in Latin America of the "need in the underdeveloped and socialist countries for the development of a theory and analysis adequate to encompass the structure and the development of the capitalist system on an integrated world scale and to explain its contradictory development which generates at once economic development and underdevelopment in international, national, local and sectorial levels". Whether this implies or not a burning concern with accumulation, the facts as he described them are that he felt at the time that placing Latin America --and specifically Chile and Brazil--in a historical context which explained underdevelopment left virtually untouched the complementary question of how the underdevelopment of Latin America and of the rest of the Third World, on the one hand, was made possible in its origins by world capitalist accumulation, and how in turn the process of underdevelopment became forcibly integrated as a necessary component in the ongoing historical process of world capitalist accumulation, in other words, that he had not made clear enough that development and underdevelopment are parts of the same process. This lack was in addition pointed out to him by S. Amin in 1969--at the time busily writing his own Accumulation on a World Scale--with his criticism that in Frank's approach to accumulation he was "failing to differentiate and analyse the main stages of capitalist development adequately". From this self-critical awareness emerged the two 1978 books that we have mentioned as being part of the second phase in Frank's intellectual evolution: Dependent Accumulation and Underdevelopment and World Accumulation, 1492-1789. In the former he explained that he was working towards "the integration of dependence and underdevelopment within the world process of accumulation", which he divided into three stages or

periods: mercantilist (1500-1770), industrial capitalist (1770-1870), and imperialist (1870-1930). The specific object he had in mind was "to proceed historically from one stage of world capitalist development to another and through the analysis of the relationship between production and exchange relations...to examine on the one hand the differential contribution of each of the major world regions to the world process of capital accumulation during each of its major stages of development, and on the other hand to analyse the underdeveloping consequences of this participation in world accumulation for each of the major regions of the now underdeveloped 'third world'". This work included three theoretical essays, each one juxtaposed and corresponding to one of the three periods mentioned, on what Frank considered to be the essential issues raised by world accumulation in those periods. They were titled respectively: "On the Roots of Development and Underdevelopment in the New World: Smith and Marx v. the Weberians"; "That the extent of the Internal Market is limited by the International Division of Labour and the Relations of Production"; and "Multilateral Merchandise Trade Imbalances and Uneven Economic Development". The other work, World Accumulation, 1492-1789, was a more profound historical exploration of the first period delimited in the other book. It was part of an exhaustive project that would have explored the process of capitalist accumulation to our days, but it was cut short by the events of 1973 in Chile. It can be considered definitive, at least for the period concerned, in a way that Dependent Accumulation and Underdevelopment is not because of the relative brevity of the latter's historical studies. However unfinished Frank may have considered his elucidations from the perspective of his original intentions, it can hardly be denied that both works contain a thorough examination of the issues that were foremost in his mind. To understand them fully, it is necessary to do a bit of backtracking.¹⁶²

Given that Marx defined capitalism as a discrete historical mode of production, that is, one among various analogous historical formations, he had to explain, and indeed partially explained, three things: 1) original accumulation, or how the capitalist mode of production came to be; 2) reproduction, or how it replicated itself in time; and 3) expanded accumulation, or how it tended to evolve historically. For her theory on imperialism, R. Luxemburg started with the second of these concepts and with the idea that in any stable Marxist reproduction model there always arose an excess of surplus value that predicated the existence of non-capitalist formations. Baran suggested that primitive accumulation already implied or involved a form of capitalist exploitative expansion from Europe to the rest of the world. In a murky and unspecified way capitalist accumulation in general, which might or might not have been the same as reproduction, perpetuated colonial, semi-colonial, and neo-colonial exploitation. Marx had defined primitive accumulation as the process whereby producers were alienated from their means of production, and even though he hinted that colonialism contributed to reproduction (or accumulation in the vague Baran sense)--allusions which Frank collected throughout the text of World Accumulation, 1492-1789--nothing in his work warrants modifying his essential definitions of primitive accumulation and of reproduction, which means that he saw the process of the birth and replication of capitalism as essentially self-sustaining and West European, and it also means that Baran's latitudinarian view of these concepts was transpositional and theoretically unfounded, even if there might have been hermeneutic precedents for his usages.¹⁶⁴ Be that as it may, these conceptual manipulations entered in a not-too-rigorous manner, as did other transpositions of Marxian ideas, into the motley realm of dependency ideology, where all that was required of ideas was that they should serve to prove, and reprove of, the polymorphous "reality" of economic imperialism. It is likely that S. Amin--on the direct or indirect prompting of Baran, for Amin was

indisputably in the large group of theorists affiliated with Monthly Review--was the first to work systematically with these conceptual transpositions, as we shall see further on, but it is also true that Frank's entry into the field of accumulation theory was spontaneous and perfectly consistent with his dependency concerns. It could even be argued that in order to defend and sustain all of his work on Latin American underdevelopment it was absolutely necessary that he explain how it was that he saw underdevelopment generally as indispensable to the functioning of the world capitalist economy from its start, and even perhaps to its very origins. Accumulation for him, therefore, was not a superfetatory area of study but an intrinsic part of his ideological system, and it was inescapable, to boot, in order to bring some coherence and logic into his reiterated if always inferential affirmation that capitalism was fully operational in the European conquest and colonization of America.

The one thing that Frank can never be faulted for is not stating problems explicitly or not making direct precise questions, and this was a practice he applied in World Accumulation, the work which, more than the others of the same phase, grapples directly and in extenso with these issues. This is not to say that his answers were equally precise. To start with, he managed in his "Conclusions" to evade the problem of the origins of capitalism, and he did it without giving in to his critics or giving up on his pretensions of fidelity to Marx. In order to do this he visited the usual places where Marx himself wiggled and fudged with nebulous references to Medieval Italian city-states or to the creation of a world market in the 16th century. But he could not really cope with the conundrum of how to square his vision of capitalist colonial plunder with the process of primitive accumulation, which Marx saw occurring principally or even solely in Europe, so he took a saving way out declaring that "The extent of the single, worldwide process of capital accumulation and of the

capitalist system it has formed over several centuries remains an important open question" or that "The question of when and how original precapitalist, primitive accumulation of capital became (the starting point of) [sic] the capitalist process of capital accumulation remains substantially open". The deliberate equivocations here left all the combatants in possession of their grounds--it was somewhat like applying the principle of *uti possidetis* in an ideological battlefield--, it disengaged accumulation per se from the convolutions of primitive accumulation, in fact it fused accumulation and reproduction, and it freed him to cut a wide swath in skirmishes in which he could put all his polemical strength into action.

There were two doubtful questions to be disposed of here. One had to do with his insistence on the essential or ultimately capitalist nature of exploitation through non-capitalist economic formations, which to any Marxist ear would have sounded heretical or even nonsensical. The other was the emphasis he placed in situations of underdevelopment on the decisive influence of external forces, which again some Marxists found one-sided and exaggerated. On the first point he had various arguments to hand, some of which plunged the depths of Marxian sophistry. For instance, he argued that depending on how it was defined "precapitalist" could signify "non-capitalist" or "part capitalist", "but in either event, non-capitalist need not be pre-capitalist, since it can also be simultaneous with capitalist accumulation or even post-capitalist", with which he apparently was adducing both evidence from historical facts and deduction from abstract logic. (If precapitalist equals non-capitalist and part capitalist, then non-capitalist did not rule out capitalist.) To make the argument stick he distinguished between "primary accumulation", to which non-capitalist production could contribute, and "precapitalist primitive accumulation and production", by which he retained the original Marxist concept without diminishing the importance of non-capitalist colonial booty to general

capitalist accumulation. "Such primary accumulation, based in part on production through non-capitalist relations of production", he concluded, "has been a frequent, if not constant, companion of the capitalist process of capital accumulation even in its developed stage of the dominance of wage labour and later of relative surplus value." What was more, even in our times non-capitalist relations of production were important for the capitalist process of accumulation (reproduction in Marx's schema) through, 1) "the sustenance and, in time of need, provision of a potential reserve army of labour and pool of labour power; 2) the contribution to the sustenance and the reproduction of wage labour power for which capital pays a less-than-subsistence wage that is too low for the wage labourer's sustenance and reproduction (as in 'non-capitalist village production' in underdeveloped countries); and 3) the use of non-capitalist 'socialist' relations of production to produce value that enters into the world capitalist process of capital accumulation". This last point had to do with the question of the extent to which the communist world participated in or contributed to the capitalist world market, which had already been raised by Amin when Frank adverted to it and was to be taken into account also by Wallerstein. The finished statement on the whole issue was summarized in this manner: "Insofar as relations of production--in relation to exchange and realization--are the significant criterion, it is the transformation of the relations of production, circulation, and realization through their incorporation into the process of capital accumulation that is, in principle, the relevant criterion of the existence of capitalism." But in the end, Frank went back to the beginning of the discussion when he reaffirmed his position in Capitalism and Underdevelopment in Latin America that, whatever the formal manifestations, the exploitation of peasants and slaves was ultimately capitalist because it "contributed to the primitive and then

the industrial accumulation of capital concentrated in particular parts of the system and times of the process".¹⁶⁵

The other large question he felt compelled to consider --the one "posed by those who argue that relations of production are 'internal' and therefore determinant"--he translated into the relative opposition between production and circulation, that is, whether internal relations of production or external relations of exchange were determinant in the development of underdevelopment (although the specific reference to the latter phenomenon was only implicit in the text). His answer was that since both modalities were part of "a single mechanism of accumulation and the development of a single world capitalist system", the question was "irrelevant", but that the thesis of the predominance of internal relations was "questionable". In fact, though, what he did was to beg the question by assuming that internal relations of production were subservient to the general process of capitalist accumulation, which in his unshakeable view was crucially dependent on imperialist exploitation. Rather than to point out the inconsistencies and the tortured logic, we feel it is more instructive to indicate that what Frank achieved was to incorporate the history or more accurately the "prehistory" of the Third World into Marx's sequential scheme of primitive accumulation and reproduction and to make it a necessary if subordinate part in the historical process of capitalism since its inception. This was somewhat analogous to what R. Luxemburg had done, except for two points, one of which made Frank's construct problematical: Luxemburg attributed the same necessity for non-capitalist socio-economic formations to the expanded reproduction of capital but she expressly limited it to the period of full development of capitalism during the 19th century, whereas Frank took it back to the start of colonialism; and while Luxemburg foresaw that the equilibrium which the non-capitalist areas permitted capitalism to maintain (in the sense of absorbing excess

surplus) would eventually be broken--when these areas in turn became capitalist, thus raising once again the problem of surplus--, Frank's system did not have an escape valve, because, since underdevelopment was fixed for eternity under capitalism, the latter could carry on indefinitely by squeezing the Third World with varying strength according to the needs of the capitalist centre, and the only conceivable way out was the only one not forthcoming despite Frank's intense gropings: the revolutionary political action of the masses. It could be said that the circumstance that made all the difference between Luxemburg and Frank was that in the years intervening between them the USSR had come into existence, and with this a most authoritative precedent on the possibility of accelerating the world revolutionary process. Finally in connection with these ideas, another flaw in Frank's scheme was that it established, as per the hypothesis on the interaction between the developed centre and the underdeveloped periphery, that the centre loosened its hold on the latter in times of recession or warfare, precisely when it would have been logical to expect the tightening of economic bondage. Without regard for consistency Frank would espouse precisely the opposite point of view in his Crisis books.¹⁶⁶

THE CRISIS OF CAPITALISM

If Frank had two unassailable attitudes towards Latin American reality, he had one single conviction concerning world capitalism in the late 70s, and that was that it was exhausted and on the brink of a historical collapse. This reflected traditional Marxist millenialism, which was something that could be read into Marx himself and which motivated much of the writing on turn-of-the-century imperialism, including Lenin's and Trotsky's ideas on permanent revolution. Millenialism was at a peak in Latin America after Castro, and Frank carried with him, if not his Latin American revolutionary illusions, his Marxist hopefulness about the final scuttling of capitalism when he climbed the heady heights of the world-system. His two

Crisis books are founded on this persuasion. Crisis in the World Economy is devoted on the whole to trends and policies in the capitalist core, although it touches on their consequences for the Third World; but it is Crisis in the Third World, a companion volume to the first, that centres on the main themes of our research, and it is the one that we shall briefly consider. The principal idea there, and one which in one way or another pervaded every Marxist work on the theory of economic imperialism since its inception, but which Frank apparently did not share at first, was that when international capitalism enters a "crisis of accumulation" it intensifies its exploitation of the labouring masses in the less developed parts of the world. According to Frank, the world crisis he had in mind had started in 1967, it had become acute in the early 70s, and it had been given a sort of coup de grace with the oil crises of 1973-74 and the late 70s. If this meant austerity and unemployment in the first world, it provoked the implantation of "new" forms of domination and exploitation in the Third World, which became a necessary prop for the survival of world capitalism. This was made possible by the further thwarting of development. Mexico, due to its nearness to the raw power of the US, had always been a storehouse of raw materials and of agricultural produce. Argentina missed the historical boat because it had favoured exports to high tariffs, which its powerless labour movement could not impose and which, by way of contrast, had been possible in Australia. Brazil had left Argentina far behind in industrialization but it had failed to expand the internal market despite over two decades of classic capitalist development policies. One significant effect of world capitalism had been the distorting influence of "agribusiness" in the Third World, which steered underdeveloped economies away from self-sufficiency and towards the export of cash-crops. To keep the system in working order, capitalism had fostered the formation of regional "subimperialist" powers such as Brazil, Israel, and Iran. Political interest stimulated development from the outside

in the Asian "gang of four". These peripheral manifestations of economic vitality were analogous in reverse to the way in which historically the core of capitalism had shifted from Northern Italy in the Late Middle Ages through Spain and Portugal in the 15th and 16th centuries to Northern Europe in the 17th and 18th centuries resulting in the "semi-peripheralization" of the previous core regions. The modern "semi-peripheries" were a working backwards of the process, as it were, but with no real development content. This was a congeries of ideas emanating from Braudel and Wallerstein. In the periphery itself, the greater the exploitation the greater the need for internal political repression and to that end peripheral states were activist and strong, although always willing to defer to the pressures of the multinationals.¹⁶⁷

History and contemporary reality were at odds with these interpretations. There was no proof that capitalism was hanging on by the skin of the Third World's teeth. The "crisis" that Frank diagnosed was a cycle trough and if profits and rates of return were down they subsequently bounced back to the heights of the late 80s. The problem of development in the Third World does not seem to be so much one of external "super-exploitation" as of a lack of efficient utilization of both natural and human resources, and at any rate, as J. Robinson, G. Kay and others have pointed out, developed capitalism is more interested in its own markets than in those of the Third World.¹⁶⁸ Capitalist ups-and-downs in the core occur without significant long-term effects in one way or another on the permanently depressed conditions in the Third World, whose industrial "mini-booms" often happen either against cycle trends in the centre (as during the depression in the 30s, whose peripheral effects Frank on the whole analyzed correctly), or as a result of anomalous market conditions (as in OPEC countries during the late 70s). If Frank's new-fangled theories on a core "dependent" on the exploitation of the Third World to overcome its crises were true, the logical

expected result, from his belief in the importance of external determination, should have been the thorough development of underdeveloped economies, or else their importance to the capitalist centre was being inflated. The idea of "peripheralization", which Frank borrowed from Wallerstein and which is a logical ideological correlative of "subimperialism", does not stand up to historical scrutiny. The process of historical peripheralization of parts of Europe did by no stretch of the imagination deter the more significant and forward process of long-term overall European economic development, and the analogous inverse process of "sub-imperialization" can hardly be read as a global accentuation of underdevelopment, even taking it on its own dubious terms. "Subimperialism" has had a short and lamentable existence. The attribution of the "subimperialist" condition to Mexico did not prevent the Sandinist victory in Nicaragua. Brazil's supposedly privileged position in the capitalist checkerboard did not preclude it from becoming the Third World's number one debtor experiencing periodic bankruptcy crises. Israel's existence is arguably the most de-stabilizing influence in the Middle East. And Iran's unforeseeable Islamic revolution (as per Frank's admission reported to the author) put an inglorious finale to its regional hegemonic role.

In reference to the "four Asian dragons", there can be no question that the seed of "doomed" Hong Kong's development was nurtured internally, and that in the cases of the other members of the group external economic support would have gone to waste without the policy choices that those countries made. No labour movement in history has ever been the motive force behind protectionism, and Australia in particular did not develop behind a specially formidable tariff wall. It is true that the technological "stinginess" of MNCs contribute significantly to Third World industrial stagnation, but it can not be said that it is its principal cause. Third World political repression is a fact of life that can not be correlated with

periods of capitalist "super-exploitation", and the notion that Third World governments habitually defer meekly to the interests of MNCs can be disproved with many examples, among which those of India and the Andean Pact, with their *codilleran* barriers to foreign capital, have front-rank value.

In fine, if A.G. Frank's intellectual evolution can legitimately be read as an attempt to interpret and apply P. Baran's outline on the origins of international economic inequality, it can only be described as very nearly a dismal failure, and was probably a throw-back, unwitting if you will, to some of the cruder levels of post-WW2 Stalinist anti-imperialist argumentation. This interpretation gains considerable force from the fact that for Frank at all stages in his intellectual evolution, the so-called socialist world and in particular the USSR have always seemed to represent a valid political and economic alternative model to capitalism both in its advanced centres and in the Third World, an attitude, perhaps derived from his years in Latin America--where indigenous Marxists have usually had no qualms about condoning Soviet totalitarianism--, which is not shared by fellow intellectuals like Amin and Wallerstein, who incline towards an idealized but hazy notion of world socialism.¹⁶⁹

THE DEFINITION OF DEPENDENCY

In our analysis of Cardoso/Faletto and of Frank we have encountered two related but significantly divergent intellectual outlooks claiming the mantle of dependency theory. Before proceeding on our survey of neo-Marxist thought on underdevelopment, it would therefore be advisable to formulate a more precise definition of the concept and the theoretical contents of dependency. During the 19th century, the condition of dependency referred to colonies of conquest, at least in British usage. In Lenin it refers indistinctly to colonies and so-called semi-colonies, including the Latin American republics, an usage which continued through Comintern congresses and on to Stalinist

dogma and propaganda. Baran, who respected the Marxist/Leninist historically restricted definition of imperialism, recurred to the idea of dependency for his long-view interpretation of the historical effects of capitalism on non-Western nations. This in effect raised dependency to the category of a theory. In the early 60s, some Latin American Marxist intellectuals were using the concept of dependency to designate the relations between American imperialism and the backward Latin American economies, which amounted to the application of Marxist socio-economics analysis and Marxist/Leninist imperialism theory to the independent history of Latin America. Somewhat loose, even fanciful, definitions of feudalism were an integral part of the model, which, however, mainly postulated the direct domination of Latin America by capitalist, principally Yankee, imperialism. Subsequently, Cardoso/Faletto took the idea of dependency and used it in a theory which attenuated the external imperialist connection and upgraded internal social processes and mechanisms in Latin America. Underdevelopment was still a function of dependency but the possibility of capitalist development, albeit beset by distortions and social inequities, was not discarded. Finally, at this point in our dissertation, Frank too appropriated the dependency predicate for a theory that, following Baran, traced the origins of underdevelopment to the early expansion of capitalism and posited that under international capitalist relations development was out of the question for the Third World. Frank accepted the idea of imperialist domination, but he rejected outright previous neo-Marxist Latin American social and historical analysis based on the operation of so-called feudal relations of production.

What in this pot-pourri "legitimately" represents dependency theory? A definition encompassing all the above criteria could be that dependency is a national condition of economic alienation engineered through diverse means by international capitalism either producing or perpetuating

underdevelopment, or at the very least, making development, even capitalist development, an uphill barely possible struggle. If one denudes dependency of its 19th century and its Marxist/Leninist colonialist and imperialist overtones, then one crucial observation springs to mind, which is that economic development of the most sophisticated kind is possible even under conditions of extreme dependence, as in the case of Canada and less markedly of Brazil. From an "external" objective point of view, this would seem to put the neo-Marxist Cardoso/Faletto definition with its emphasis on endogenous processes and structures in the limelight, reinforced by much additional research on the possibilities of dependent development. However, in dealing with dependency theory one cannot simply go by semantical criteria, that is, one cannot escape its ideological context, and therefore, one is inevitably drawn back to the fact that dependency is a traditional Marxist designation for all backward countries, a condition barely less derogatory than that of colony. In other words, regardless of the abstract connotations of dependency, which would make the term applicable to nations across the development/underdevelopment divide, dependency theory must apply to underdeveloped lands. The examples of Canada and Brazil cannot serve to determine which analytical outlook rightly embodies dependency theory. It is from within the dependency camp as a whole that some guidance must be found.

Within dependency two basic versions can be discerned: the extreme version with these features: external economic determination of internal socio-economic processes; political independence nearly meaningless; usually in our times, one general form of dependence contingent upon one basic international imperialism (rather than the "four pillars" Leninist concept implying diverse rival imperialisms); inequality imposed; in sum, no development possible under capitalism; and the moderate version in which: the local ruling classes were and are as exploitative and as dominant as is economic imperialism in the other

version; political independence creating social and political complications and ambiguities, not excluding class antagonisms and internal political maneuvering; different types of dependency; in sum, inequality built into a system of interacting national and international forces that allow some margin for capitalist economic development. (Table 5) The former version is global in scope and historically dilated; the latter is founded on the relatively limited model ideally but not necessarily embodied by some Latin American countries and their histories. If we assume the validity of the moderate version, then dependency tolerates a wide choice of ideological stances, which brings it into close proximity to "third-worldism" and could even be its most apposite expression. There are various obstacles to this assumption.

Some alleged "dependentistas", in particular, so far in our analysis, those in its radical Latin American wing, share on all points the fundamental criteria in the extreme version, albeit in a Latin American context, and they are reluctant to make a distinction between dependency and long-view economic imperialism. This has led some committed writers like P.J. O'Brien and A.G. Frank (and some detached critics like C. Abel and C. Lewis) to insist on "dependency" as a kind of Latin American school of thought on historical and contemporary capitalist imperialism or international capitalism, which for the committed are virtually indistinguishable tags. This classification has gained considerable acceptance. It is, however, subject to some important strictures. If dependency is fundamentally a theory on capitalist underdevelopment, then its specifically Latin American affiliation or origin is not really crucial to its meaning or its import, unless besides it were postulated that Latin American underdevelopment constitutes a special category of its own, and this is not something that any of the previous writers would probably dare affirm, and even if they did, we would have to go back to the fact that dependency theorists themselves, even moderates like

TABLE 6
THE EVOLUTION OF DEPENDENCY
THE CONCEPT OF DEPENDENCY

19th Century	Dependency = colonies of conquest; two outlooks on colonialism/ imperialism: positive (colonialist theorists) & negative (Hobson and the socialist press)
Lenin to Stalin (inc. Comintern)	Territories subjected to imperialist control and exploitation either as colonies or as semi-colonies (dependencies)
Latin American version (Paredes)	Sovereign countries subject to imperialist penetration

DEPENDENCY AS THEORY

THEORIES	Time & Space references	Effects of dependency	Historical agents	Politics of dependency
Baran (1959)	World; from start of capitalist expansion in the 15th century	Permanent under-development	Capitalism	Revolutionary social change
LA Theory (early 60s)	Latin America; 19th & 20th centuries	Economic and political subjection to "Yankee" imperialism	"Yankee" imperialism	Revolutionary social change
Cardoso/ Faletto (1969)	Latin America; 19th & 20th centuries	Internal socio-economic distortions but development possible	Capitalism	Political reform
Frank (1967-1979)	World; from start of capitalist expansion in 15th century	Permanent under-development	Capitalist forces and processes	Revolutionary social change
Wallerstein (1971-1989)	World; from start of capitalist world-system in 16th century	Peripheralization	Capitalist forces and processes	Vague thrust towards world socialism

Cardoso and Faletto, do not claim any special traits for Latin American underdevelopment. Finally and probably conclusively, the adoption of the dependency category as synonymous with economic imperialism in all its historical and contemporary forms far beyond Latin America's geographic and ideological bounds means that, quite aside from the term's rigorously Marxist/Leninist lineage, it refers to a world-historical condition and it expresses a global analytical approach to under-development, its origins, and its history. What this connotes is that the specifically Latin American elaboration of dependency offered by Cardoso, Faletto, Sunkel, and others, is perhaps not universally valid but applicable in different specific socio-historical circumstances observed mostly in Latin America but not necessarily definable exclusively by the condition of underdevelopment, or at any rate, that it is simply less universally applicable than the other version of dependency. In other words, the only restrictive categorization of dependency is the one to which the concept and the general theory least applies, and it could justifiably lead, from a Marxist perspective, to an intellectual impasse. Of the analytical trends we posited initially, the Baran/Frank view and the Latin American radicals all seem to have a more valid claim on the idea of dependency than the moderate Latin American version. This seems even likelier from the leftist affiliation of Cardoso and Faletto, which has made their ideas especially vulnerable to Marxist economic imperialism criticism, and from G. Palma's painstaking but probably nugatory efforts, which we shall consider later on, to rescue the dependency designation from its simplistic over-use by revolutionary radicals. In the final analysis, dependency was and remains a radical anti-capitalist concept in its rightful context of neo-Marxist thinking on international relations, and the attempts to moderate its implications have not really been widely or consistently followed. The concept carries a momentum of its own which

same category as the general long-term view of economic imperialism.

THE "PERIPHERY" CRACKS OPEN AN IDEOLOGICAL "CORE"

The perceptions and theories that both interpreted and affected the relations between, first, the West and the rest of the world's cultures and, afterwards, the relations between the advanced and the backward countries were, as we have seen, unmistakably Eurocentric in nature. This applies to pre-19th century perceptions of cultural differences, to the over-arching concept of Eurocentrism, and to the early theory of economic imperialism. The cultures and nations that orbited around the West and around the developed core of the capitalist world system willingly often meekly adopted Eurocentric attitudes and ideas. This usually involved a process of internalization of Eurocentric attitudes which in the case of Latin American intellectuals was nearly spontaneous after a centuries-long connection with Spain and the rest of Western Europe and resulted sometimes in aberrations like intra-cultural racism; and in the case of even those colonies with their own strong cultural identity, like India, led to the adoption of Western attitudes conducive to modernization, as in the early 19th century Bengali educational movement founded by R.R.M. Roy or in the critical viewpoint of a historian like Sir J. Sankar.¹⁷⁰ The Latin American historical process can be described as a perfectly natural if lagging effort to follow in the West's footsteps, although one should not exaggerate on this point as the histories of Argentina and Uruguay are proof that at times it was possible to keep almost in step. The global diffusion of Marxism after its co-option of the theory of economic imperialism and especially after the triumph of Bolshevism in Russia, resulted in the assimilation by intellectuals in the less developed nations of yet new basically Western ideas which they adopted to their own ends and needs. Here again we should not, in the case of Latin America, make too sharp a separation from the West, for after all Argentine late-19th

century socialism was begotten by European immigration, was fostered by that country's considerable economic progress, was in line with the mainstream doctrines of the Second International, and even in thinkers like J.B. Justo accepted the necessity of foreign capital for economic development. In general, however, the coming of Soviet communism fostered the acceptance of new instruments of analysis for the interpretation of social reality in the backward lands. In the larger European Asian colonies Marxism prospered through an alliance with home-bred nationalism. In the pen of a Latin American intellectual like Mariategui it became a creative tool, but, as in the case of the symbiosis communism/nationalism, Mariategui arguably did not innovate and his importance lies in his extraordinary ability to give patterned shape to a reality that others had been either ignoring or seeing in bulk, as when, for instance, the misery of the Peruvian Indians and peasants was seen to be either of their own making or an offensive manifestation of callous social injustice. All in all, the West taught other cultures and nations how to see and how to discern, and these peoples did it well but did not do it originally. There were few, if any, contributions from the periphery to the core.

This starts to change after WW2. The West itself changes. Through the pressures of decolonization and the strong global appeal of communism, aside of course from its own internal spontaneous reassessment of its world role, it steps down from its subjective Eurocentric eminence and it transforms the old category of culturally backward into the new enlightened one of economically underdeveloped with a new academic discipline to go with it. But whereas before the West monopolized the art of teaching and the contents of the textbooks, the periphery now begins to make valid contributions; it does not just assimilate, and this happens progressively in connection even with old Eurocentric concepts. Development economics, which could conceivably be interpreted as a cleaned-up, "decontroversialized" version

of Eurocentrism in the tradition of the "bland face" presented by interpreters of the development of the West such as Weber and Schumpeter, was in truth a joint intellectual venture between the developed West and some of the more advanced countries in the developing world. Latin America had in practice "pre-tested" all its developmental postulates and, in the figure of R. Prebisch, had given them authoritative sanction as well as the benefit of its experience. India too had experienced some degree of ISI and had its own brood of development economists and ideas. If ISI was a set of trial-and-error policies imposed on Latin America by the force of world events (two world wars and one depression), which was later elevated by development economics to the rank of doctrine, heavy industrialization, the "logical" move after ISI, was given its justification by Mahalanobis on the basis of "externalities" plus the example of Soviet economic planning. In Western academic circles, economists of colonial extraction were actively contributing to development studies, as was the case of the Nobel-laureate West Caribbean-born Sir W.A. Lewis, one of the recognised pioneers of development economics, and of the more economically orthodox Burmese economist H. Myint.

The entrance of the Third World into the intellectual inner sanctum of Marxism was mostly barred when development economics was in its prime, in part at least because from being a sophisticated Western ideology it had been transformed into a Stalinist dogmatic fief where deviation or innovation was literally a crime. Outside of the USSR, there was a great deal of Marxist theorization and debate that was pertinent in one way or another to the Third World, but only in a distinctly Eurocentric, indirect fashion: it contained "implicit" applications, it "suggested" or "insinuated" approaches and angles of vision, the more apposite proposing an "unorthodox" and "formalistic" version of Marxism, which was ideally manifested in the Marxist conceptual transpositions in Baran, Frank and others. However, even the influential Baran model of underdeveloping

world capitalism was ensconced amidst his elucubrations on the structure and the mechanics of advanced capitalism and his criticism of Soviet practices. The Third World finally managed to enter the field of Marxist theory through two crevices: the rise of third-worldism itself, in the flesh in Bandung and Belgrade, in theory in the works of such representative spokesmen as Nehru and Krumah, whose ideological "amorphousness" propitiated a rapprochement with Marxism; and the gradual and not always complete emergence of Latin American radical thinking from its Stalinist fealty.¹⁷¹ The breakthrough en masse came in the late 60s --the list of names and works can be drawn up from the pages of this dissertation--, and from then on Third World Marxism has flourished unabated even if, as we shall see, some of the more relevant Marxist work on underdevelopment is still being done, inevitably perhaps, in academic institutions in the capitalist centre. The point is that a core, as has happened before in history, was cracked open and a tendency of thought was widened or modified. Global economic integration, the "one world" that both imperialism and anti-imperialism envisioned from different optics during the 19th century, finally corroded the ligaments of ideological "monopolies" and "cartels".

The reasons for the passionate almost violent assumption by the Third World of Marxist ideology and Marxist instrumentalities are easy to identify: its own material and intellectual progress even under colonialism had prepared it to theorize about itself with a certain margin of freedom from strictly Western moulds; historical Western models about the Third World, such as economic imperialism, had been as much or more about the West than about the Third World and were in need of renovation; and the spread of political independence and the development of political forces in the Third World had readied the terrain for the transplantation and the flourishing of ideologies. These reasons, be it said en passant, were as valid for developmentalism as for Marxist theory. In the case of

Latin America, that singular heteroclite world, the question should perhaps be why it had not pursued with more vigour its own individuation, or why it had taken it so long to come to its own summations, why, for instance, it had not seen fit, in inventing development-alism *avant la lettre* to package it for the world at large. Perhaps again it was the pride and the leaden hand of internalized Eurocentrism. When all is taken into account, these theories grew rank in the Third World not so much because they concerned the Third World, which they in fact most directly did, but because whether on the right or on the left they were basically political, and since the world had evolved into two battling ideological camps, there were interests and tendencies in the Third World ready to adopt them and work on them and with them enthusiastically. It remains to be seen how far Third World theorization really strayed from its Western models and the other ideological constraints from which it was trying to escape.

S. AMIN'S "TELESCOPE" AND A. EMMANUEL'S "MICROSCOPE"

Even as we take leave of Latin America, it will only seem like a fictive parting because by the start of the 70s world Marxism theorization, again leaving the USSR to one side, was virtually if far from homogenously interlinked through a thick bundle of conceptual capillaries not unlike the cabling in a telephone exchange. The not negligible difficulties here are, as any linesman will explain, finding which wire goes into which socket. The groupings we are going to arrange will be based on the recurrence and affinities of basic ideas and arguments, on geographical location (confessedly today the flimsiest of criteria), and even on names and titles in bibliographies. These criteria, however, are not self-contained and it will be necessary from the start to do some hopping about between and amongst them.

There is perhaps no better illustration of the interconnectedness of Marxist currents than the ideological and analytical links between Frank, S. Amin, and the Tunisian

economist A. Emmanuel (the last two writing in French), through the mediation of a broad idea of dependency and a shared foundation of Marxist/Leninist convictions. Frank's shift from emphasizing dependency to concentrating on world accumulation, which signified transcending Latin America in order to gauge the advantages that the centres of capitalism derived from dependent economies--theoretically then a reorientation of research within the same system--was logical and necessary. Even though Amin's studies of capitalist accumulation anteceded Frank's, and were published fully eight years before these, they seem on the whole less crucial as a continuation of the analyses in his 1955 doctoral dissertation. Amin can be considered a pioneer in the Third World invasion of Western ideological fiefdoms, but his further contributions, despite their volume and the acclaim from various Marxist quarters (including Mandel and Frank but not noticeably Wallerstein), were something of an anti-climax. They are contained in two works, both published in English by Monthly Review Press in 1973: Accumulation on a World Scale (originally in French from 1970) and Unequal Development (*ibid* 1973).

In his dissertation, Amin had explained how capitalism during the 19th and 20th centuries prevented the development of societies with "non-capitalist structures". Aside from referring to the social, economic, and psychological features of the latter, he did not explain how the original differences in development came about, and he did not in any way connect the birth and evolution of Western capitalism with the economic retardation of the rest of the world. In the first of his two subsequent works, there was little change from this fundamental historical perception, but he did shed the notion of "psychological structure"--which, in fairness, he had not unduly underscored in his dissertation --and he incorporated some new ideas into his intellectual baggage. There were also some changes of emphasis and of priorities. While before he had not perceived development economics per se--perhaps because the policies it envisioned

coincided with his own, and he repudiated the essential possibilist persuasions of developmentalism--he now recognised it and consigned it to a sub-heading of "marginalism", which was in line with his new radicalism. The latter consisted in, among other things, the importance he attributed to the transfer of surplus from the periphery to the centre of the capitalist system and in his adoption of the formula of the development of underdevelopment. But these accretions did not mean exactly the same thing as in Frank although they were part of a similar (though in Amin less boisterous) ideological and political rhetoric. The transfer of surplus was indeed related to accumulation in the centre, and it was intrinsic to the mechanics of the world capitalist system, but it did not have the cruciality and indispensability with which it had been endowed by Frank. And the development of underdevelopment referred to a process that had started with the Industrial Revolution but did not go back earlier than the 19th century. It was more accurately the obstruction of development or, as he himself wrote, the "blocking of transition" from "pre-capitalist formations"--the phrase he now used in lieu of "non-capitalist structures" or of mode of production--to "autocentric" development.

On the specific issues of accumulation--on which Frank had at least clear definitional perspectives--, he introduced some rather dubiously Marxist explanations. He identified "accumulation" with "expanded reproduction", but he described the exploitation of underdeveloped countries through surplus transfer as "primitive accumulation" in the sense of emanating from pre-capitalist formations, and this had the effect of demoting the importance of the periphery to the dynamics of the centre. (Frank also used this connotation, undoubtedly in Amin's wake, but he did not give it more than secondary value.) Even though Amin acknowledged that capitalism in our days introduced high-technology industrialization into the exporting sectors of underdeveloped economies with a view to its lower labour

costs, he put the brunt of surplus transfer on unequal exchange, but he discarded the Prebisch thesis, which he had used in the dissertation, in favour of Emmanuel's less empirical, Marxist, and class-oriented analysis. He elaborated further the sketchy outline he had suggested in his early thesis on the evolution of capitalism from a robust competitive youthful phase in which the export of goods to the periphery was the norm, to the monopolistic phase where the export of capital to stave off the tendency of the rate of profit to fall took a place of equal importance next to unequal trade in goods. Finally, in considering the "forces that adjust the periphery to the needs of accumulation in the centre", he delved deeper into the question of capitalist economic cycles, or the "conjuncture", in his own terminology, and how they affected the Third World, and once again he arrived at a conclusion that was at the furthest possible remove from Frank's original hypotheses: that it was not the depression but the prosperity phase that permitted "secondary growth" in underdeveloped economies, although in general he adhered to his fundamental and very likely thesis that since underdevelopment was not "dynamic" the cycle curve in the periphery was more attenuated than in the centre.¹⁷²

Amin had still not explained how it was that the West had forged ahead of the other cultures of the world--a problem to which Baran and Frank had responded by stipulating that spontaneous development had been stifled by world-historical capitalism--, so in Unequal Development he devised a quaint theory which described non-Western cultures as "tribute-paying formations" characterized by a concordance or compatibility between non-despotic social organizations and productive forces. In Europe, on the contrary, feudalism, despite or because of its violent history, had not achieved such harmony and thus had let loose economic forces leading to capitalism. In this work, Amin managed the astounding feat of sounding more radical than ever yet at the same time making the economic

contribution of the periphery to the centre qualitatively marginal. He reaffirmed the "autocentric" development of the West, which contradicted the long-view dependency outlook--although he did retain the term dependence to describe the post-WW2 relations between centre and periphery--, and more importantly he virtually negated that the periphery was indispensable or vital to capitalism in its evolution from competition to monopoly to its present "technological" phase. For example, he said the following of the monopoly phase of capitalism: "This model reflects the essence of the system. It leaves out of account external relations, which means not that the development of capitalism takes place in a self-contained national framework but that the essential relations of the system can be grasped without taking account of these relations. Moreover, the external relations of advanced regions, taken as a whole, with the periphery of the world system are quantitatively marginal in comparison with the flows that take place within the centre; besides, as we shall see, these relations are a matter of primitive accumulation and not of expanded reproduction." What was more, monopoly capitalism could actually mitigate "conjunctural fluctuations" and could produce "a stable state of quasi-full employment", and the role of underdeveloped countries in the scheme, in the case of the cycle, was to facilitate "the moment of recovery by providing additional outlets for the exports of the developed countries". He still clung to the idea that the periphery had been used historically by the capitalist centre for the absorption of surplus in its competitive phase and to prevent the fall of the rate of profit in its monopoly phase, yet if capitalism was "autocentric" and if it guaranteed full employment through monopolistic "planning" to which the periphery was unessential, how and why did imperialism arise? The astounding answer he gave, on the authority of Lenin, was: "The essential reason for the extension of world trade thus lies in the inherent tendency of capitalism to expand markets, and does not arise from any need for absorption of

surplus, either in the period of competition or in that of the monopolies." In other words, it appeared because Lenin said that it was natural for capitalism to create imperialism.

The final image that one derives from a study of Amin's theories is that of a system in which the periphery is of marginal importance to the centre but the centre is handicapping for the periphery, and although Amin does not explain why the centre's influence can be so negative and so overwhelming, he comes up with a class-struggle paradigm in which the bourgeoisie at the centre is exploiting the proletariat all over the world and the only valid theory is one of national liberation with a programme of economic development based on delinking from the world market, balanced growth, and planning. Ironically, therefore, his view of the operation of the world capitalist system, in the light of his attribution of a marginal role to the periphery, is unmistakably tainted with the marginalism he so profoundly despises. Unfortunately, too, Amin's generalizations about Third World societies--which are crucial at every step in his analysis, and which were encapsulated in a 1979 essay by J. Gurley enumerating its main traits as 1) agrarian capitalism, 2) merchant bourgeoisie, 3) large bureaucracies, and 4) incomplete proletarianization--were only marginally viable, and probably as distorting as Frank's Latin American point of view, which Amin had earlier criticized along with the dependency outlook he later himself adopted in form if not in substance.¹⁷³ Was Amin, when all is said and done, a dependency author? Or should he be put in a special category with Frank and Wallerstein as O'Brien suggests? He himself would probably not have turned down the dependency appellation, and he undoubtedly deserved it, because, although one basic side of the dependency equation--the cruciality of the peripheral contribution to the development of capitalism in the centre--is downgraded in his work, what remains--the obstruction of development in the Third World

and the radical political stance--sufficiently justified his immersion in the broad meanderings of the dependency flow.

If Amin had used a medium-range "telescope" on accumulation, A. Emmanuel employed a high-resolution "microscope" under which he put the microscopic slide of unequal exchange, which was originally known as the hypothesis on the uneven terms of trade between the centre and the periphery of the capitalist system. Amin had relied on the Prebisch/Singer thesis in his doctoral dissertation. He had accorded it a recognition tinged with reluctance because of its developmentalist affiliation and because of its merely empirical, as opposed to ideological, foundation. Emmanuel compensated for these shortcomings by transforming the Prebisch/Singer hypothesis into a Marxist theory on international surplus transfer and on the latter's effects on the classical or orthodox Marxist definition of the class struggle. He did not entirely forsake the empirical basis of the developmentalist thesis, but he took it as given and irrefutable--which was certainly not the case--and he made empirical debate irrelevant, at least in the Marxist camp. In other words, he was not interested, as Singer was, in proving statistically that prices of primary products tended to decline while those of manufactured goods tended to increase--and he snubbed the Prebisch/Singer effect by putting it literally "on the fringe" of his own central position--, but in creating a tool of analysis with which the Third World could argue conclusively and sub specie aeternitatis, so to speak, that "unequal exchange" between rich and poor countries was inevitable, pre-ordained by the manner in which these separate entities functioned and established their trade relations, more or less analogously to the relations between capitalists and workers.

In order to do this, he needed two hypotheses: 1) free movement of capitals, and 2) responsiveness of wages to productivity in the developed countries and their unresponsiveness in the Third World ("fixed wages" hypothesis), or as he put it: "Instead of equal wages and

unequal rates of profit, I adopted the assumption of unequal wages and of profits subject to standardization and tending to equalization." Why the latter hypothesis? Because Emmanuel needed to prove that what were being exchanged in the international market place were equal values, and for this it was necessary to show that the organic composition of capital in the Third World (mechanisation, automation, call it what you will) was on a par with that of industrialized countries at least. Besides it allowed him to put down the Prebisch thesis as dependent on "income elasticity of demand and non-uniformity of technical progress", which were unreliable contingencies from the point of view of Marxist analysis based on the "value of labour power". Having done this, the burden of Emmanuel's demonstration fell on the second assumption (fixed wages). This had to do with the better bargaining position of workers in developed economies and in effect it meant that these workers were profiting from the labour of their proletarian brothers in the Third World. As there cannot exist an absolutist Marxist doctrine which does not evoke another absolutist Marxist doctrine, C. Bettelheim took up arms for the former (and, incidentally, for the intelligence of exploiters) and wrote in rebuttal: "The capitalists, who cannot be accused of not knowing how to do their sums, are not deceived: they know that, generally speaking, it is more profitable to exploit the proletarians of the industrialized countries than their brothers in the poor countries." It was not made clear by Bettelheim, who subscribed to a straightforward view of imperialism, why, if the rate of exploitation in industrialized economies was higher than in underdeveloped ones, capitalism did not industrialize the Third World and thus try to maximise its extraction of surplus, but such logical considerations would not doubt have been out of place in what amounted to a very specialised debate circling about a core of self-contradictory Marxist semantics.¹⁷⁴

W. RODNEY AND THE THROTTLING OF AFRICAN NATIONHOOD

If the affiliation of Amin and Emmanuel to dependency theory can be considered marginal, with W. Rodney we go back to the mainstream of dependency and the roots of economic inequality. Rodney was a historian's historian. From all evidence he was a generous self-sacrificing man, a Guyanese black writer who spent much of his short life teaching in Dar-es-Salaam, in a corner of the African continent that he loved passionately, and who was killed at 38 years of age in his own country by minions of a pseudo-revolutionary regime which he opposed. He left a sadly brief but admirable oeuvre including the posthumous A History of the Guyanese Working People, 1881-1905 (1982), an international paradigm for works in that genre, faultless in research, equanimity, and style. He also tried to prove in How Europe Underdeveloped Africa (1972), one of the fundamental corollaries of the long-view economic imperialism hypothesis: that the economically backward cultures and peoples of the world could have evolved to modern nationhood by their own means without the crippling trauma of colonialism. Rodney did not, despite the title of his book, principally claim that they would all have industrialized in strict accordance with Western patterns or acquired the dimensions of European economies, although he did not rule this out either, but only that European colonialism scuttled their chances for an independent political evolution. To do this he had to demonstrate two things: that the potential for evolving was there, specifically in Africa, and how it was that Europeans went about extirpating it.

Concerning the pre-colonial ages of African history, he made the following assertion: "The assumption that will underlie this study is that most African societies before 1500 were in a transitional stage between the practice of agriculture (plus fishing and herding) in family communities and the practice of the same activities within states and societies comparable to feudalism." To prove this he described the historical features of African societies from

the "coming of iron, the rise of cereal-growing and the making of pottery" in the first centuries of our era to the production of crafted leather by the Hausa and the Mandinga, of Guinea cotton, of Katangan and Zambian copper, of Sierra Leone iron, and of many other manufactures, and from ab origine communalism to social stratification and the birth of kingdoms and royal lineages, best represented perhaps by the Tigrean and Amharic ruling class in the Ethiopian Empire but also present in the empires of Ghana and of Mali, the states of Bunyoro-Kitara in the interlacustrine zone, the culture of Zimbabwe, and other formations, not to mention Moslem Egypt and the Mahgreb. Europe's mastery of navigation and its relative economic and political advance on Africa made this self-sufficient and gold-poor continent a part of the incipient world system during the 16th century by incorporating it into a classic triangular trade pattern involving the purchase of cotton goods in India to be exchanged for African slaves who were then used in the mines of Spanish America to produce silver to finance the cycle all over again. Here Rodney adopts the summarist rhetoric of anti-imperialism to affirm that "Europe allocated to Africa the role of supplier of human captives to be used as slaves in various parts of the world". However, he was obviously not unaware that Africans themselves were the actual purveyors of slaves to European traffickers, and he countered by citing instances in which African states either preferred "normal" commercial relations with Europe as in Kongo at the beginning of the 16th century or were forced into slave trafficking as in Dahomey in the 1720s. Slaves, he claimed, were often taken by war-like expanding societies who would use them as an internal labour force and eventually integrated them into themselves. These societies entered into the slave-trading circuit under the external pressures of the growing and hungry world capitalist system. The profits from the slave trade fuelled the growth of ports like Bristol, Liverpool, Nantes, Bordeaux, and Seville, which later emerged as manufacturing centres significantly influential in the advent of the Industrial Revolution.

Another claim that Rodney made was that racism was in a critical sense a "superstructural" product of the capitalist mode of production's absorption of Africa through the slave trade. But he was much too sensible to put it all down to Marxist jargon: "The simple fact is that no people can enslave another for centuries without coming out with a notion of superiority and when the colour and other physical traits of those peoples were quite different it was inevitable that the prejudices should take a racist form."¹⁷⁵

Despite the impact of capitalism and the degradation caused by the slave trade, Africa's internal evolution did not come to a stop when relations with the West started. Rodney's programme is above all a relentless refutation of the old Hegelian thesis that non-Western cultures have no history. He wrote: "The regions of Yorubaland, Dahomey, the inter-lacustrine kingdoms and Zululand...are examples of leading forces in the political development which was taking place in Africa right up to the eve of colonialism." But the undeniable trend of inter-cultural relations showed that the "slight difference (in development) when the Portuguese sailed to West Africa in 1444 was a huge gap by the time that European robber statesmen sat down in Berlin 440 years later to decide who should steal which parts of Africa. It was that gap which provided both the necessity and the opportunity for Europe to move into the imperialist epoch, and to colonise and further underdevelop Africa." In doing this Rodney threw Marxism/Leninism to the winds and espoused a thesis not unlike the Landes theory on historical imbalances, which may seem odd in such a punctilious Marxist as he was unless one understands that above all his interpretation of African history is both African and commonsensical, and this is, we think, what gives it a special place in the ideological congress of dependency and economic imperialism. The discordant note throughout his book is that he keeps falling back on such "reifications" as "capitalism assigned" or "imperialism decided", which brings

to mind the Cardoso/Faletto description of external forces and constraints as a "metaphysical" relation, although it could be argued that in the case of Africa the margin for external decision-making was much greater than in the case of Latin America and in that sense at least some of Rodney's metaphors are not entirely inaccurate.

For the imperialist phase of African history, Rodney elaborated a ledger with an entry for "Africa's contribution to the capitalist development of Europe" and another for "Colonialism as a System of Underdeveloping Africa". The first entry is a "standard" catalogue, in the Galeano/Jalee/Nkrumah sense, of economic penetration, expropriation and exploitation of African economies by Western capitalism under the aegis of colonial rule. It proves, if proof were needed, that colonialism was profitable and in many more ways than macro-statistics about investment and trade can show, because the fact of the matter was, and Dr Rodney made it perfectly clear, that colonialism was not just a matter of having and administering colonies but a two-way system with consequences for the colonialized (mostly bad) and for the metropoles in themselves and as present in Africa (mostly "good"), and Rodney made no bones about the fact that, yes, definitely, European workers and European middle-classes benefited, and benefited royally as groups, wittingly or unwittingly, from the sweat and the suffering of the African people. The second entry pretends that, on top of economic exploitation, which was at the base of everything else, colonialism did almost nothing to attend to Africa's socio-economic and educational needs, and that it did nothing constructive towards the creation of independent states but, on the contrary, drew arbitrary boundaries, divided to rule within them, and exacerbated the ethnic rivalries which would have been subsumed under an internal process of autogenetic integration, the same rivalries which are now used as examples of Africa's lingering backwardness. "So long as there is political power", he cried, "so long as a

people can be mobilized to use weapons, and so long as a society has the opportunity to define its own ideology, culture, etc., then the people of that society have some control over their own destinies, in spite of constraints such as those imposed as the African continent slipped into orbit as a satellite of capitalist Europe."¹⁷⁶ Rodney's catalogue of grievances is a *summa contra gentiles* that far transcends the works of Fanon, Cabral, and Memmi, to whom he of course gave all due credit, as he also did to European Africanists such as B. Davidson, H. Labourit, and B.M. Fagan. Rodney's overview loads the dice, for after all it was a loving work of redress, and much of his reasoning is *contrafactual*, but the case he made deserves more recognition than a mere benefit of the doubt.

A.K. BAGCHI AND THE DENIAL OF PERIPHERY FROM A HISTORICAL DEPENDENCY PERSPECTIVE

One theorist who belonged broadly in the Marxist economic-imperialism tradition, but who, unlike Amin, roundly rejected the dependency tag, was the Bengali A.K. Bagchi. No Indian could ever think of his country despite its long colonial experience as a puppet or a sham. India is too big, too varied, and too complex for that. It is also miserably poor even in its giant capitalist Bombay heart, not to mention Calcutta, where A.K. Bagchi lives and works. Bagchi however is too shrewd, like his Moslem compatriot I. Habib, to believe that on its own India would have grown to rival Great Britain. "For understanding the development of Third World countries", he wrote in The Political Economy of Underdevelopment (1982)--a title which seems to echo Baran's main work on capitalism--, "the delineation of non-capitalist modes of production and social formations is essential. For, at the time European merchant adventurers 'discovered' the Third World countries, the latter generally had not become capitalist and were not on the path of transition to capitalism". Even if they had been, however, once capitalism had come into contact with "lagging societies", these could no longer have been able to

follow their own autonomous paths because relations were created that favoured mercantile capitalism, promoted international exploitation, and begat "modes of extraction" of surplus from peasants and artisans that survived beyond the maturity of industrial capitalism in the West: "Even when native capitalists succeeded Europeans in Third World countries, many of these methods of extraction of surplus from peasantry and semi-free labour were kept alive, at the same time as capacity was being built up in modern mechanised industries. Thus there is no neat succession of stages of mercantile and industrial capitalism in Third World countries." In the colonies these imbalances and distortions were part of imposed methods of external oppression, and in countries like those of Latin America, they were the outcome of enforced free trade policies. In both groups, "much of the investible surplus was transferred overseas, so there was a shortage of funds available to entrepreneurs who might venture into the field of manufacturing catering to the home market." Bagchi subscribes fully to the thesis of the deindustrialization of the Third World in the sense both of the destruction of handicrafts and of the prevention of industrialization through, among other means, the creation of railway-and-port enclaves which propitiated onerous competition from external capitalism. Industrial capitalism "is not a system that can be simply diffused through countries like, say, literacy", and capitalism in general is "a deeply unequal system of domination of one class by another, of one nation by the ruling class of another". Historical underdevelopment is the result of the unfair advantage that capitalism, which emerged decisively in Europe from the entrails of feudalism, took of less advanced cultures and economic formations and of some of the implants that it carried to foreign soils. Once the system was in place, the Industrial Revolution and the blockage of development beyond its strictly Western confines through continued exploitation and the perpetuation of non-capitalist modes of production, were its logical complementary offshoots. So far this sounds like the usual

dependency fare, but the give-away to Bagchi's difference is the significant fact that he never once uses the bipolarity core/periphery in his analysis. He skirts this possibility in his summary presentation of the failure of ISI in Latin America, but even here he insists on relying on the more comprehensive notion of capitalist forces at work both nationally and internationally.¹⁷⁷

Bagchi's text continually does a tight-rope act between the pull of economic imperialism and the tug of internal social contradictions. It finally lands squarely in the national arena of competing forces for and against development when he shifts his attention to rural and urban class analysis, and it is here that one realises that, after all is said and done, when the colonial night eventually receded, what was left operating was not so much neo-colonialism or neo-Marxist/Leninist imperialism as a reality corresponding to pure undiluted social Marxism and its updatings on class analysis by Lenin and by Mao Tse-tung. "At the top of the capitalist pyramid in trade, industry and finance is native big bourgeoisie", Bagchi said but without putting all his eggs in one basket, because "in many fields foreign capital still rules the roost". The experience of India, where effective economic decolonization started during the inter-war years as shown by native efforts at ISI as a result of Britain's declining economic strength, seemed to underlie this perception. Bagchi did not at any time abandon the idea of economic imperialism (an expression he himself never used for he is a tried-and-true neo-Leninist), but the unmistakable change of emphasis is there nonetheless: local bourgeoisies fight to drive out foreign capital, even to monopolise production; transnationals encroach and manoeuvre but they do not succeed automatically as they do in most dependency texts. Bagchi admitted readily that after independence India effectively if incompetently in a succession of five-year plans took over the running of its economy, not to be sure for the benefit of its people but of the capitalist system, for, as in Pakistan Mahbub ul Haq

told President Ayub Khan, planning is not for reducing inequality but for maximizing the surplus and the rate of growth. For Bagchi, capitalist development, even with the iron fist of the state behind it, is a vain hope, for even in its realization it will only mean more inequality and more injustice. In the Third World, as anywhere under capitalism, what counts is how society is structured and how social struggles eventually decide the route that economic development will take. For him the development dilemma of most Marxist dependency authors does not exist. A.K. Bagchi, from a "periphery" that is a virtual denial of the idea of periphery, proclaims that the world process of capitalism is a constant reproduction of itself until it becomes in effect one system with artificial frontiers. The entire underdeveloped capitalist world today is moving, though not smoothly to be sure, towards the pristine Marxist model after having purged itself, as India did, of the relatively short-lived colonialist interlude. Other Indian Marxists, such as K. Ray, the editor of the Bombay-based Political and Economic Review, would probably nod knowingly and patiently.¹⁷⁸

WESTERN SYNTHESES ON ECONOMIC-IMPERIALISM THEORIES

One of the West's main contributions in the field of economic-imperialism studies during the late 70s and early 80s lay in summarizing, inter-relating, and criticizing what had been achieved historically until then in the realm of theory. G. Kitching (1982) and P.W. Preston (1982) essayed from different perspectives to find common grounds for discussing the relative positions of developmentalism and Marxism on Third World structures and processes. Preston opted for a hotch-potch "theories of development" approach yielding some rather contestable Procrustean classifications. Kitching contributed to the "dependency debate" by positing links between development theory and dependency, but he is principally interesting for a curious if uncertain light he threw on a rapprochement between Russian populism (narodnism), economic development, and

dependency. The common denominator here seemed to be the Russians' dread of losing their national soul through cultural dependence and the modern dependentistas quasi-mystic abhorrence of economic dependence. Russian populists were driven to oppose industrialization preferring instead "a society and economy in which small-scale agricultural producers (peasants) and non-agricultural producers (artisans) remain in a large majority". The neo-populist Chayanov had some influence in Soviet Russia, thanks to Bukharin's eminent standing in the 20s, but Stalin put paid to all agrarian pipedreams through forced collectivization. Kitching perceived in our times sparks of populism in Latin America and in Nyerere's Ujamaa, a kind of Tanzanian rural "extended family" socialism, but especially in the "small is beautiful" philosophy of E.F. Schumacher and M. Lipton. That Latin Americans would make mincemeat out of this was understandable to Kitching for whereas Russian populists in their time had something to fall back on within their own culture, Latin Americans had nothing to look for outside of industrialization.¹⁷⁹

More ambitious efforts to categorize the teeming branches of economic imperialism theory were embarked on by R. Owens and B. Sutcliffe in tandem editorship (1972), M.B. Brown (1974), and A. Brewer (1980). Owens and Sutcliffe put together a wide-net anthology of analyses, to which T. Kemp (himself author of the 1967 neo-Leninist book Theories of Imperialism), Brown, H.-U. Wehler (the recognized expert on German social imperialism), R. Robinson, Magdoff, P. Patnaik, A.S. Kanya-Foster, T. Hodgkins, R.W. Johnson, J. Stengers, and D.C.M. Platt contributed in a not unfair balancing act, and they appended an exhaustive (for the period) commentated bibliography on theories of imperialism divided into these categories: Marxist (in turn subdivided into three time sequences: up to 1914, 1914-1945, after 1945), non-Marxist economic theories, and non-Marxist political theories. Pertinent to our own survey, the only dependentista they mentioned in the bibliography was R.M.

Marini. M.B. Brown started his deep commitment in the field with a work from 1963 in which he defended a historical continuity between the British Empire and the Commonwealth of Nations as an informal structure conducive to international equality within the wider context of the world capitalist system, but by 1974 his interest had centred on Third World policy statements and on an analytical non-Marxist approach to the concept of imperialism, which he used in the wide sense which we attribute to long-view economic imperialism or dependency: "The concept has thus been associated with an unequal economic relationship between states, not simply the inequality between large and small, rich and poor trading partners, but the inequality of political and economic dependence of the latter upon the former." Brown's system of categories relied on three heterogenous paradigms: Marxism, Schumpeterean liberalism, and what he described as neo-mercantilist Keynesianism, which roughly corresponded, the first two, to "disharmonic" and "harmonic" perceptions of capitalist development, and the third, to an eclecticism rejecting "both the inevitable conflicts of the Marxists' capitalism and the harmony of the unregulated classical liberal capitalism".¹⁸⁰

From a highly critical stance, Brewer too did a creditable review of economic imperialism theory reposing on the original Marxist concepts which had served as the ossature of all later constructs: capitalist mode of production, primitive accumulation, world market, and anti-colonialism. But Brewer knew that Marx had not formulated strictu sensu a theory of economic imperialism of his own (such as the Marxist-derived theories of Luxemburg, Hilferding, Bukharin, and Lenin, all of which Brewer analyzed), and he made clear the transpositional use that Baran and Frank made of the idea of "primitive accumulation". It could be valid, he said, but it is not in Marx. Brewer made a pellucid, no-nonsense division in Marxism: "Marxist theories of the development of capitalism on a world scale tend to fall into two groups. There are

those that concentrate on the progressive role of capitalism in developing the forces of production, and conversely those that present capitalism as a system of exploitation of one area by another, so that development in a few places is at the expense of the 'development of underdevelopment' in most of the world". The former view was that held by "classical Marxists", "from Marx himself to Lenin and his contemporaries"; the latter was the Frank/Wallerstein "response to the failure of capitalist development in many parts of the world."¹⁸¹ In proposing this stark distinction Brewer pointed out the "progress dilemma" which besets much Marxist thinking on issues of economic backwardness. What was "progress" for Marx? Certainly not the "progress" of development studies, so that when Marxists denounce capitalism for denying the Third World its right to "economic progress" they are in a sense admitting what Marx himself would not have stomached in his time: that capitalism could actually create welfare and promote social justice. Lenin went even further in his rejection because he was not even amongst those who considered capitalism "progressive", "progress" and "progressive" being of course different ideas since the latter term could signify, as it did in Marx, a step forward or the promotion of a step forward though not necessarily a satisfactory step in itself.

In a merciless but blatantly unfair 1977 criticism of dependency, the American Marxist theoretician R. Brenner cornered Frank's theory into the conclusion that, in emphasizing the unjust relations of exchange between developed and underdeveloped countries, it was in the event a defence of ECLA developmentalism and of third-worldism in general. This was carrying dependency-bashing to unreasonable extremes, since Frank denied developmentalism outright and was always rigorous in advocating radical change directly from underdevelopment to socialism by way of anti-imperialism, a strategy which had impeccable Leninist credentials. "Orthodox" or, in Brewer's terms, "classical",

Marxists sidestepped this conundrum by arguing that capitalist development was inherent in the dialectics of class struggle and of socio-economic change, to which international capitalism would contribute in one way or another, but that the change did not portend a basic improvement in social conditions or in the intensity of economic exploitation. This argument, however, did not obviate the fact that contemporary capitalism cannot be compared to the monstrous system that Marx had taken apart and denounced. These Marxists were banking on the very long-run exacerbation of the world-wide incompatibility between capitalist relations and capitalist forces of production, but in the meantime they could not deny that capitalism was not exhausted, even as it tolerated the subsistence of underdevelopment, and thus they had to swallow in their MOP and class-struggle pot pourri traces and even floating chunks of dependency diatribe. The interplay of these dilemmas was of the essence in the dependency debate that, during the 70s, was going on exclusively in the Marxist camp, but before we get there we have to round out our consideration of dependency theory with perhaps its most finished manifestation in the work of I. Wallerstein, and we have to expound the contents of what, in our opinion, is the main if tardier event in the dependency debate: the confrontation between dependency and developmentalism.¹⁸²

F. BRAUDEL AND I. WALLERSTEIN: THE CONTENTIOUS TWINS

On entering the numerous productions of I. Wallerstein, two clarifications on sources and reciprocal influences are in order: in connection to A.G. Frank (and through him to dependency) and in connection to F. Braudel. Why Frank and dependency who seem quite the opposite of Wallerstein's patient piece-by-piece "deconstruction" of the economic and political historical cycles of Western Europe? Wallerstein included Frank in the bibliography of his fundamental 1974 The Modern World-System, and he seems to share with him the idea that, despite marginal differences in the way relations

of production were organized in the different parts of the world coming under European hegemony or control after 1450, the general picture was that of a fully functional capitalist world-economy. They also coincide, therefore, and with some precedence on Frank's side, on the use of the core/periphery archetype. However, for Latin America Wallerstein relied on Furtado and other Latin American writers more often than he did on Frank and of course core/periphery derives not from Frank, who is sparing in his use of these concepts--perhaps out of the intention to set himself deliberately apart from anything smacking of ECLA and developmentalism--, but from Prebisch. Perhaps the focal point of convergence between Wallerstein and Frank lies in the strict equivalence between the verbs "under-develop" (which is Frank's neologism) and "peripheralize" (which is Wallerstein's), but in all justice to say that Frank influenced Wallerstein significantly is like claiming that an engine can run on water. Whatever else he may not be, Wallerstein is literally a historian.

This is not so in the case of Wallerstein and Braudel, for here we actually have substantial intellectual reciprocity and meaningful formal concordances. Despite the misapprehension of some intelligent readers, like Bagchi, for example, who seem to think that it was Wallerstein who primarily influenced Braudel--perhaps from the fact that Wallerstein published his first major historical work in 1974 and Braudel the crucial last two tomes of his trilogy on capitalism in 1979--, Wallerstein is justifiably the more recognizant to the other of the two. Apart from using him as a basic source in his historical and economic analyses, Wallerstein freely admits that it was Braudel who set him on the spoor of the idea of "world-system" by impressing on him the fundamental lesson that the unit of research into economic history must be the "world economy" and not its individual parts, a lesson which, however, as we shall see, he seems to have boiled down to a synthesis that is profoundly un-Braudelian. As if to leave no doubts about

his debt to Braudel, in which he shows an admirable lack of egotatry, Wallerstein dedicated the second volume of The Modern World System (1980) to Braudel, and he named after him a centre for economic and historical studies that he heads in the State University of New York at Binghamton. On the other side of the debit ledger, Braudel no less generously recognized Wallerstein's influence on various definitely major issues. It is these which we should like to explore in some detail.¹⁸³

There is, first of all, the question of Anglo-French nomenclatural equivalences of, on one side, "world empire" and "empire-monde", and on the other, "economie-monde", "world economy", and "world-system". To these last Braudel adds, significantly at the start of a discussion of all these categories, the notion of "economie mondiale", which he defines with a quote from Simonde de Sismondi, a Swiss political economist who died in 1842: "Le genre humain ou toute cette partie du genre humain qui commerce ensemble et ne forme plus au-jourd'hui, en quelque sorte, qu'un seul marche." Was this Braudel's subtle dismissal of Wallerstein's "world-system"? Was he implying that Wallerstein was flogging a dead horse? Let us see. There are between them only minor potential disagreements on the definition of "world empire" and "empire-monde". They are different names for the old "oriental despotisms"--the Persian, the Moghul, the Chinese, et al--, whose definition was that they stuck their political tentacles on all their cities and provinces, sucked surplus unto themselves, and stifled private economic initiative and development. Neither Braudel nor Wallerstein have any doubts that therein lies one of the long-term roots of economic inequality between the West and the other major civilizations of the world. "En gros", Braudel explains, "les empire-monde, comme les appelle Wallerstein, sont sans doute des formations archaiques, des triomphes anciens de la politique sur l'economie...On pourrait dire aussi bien qu'on est alors en presence d'une command economy, pour suivre la lecon de John

Hicks, ou d'un mode de production asiatique, pour reprendre l'explication démodée de Marx." Braudel on this point appears to quibble with Wallerstein on whether pre-18th century Russia was, as the latter pretends, an "external area", that is, a "world empire" that was later forcibly integrated into the "world economy" from outside, or as Braudel would have it, a "world economy" in itself that gradually merged of its own into capitalism. This quibble, however, is turned by Braudel into a major discrepancy. He accepts volontiers the Wallerstein core/periphery schema for his own concept of "economie-monde": "Toute economie-monde est un emboitement, une juxtaposition de zones liees ensemble, mais a des niveaux differents. Sur le terrain, trois aires, trois catégories au moins, se dessinent: un centre étroit, des régions secondes assez développées, pour finir d'enormes marges extérieures. Et obligatoirement les qualités et les caractéristiques de la société, de l'économie, de la technique, de la culture, de l'ordre politique changent selon qu'on se déplace d'une zone à l'autre. Nous tenons la une explication à très large portée, celle sur laquelle Immanuel Wallerstein a construit tout son ouvrage, The Modern World-System (1974)." Now, since Wallerstein actually posits four areas--core, periphery, semi-periphery, and the external area--it follows from the above that Braudel, for one thing, does not accept either one or the other of the last two categories, and since the penultimate is the least essential of the four--the "external area" is necessary for the existence of a precise periphery, or else everything outside of the core would be either a general undifferentiated periphery or an external area--then he must be excluding the idea of semi-periphery, which nevertheless plays a highly significant role in the Wallerstein system in two ways: historically, in the building up of the core by positing the existence of what he calls a "conveyor belt of surplus", and for contemporary political analysis, in providing a functional justification of the idea of "subimperialist" states, sort of outposts of the core serving to consolidate regional

capitalist domination. In a sense, of all the Wallerstein world-system categories, the most germane to the system, the one which exhibits the greatest degree of "structurality" and purpose, and in any case, the only one exclusive to his system, is that of semi-periphery, and therefore Braudel's rejection is no mean move. But the differences go much deeper.¹⁸⁴

Braudel firmly reproaches Wallerstein the rigidity and the shortsightedness of his system: "de ne pas avoir a travers les barreaux de sa grille observe les realites autres que celles d'ordre economique"; and even more importantly, of not having for his world-system "une unite temporelle de reference". The latter is a strange reproach for a historian to address to another historian, when both tacitly deal in "temporal references", and what we think that Braudel meant was that Wallerstein's historical world-system, which does not take enough account of politics and other social forces, also came into the world fully formed, with all the formal attributes of reason and will but incorporeal and without a process of gestation, as if instead of armour-clad Athena, Zeus' brain had produced another brain. Braudel makes light of Wallerstein's rigid typologies in his discussion of large economic cycles: "Dans ces trois cas (montee, crise, descente), il nous faudrait classer et diviser selon les trois cercles de Wallerstein, ce qui nous donne deja neuf cas differents, et comme nous distinguons quatre ensembles sociaux--economie, politique, culture, hierarchie sociale--nous arrivons deja a trente-six cas. Enfin il est a prevoir qu'une typologie reguliere nous fausserait compagnie; il faudrait, si nous avions les renseignements idoines, distinguer encore selon des cas particuliers tres nombreux. Nous resterons prudemment sur les plan des generalites, discutables et fragiles qu'elles soient." Or he scrambles Wallerstein's inflexible order and instead of the core controlling the periphery he makes the tongue-in-cheek suggestion that in pre-industrial France it was a case of "L'interieur conquis par la peripherie". The

crux of the matter is that Braudel simply does not admit, despite his courteous protestations, the imposition of a grill-like division on history and on the world, nor a rigid linear evolution from one European core to one growing world-economy which eventually culminates in today's almost granite-tough world-system, as Wallerstein would have it, give or take a bump here, a bump there along the road. For Braudel, apart from the fact that history, like life, does not accept ideological constraints, the world economy, his own *economie-monde*, which is basically a large international, usually maritime, network of trade, grew from different European Medieval "world economies" not according to some internal infallible logic conduced from dispersion to aggregation, or from core to expansion, but from shifts in the position of the centre resulting from geographical conditions, the accumulation of advantages, favourable and unfavourable political circumstances--Spain, for example, had to bleed itself economically in the Low Countries during the 16th century in order to keep civil war away from its frontiers, *dixit* Braudel--, rivalries and warfare, "in brief", the myriad forms and manifestations of history from which neither caprice nor some degree of hazard were absent. Braudel would not have emphasized the latter, as in the other direction he denied that capitalism was "rational", but unlike Wallerstein's world-system his own historical approach would not have excluded them either.

The key concept in Braudel's view is not "unpredictability" but "complexity", and "complexity" is something that "world-system" tried indefatigably to reduce. Other than the process of history, which is full of hitches and contradictions, *economie-monde* has no further meaning for Braudel. Its representation at any one point in time has only a faint resemblance to the all embracing core/periphery pattern than Wallerstein etches on world economic history, which is beyond the facts of history the meaning of history itself. In this summary telling Braudel's methodology could itself seem schematic--which is

not the case, as a reading of the sources will readily reveal--, but even so it is far less constricting than Wallerstein's. In the end if Braudel and Wallerstein are at odds, it is because the latter's world-system, when all is taken into account, is basically a restrictive political tool. For Braudel, who was not inclined to play politics, *economie-monde* was just another open-ended instrument of historical analysis, and the core/ periphery binomial was a convenient if self-evident image representation of the way large economies, whether national or international, tend to organize themselves.¹⁸⁵

THE HISTORICAL STUDIES

Wallerstein's work can be separated into three main component themes: Africa, the history of the world economy, and world-system. Some believe that it also contains a political strategy which can only be described as a vague thrust towards socialism. All in all, Wallerstein's is the most thorough contemporary exploration and explanation of the origins and perpetuation of international economic inequality. We have seen, in general terms, his filiation to the ideological scheme of core/periphery dependence. However, he does not use the ideological category of dependency or economic imperialism, even if his entire approach seems to derive ultimately from a dependency view. Therefore, we shall have to make his connection to dependency as explicit as possible. Curiously enough, as an Africanist, which Wallerstein mainly was during the 60s, there is nothing in his work that even vaguely resembles dependency theory, so that after reading his world economy and world-system analyses--which is usually what most everyone does first--, the 60s Wallerstein seems almost alien to his 70s and 80s intellectual persona: the emphasis is always on internal political processes rather than on external dependence--except of the crudest colonial sort, which at any rate is subordinate to his interest in independent Africa--, and there is even the hint that he might not have agreed with Rodney's theory of imperialism as

the throttling of African potential nationhood. This changes "abruptly" with the appearance in 1974 of The Modern World-System. This is a subtle, well-argued and elegantly constructed analysis of practically all of the major issues on the emergence and almost immediate outward expansion of modern Western capitalism, on the growing importance in world capitalist rivalries of politics and the bureaucratic state (after the failure of Spain's attempt to create a world-state within the incipient but already larger world economy), and on the effects of these processes on the European "peripheries" and "semi-peripheries". The basic functional result of the expansion and influence of capitalist forces was the creation of three hierarchical areas with different socio-economic structures and markedly uneven economic and political power: the core, which in effect determined the roles of the others, characterized by wage labour and self-employment; the semi-periphery, where share-cropping predominated and which served to transfer surplus value to the core; and the periphery, in which slavery and "feudalism" were the dominant forms. Some of the issues he raised were the feudal roots of capitalism, the tight meshing of the discovery and settlement of Iberian America with the internal necessities of Western European economies, the causes of the ultimate failure of Spain, the approximate dating of the definitive launching of the world economy, and others. On most of them he superimposed his core/periphery pattern, by which means it was explained how Spain lapsed from being a core area to a semiperiphery and how Poland through a political failure of nerve was converted into a periphery functioning as granary for the core.¹⁸⁶

Six years later, although by then well immersed in what Worsley called "world-systematics", and so with a lesser impact than his previous volume, Wallerstein published the second part of The Modern World-System. The outlook was the same as before: "The argument of this work", he explained, "is that the modern world-system took the form of a

capitalist world economy that had its genesis in Europe in the 16th century and that involved the transformation of a particular redistributive or tributary mode of production, that of feudal Europe (Braudel's economic Ancien Regime), into a qualitatively different social system. Since that time, the capitalist world-economy has (a) geographically expanded to cover the entire globe; (b) manifested a cyclical pattern of expansion and contraction...and shifting geographical locations of economic roles (the rise and fall of hegemonies, the movements up and down of particular core, peripheral and semiperipheral zones); and (c) undergone a process of secular transformation, including technological advance, industrialization, proletarianization, and the emergence of structured political resistance to the system itself--a transformation that is still going on today". He had by then elaborated fully his "world-system perspective" which he said "is based on the assumption, explicitly or implicitly, that the modern world comprises a single capitalist world economy, which has emerged historically since the 16th century and which still exists today. It follows from such a premise that national states are not societies that have separate, parallel histories, but parts of a whole reflecting that whole. To the extent that stages exist, they exist for the system as a whole. To be sure, since different parts of the world play and have played differing roles in the capitalist world economy, they have dramatically different internal socio-economic profiles and hence distinctive politics. But to understand the internal class contradictions and political struggles of a particular state, we must first situate it in the world economy. We can then understand the ways in which various political and cultural thrusts may be efforts to alter or preserve a position within this world economy which is to the advantage or disadvantage of particular groups located within a particular state".¹⁸⁷

To explain the evolution of Wallerstein's analysis through an analogy with his socio-historical categories, if

his World System 1 was the "periphery" of his own ideological system, World System 2 was the "semi-periphery" in that it showed how the central West European capitalist states (the Netherlands, England, and France) warred among each other for supremacy within the world economy and at the same time incorporated into the system in subordinate stations vast areas of the planet. Some of the crucial issues here were the establishment of mercantilism in England and France as a response to Dutch commercial competition, the rise of British naval supremacy as against France's inward-looking "gigantism" (a definitely Braudelian conceit), the world-system "necessity" of "peripheralizing" India, and the painstaking contortions that were involved in trying to make Sweden, Denmark, Prussia, and Austria fit the core/periphery pattern. The most significant change from one volume to the next was that the process at the core and the process of the core's action on the periphery and the semi-periphery were given equal treatment, almost with the precision of a time-piece.

The third volume of The Modern World System (1989), which covers the period from 1730 to the 1840s, was as brilliant and as tendentious as the previous ones, and in line with our analogy, it carried the elaboration of his interpretation of modern history one step closer to its culmination, or core, which is today's capitalist world-system. Here again Wallerstein's method consisted in the application of rigid patterns and categories on the events of history with the backing of profuse scholarship and copious quotes. Since his contention has always been the decisive, determinant character of the world economy over and above the processes of individual national entities, he reasoned, one, that the Industrial Revolution was a misnomer for Britain's strategic and commercial advantage over France, its only rival for world hegemony, because there was no real, verifiable economic superiority of one over the other; two, that the advantage stemmed from sea-power and was expressed in the Treaty of Paris, which concluded the

Seven Years' War; and three, that the French Revolution was the unavailing French attempt to offset politically Britain's external advantage (although it set the pattern for all future "anti-systemic" enterprises). In line with his anticipations, he described how Russia and the Ottoman empire were peripheralized and how economic conjunctures determined the course of events in the European American empires, in particular efforts at consolidation and the independence movements.¹⁸⁸ Wallerstein's amazing erudition cannot, however, disguise the parti pris and the selectivity, which are evident from these considerations: one, all the conclusions are more or less foreordained (despite the appearance of inductive reasoning); two, all analyses follow the same interpretive pattern and fit into standardised conceptual categories; and three, specific issues are always dealt with inside wider categories and there is no evidence of original, empirical research. Throughout his historical studies, Wallerstein used broadly Marxist (in the sense of admitting the concepts of MOP and class struggle in a vague, imprecise manner), broadly economicist guidelines; in his depiction, the figures of history are indistinct passing shadows easily upstaged by political forces (strong but disincarnate motivations); and as between political and economic forces, the first have the upper hand when the second either weaken or momentarily drift, although generally they really can not be distinguished. Capitalism goes everywhere and does anything it wants to, but it must submit to the estimate of the costs of opportunity, so that in the end Wallerstein's analyses resemble nothing better than a theory of historical marginalism.¹⁸⁹

"WORLD-SYSTEMATICS"

The phase of world-systematics proper, that is, Wallerstein's use of the "world-system perspective" in a mainly contemporary frame, commenced with his editorship in 1975 of the book World Inequality, and includes The Political Economy of Contemporary Africa (joint editorship

with P.C.W. Gutkind in 1976), The Capitalist World-Economy (1979), Processes of the World-System (with T.K. Hopkins, 1980), World Systems Analysis (with Hopkins, 1982), and The Politics of the World Economy (1984). What have these works contributed to the results of the previous historical studies and how have they extended if at all the analytical range of the concept of world-system? Aside from an essay on the incorporation of Africa into the world economy, Wallerstein's main concerns appear to have been eliciting the implications of his historical researches and their application to contemporary situations. Accordingly, he has tried to hone his repertory of concepts, he has thrown bridges towards and crossed swords with other "systems" of Third World conceptualization, and he has analysed contemporary political phenomena, in which area he has even dabbled in futurology. "To peripheralize" has definitely come to mean "to underdevelop". "Peripheral" and "core-like" economic forms refer to the Marxist categories of "non-capitalist" or "pre-capitalist" modes of production, which is an ingenious way of sidestepping the brain-wracking problem of "hybrid" economic formations or of reconciling the coexistence or cohabitation in one economy of "feudalism" and capitalism. Western development studies took this in stride with the dual-economy model, but it remains a conundrum for the Marxist faithful. Without getting into a tizzy, world-systematics simply states: "Looking at the world-economy as a whole, some states are clearly 'in-between' in the core-periphery structure, in that they house within their borders (in adjacent but often unrelated sectors) both peripheral processes in relation to core states and core-like processes in relation to adjacent peripheral states." "Semi-periphery", which Wallerstein introduced to account for the parts of Europe which were "underdeveloped" historically in relation to the European core, he stretched to cover "sub-imperialism". This concept he attributed to A.D. Roberts who in a 1962 article noted that "in the establishment and extension of colonies, an imperialist power often made use of one local group [the

Baganda, in this case] to help it rule over other local peoples", but in fact it probably derives from Marini who had passed it on first to Frank. In his first confrontation with rival "systems" on "world equality" in 1975, Wallerstein lumped development studies and Marxism (mostly of the Soviet variety) into one "developmental category" which he characterized as unilineal and dogmatic in contrast to his own approach. In a later essay (1982), he modified his own dogmatism and acknowledged "world-system" debts to development economics (Prebisch and ECLA, Myrdal, and Nurkse, for unequal exchange, "the principle of circular and cumulative causation", and "vicious circle of poverty", respectively), and to Marxists like Baran, Frank, Marini, and Emmanuel. But the purpose of this exercise really was to show that they all could be subsumed under the category of world-system analysis, so it really was not a genuine attempt at a synthesis except in his own terms.

In the same article in which he made these qualified concessions, he gave what is perhaps the final definition of world-system as it enumerated exhaustively all its basic components: division of labour, which rubricated core-periphery, semi-periphery, unequal exchange, and capital accumulation; state system, including imperialism, hegemony, and the opposition bourgeoisie-proletariat; cyclical rhythms; and secular trends, such as "commodification" and mechanization. In his forays into political analysis, he has made controversial affirmations such as that the communist nations as a whole form "a collective capitalist firm" or that they are integrated as a semi-periphery into the world-system--which just might turn out to be his most brilliant coup in this area--, and that movements of national liberation tend to end up in an even lower rank in the system. For these ideas he was roundly criticized by Worsley, who objected to his integrationist core/periphery/semi-periphery model both in its application to the capitalist-communist blocks division--which Worsley accepts as valid--and in its application to the Third World, where

Worsley says it underplays the "non-capitalism dimension" and the "quite distinctive kinds of capitalism and the phases of development". Wallerstein's prognostications are of the sort: "Finally, I expect the world-economy to take a marked upturn once again the 1990s", a self-assurance hardly justified by his assertion in 1975 that "most conservatives decline to fly the banner openly but hide their conservative ideas under the mantle of liberalism or occasionally even Marxism".¹⁹⁰ The one area in which Wallerstein could have made a contribution to dependency different from those of Baran and Frank, who considered the Third World en bloc or as manifesting homogenous processual patterns, was in the specific contemporary effects of the world-system on the internal processes of individual countries in the Third World. However, he has in the main limited himself to wide historical research and to general considerations on the mechanics and the features of the world-system as a whole, although the books he has edited by himself or in collaboration do contain numerous articles which attempt to relate the particular of national or regional situations with the general of operative world-system forces and needs.

The principal motivation of this dissertation has been to elicit from different ideological systems and sources what we call theories on the origins international economic inequality as manifested principally in the per capita income differences between the developed and the underdeveloped blocs of nations. To defend these elaborations, which frequently depend on deductions and inferences, we have had to establish often complicated groupings and affinities. In criticizing the resulting formulations we have referred indistinctly to their internal inconsistencies and to historical facts, sometimes by the method of *reductio ad absurdum* (into which irony inevitably creeps). In the case of Wallerstein, we have a triple obligation: we have to prove conclusively his affiliation to the economic imperialism or dependency school, we have to place his specific outlook in a critical light, and we have

to deal with his reading of the historical facts, and in addition do all these things at the same time. The ideological criticism shall be undertaken with the proviso that it forms an advance on the special sub-section of the summatory general critique of dependency theory. In the examination of his historical interpretations, which can hardly be avoided in dealing with a fundamentally historical oeuvre (unlike that of most other dependency theorists), we can rightly feel as if we were coming up against a universe of propositions that can not be dealt with adequately for two reasons: one, the multiplicity of themes and issues involved, and two, the length of time and space it would take in an already over-extended dissertation, which is far from complete at this point. Therefore, we have to confess that the best that we can expect to achieve in this specific connection is a selective critique of some of the fundamental attitudes and assumptions in his analysis, and hope that this procedure will not seem too selective.

THE QUESTION OF INTENTIONALITY

With regards to Wallerstein's ideological collocation, there can hardly subsist any doubts about his allegiance to the transpositional or free-wheeling form of Marxism we have encountered so often before in our analyses of dependency theory. The use of terms such as "commodification" and "surplus transfer" tend clearly in that direction. Wallerstein believes that colonial exploitation contributed crucially to the accumulation of surplus needed for the economic advance of core nations. From his Europe-centred world-historical analyses, he also perceived accumulation as resulting from the wage-inflation lags periodically affecting European core economies, but this does not alter the role he attributes to colonialism in the general process capitalist accumulation. Nor has he, any more than other theorists, more than vague statistical surmises on which to base his assertions on the enforced contribution of colonies to European development. Again in the same general line, his world economy (though not Braudel's *economie-monde*) was

the result of Western economic expansion whose repercussions can be summarized under his concept of "peripheralization". In fact, it can be argued that with Wallerstein we have reached the apogee of what we call "schooling by terminology", in this case not from the outside but from the bowels themselves of dependency theory, for it is only in their respective verbalizations that it is possible to distinguish the operations of Wallerstein's world-system from those of other economic imperialism doctrines. In his own version, however, any more valid than other dependency formulations? (Table 6)

Let us take the fundamental concept of periphery. Prebisch used it in the comprehensive sense of non-industrialized economies, and dependentistas after him used it to denote the underdeveloped world. Even in these instances there were ambiguities, because Australia and New Zealand, which are not underdeveloped, hence not "periphery" in dependency usage, certainly could not be considered "core" in the Prebisch sense. Japan, who could hardly be part of the "core" after WW2, was certainly not "periphery" even then. Afterwards Japan too became "core", but "core" in which sense: in itself as a Far Eastern "core", or "core" in being part of the OECD, but not of the EEC? On the other hand, much dependency argumentation derives directly from Lenin, but "core" does away in one fell swoop with the latter's "four pillars" formula. Even granting that some of these objections can be explained away easily enough ("core" in our technological era, for instance, has no geographical limitations; not all dependency writers use the concept of "core"; and so on), the underlying ambiguity of the concept still remains, because, as we have said often before, "core/periphery" are conceptual archetypes or paradigms, like "progress", "inequality", and "dependence" itself, and they can be employed in any number of unspecific even inconsistent ways. Wallerstein did try to give them some specificity and in this sense he coined the intermediary link between core and periphery that he called

TABLE 6

SCHOOLING BY TERMINOLOGY (THE FORCES AND PROCESSES OF HISTORY ACCORDING TO FRANK AND WALLERSTEIN)

Frank	<ul style="list-style-type: none">- Capitalism as an active historical agent makes decisions in terms of economic motivations.- It imposes exploitative MOPs in Latin America.- It transfers surplus from non-Western lands to the West and it "underdevelops" the Third World.- Today it "super-exploits" the Third World and fosters "sub-imperialism".
Wallerstein	<ul style="list-style-type: none">- The "world-system" as an active historical agent, whose centres have shifted since the 15th century, creates world division of labour (core/semiperiphery/periphery).- It "peripheralizes" the "external areas".- Today it assigns roles and functions in the system and determines or influences processes within the individual units of the system.

"semiperiphery". Even so, he does not dissipate the haze that hugs these concepts as if they were a cerebral bog. "Periphery" in Prebisch connotes a "placing" or "positioning" which can be traced with a pencil on a map (though not evidently isolating it), but in Wallerstein it is essentially a condition of backwardness. The limits of his world-system (or world economy, another ambiguity he cossets copiously) are defined over the centuries by the expanding frontiers of periphery. Up to the late 19th century, there was still some room outside of that circle and he classified it as "external area", also of course economically backward, but if periphery is a condition, what distinguishes the "periphery" from the "external area"? Certainly not colonialization because then Latin America would not have been "periphery" during most of the 19th century. Trade with the core, then, on the core's terms? But Europe had been trading actively with Africa since the rounding of Mogador in the 15th century, and Wallerstein explicitly considers Africa an "external area" until the advent of late 19th century imperialism. A quantum-leap in trade perhaps? But does Wallerstein have the figures to back up this claim? He does not. What he says is that before 1750, European trade with Africa had been in luxuries and that it was only after Europe, or the world-system (another ambiguity), became interested in African cash-crops, that it gradually incorporated Africa into the core/periphery magic circle. But and but again: were slaves luxuries in the world economy? What were those "valuable" cash-crops he mentions: yams, millet, peanuts, palm-oil? We suspect that Wallerstein's construct here obeys above all the need to square Britain's opposition to the slave trade, which can not easily be explained on purely economic grounds, with his own Marxist dependency or economic-imperialism outlook. At any rate, the distinction between periphery and external area is by no means as clear as he pretends it is.¹⁹¹

Concerning the idea of "semi-periphery", which again is hard to distinguish from "periphery" itself, what purpose does it serve? Wallerstein originally "discovered" it in Spain's decline when the forces of the world economy overwhelmed its inadequately organised political structures. But why not just say that it was "peripheralized" by the core? Obviously we have here a pure case of reasoning from hindsight. Spain could not be placed on the same footing as the non-European periphery because it was never underdeveloped in the contemporary sense of the term, so its relatively backward condition had to be given another explanation. Thus was "semi-periphery" born, somewhat we would say in the way that "Fourth World" was invented by the World Bank, not however to explain a condition slightly superior to underdevelopment, as in the case of Spain, but a condition at the lowest extreme of underdevelopment. Wallerstein insisted on this concept in World System 2 where he used it to explain the historical ups and downs of Sweden, Prussia, and Austria. Yet all these nations developed and have become "core", and their "semi-peripheral status" seems to have been either ephemeral or fictitious, which raises the core question of how valid it is to generalize or conceptualize on the basis of conjunctural or transitory historical situations. Even for the origins of the structure of the world-system, the European "semi-periphery" is a contradiction in terms because it flaunts Wallerstein's own insistence on one world-system, one process of accumulation, in brief, one unit of historical analysis, to the extent that all of Western Europe, including Wallerstein's "semi-periphery", as Braudel emphatically contended, participated in the development of Western capitalism.

Wallerstein admitted in 1982 that "semi-periphery" was "a still rather debatable thesis", but, after making a stab at giving it some kind of contemporary relevance in its assimilation to "subimperialism", he ended by saying rather circularly: "The argument is that it is a necessary feature

(for both economic and political reasons) of a basically triadic world-scale division of labour among, now, core states, semi-peripheral states, and peripheral areas." But is it clear that this "triad" was also a "necessary feature" of pre-19th century European history? To close, finally, with the ultimate characterization and justification of Wallerstein's three fundamental socio-historical categories in terms of the different forms of labour exploitation within them--wage labour at the core, coerced share-cropping in the semi-periphery, slavery and serfdom in the periphery--, is this not the feature in his schematization of history that is most resistant to verification and that therefore offers the easiest avenue to refutation? On what empirical basis can he place his modern history classification of such countries as Spain and Sweden, Poland and the Ottoman Empire, or even the different parts of the Spanish-American colonial empire? Serfdom in Poland perhaps--though no more than in Russia which he introduces into the world-system as a semi-periphery--, but primarily cash-cropping in Sweden? And where in Spain's semi-peripheral condition would he place the Basque Country and Catalonia where historically small non-allodial holdings have been the norm?¹⁹²

The measure of a true economic-imperialism system of historical analysis resides in the attribution of an impersonal intentionality to the economic currents and forces that, above all other influences and circumstances, shape the inter-related history of nations, or what Marxists themselves, and Wallerstein with them, call "reification". Notwithstanding his lofty attitude of impartial scholarship, Wallerstein does precisely that to an extreme that few historians have dared, or at least, general historians of his eminence. He affirms that the settlement of Spanish America was the result of Europe's hunger for bullion. This was in taking part in the debate on whether it was gold and silver from America that promoted European inflation, or European economic growth that required bullion. Wallerstein, of course, favoured the latter thesis. Did he

do it, though, on the basis of probatory evidence, or from the necessity to systematize from the assumption of the prevalence of large purposive economic forces in the world economy over, say, the fiscal needs of the Spanish crown? His arguments at any rate consist mainly of quotes from other historians. Conversely, he claims that mercantilism acquired "force and coherence" as English (and French) nationalist policy during the economic recession in the 17th century to foil the aggressive Dutch commercial hegemony and he fails to acknowledge Braudel's insistence that mercantilism was more likely born with the modern nation-state, in other words, that it was as much a political as an economic imperative and, as such, it long antedated the mid-17th century Cromwellian navigation laws.¹⁹³ Why the discrepancy between mentor and pupil? We think that it is because the Braudel thesis overturns Wallerstein's neat schema in which contraction leads to competition which leads to mercantilism, and insinuates the possibility that a tendency to market closures from the 16th century could have actually produced contraction and competition later on. Between closure (a political act) and recession (an economic event) as causes, Wallerstein would naturally incline towards the thesis that confirms his belief in the determinative character of historically cohesive economic forces.

But where Wallerstein goes the limit in his personification of economic forces is in his treatment of the commercial relations between Europe and the rest of the world. In the specific case of India, he accepted the quasi-legendary thesis (originally enunciated by Pliny) of a millenial imbalance of trade between Europe and the East in favour of the latter that had to be compensated with a constant outflow of bullion. This situation, according to the Wallerstein scenario, obtained until well into the 18th century, and signified, in his restrictive definition of peripheralization involving incremental trade or outright colonial annexation, that India was still an external area

to the world-economy, one of whose functional norms was that bullion (the ultimate concretion of surplus) had to flow from the periphery to the core and not the other way around. Europe's rapidly advancing industrialization required an expansion of markets abroad and after 1750 it was "decided" that India "would have to be peripheralized" and it was at that time "that the British began the political conquest of India and its peripheralization". Statements like these, in which motivations and purposes are blandly bandied about when and where they are needed to fulfill a preconceived schema, present so many loopholes and dangle so many unanswered propositions that one gets the impression that, in spite of the myriad authorities he cites and in spite of the complexity of his intellectual edifices, Wallerstein came no closer than Baran did, in what seem like the remote somewhat innocent beginnings of the general economic-imperialism hypothesis, to explaining how it was that the West underdeveloped the world. The nagging question of conscious intentionality, of how world-historical economic forces could act with so much prescience and such unerring rationality, and of how the complexities and contradictions of the contemporary world-system can be explained as a result of such an apparently self-winding and smooth-running mechanism, is not really answered by Wallerstein's casual allegation that "If things are, in fact, going along the way one wishes, one does not have to intend to do things" (can one separate the rationality of such a system from intentionality?), or his distinction between "short-run and long-run intentionality", in which the former is what counts in history (was the clockwork-like world-system then the product of a long concatenation of "short-run intentionalities", as if the clock had been put together by a line of perfectly synchronized watchmakers over many generations?).¹⁹⁴ It can be said for Wallerstein that in exploring so minutely the issues in the history of world capitalism he at least defined an agenda on which researchers of his persuasion can set to work to their hearts' content, and this was like inaugurating an entirely

new era in the history of dependency theory. It may not be the final answer to the problems of economic inequality, but it certainly puts flesh on the bones of Baran's long-view outline.

CHAPTER 5

**THE OVERTHROW OF THE ORTHODOXIES AND THE PROGRESS OF THE
WEST**

By the late 60s reality was proving fractious to the implementation of Western developmental techniques and strategies in the Third World. The onset of disillusion in developmentalism can be detected in three directions: the persistence of poverty, the failure of theory to conceal the "rot", and the proposal of non-reducible practical alternatives. In 1958 the Pakistani development economist N.Islam observed that foreign investments from developed countries did not have the same results or produce the same benefits when they were made in India as when they were made in Canada. In the latter case the returns, which were marginally less good than those in India, tended to stay in the economy, but the profits from investment in India were quickly withdrawn or repatriated. There were different explanations for this. The one Islam suggested went: "It has also been seen that political association, no less than socio-cultural similarity between the debtor and the creditor countries, was an important factor in international investment." It was an under-stated, eminently objective way of saying that "blood is thicker than water", or that "Anglo-Saxons" tend to flock together; and it is probably one of the explanations for the River-Platean economic decadence after WW2, when the sources of British capital definitely dried up for Argentina and Uruguay and American capital thought it saw green pastures in the Western Pacific, not just Japan, which was a virtually obligatory investment market for political reasons, but also in the English-speaking, politically-stable ex-dominions of Australia and New Zealand. It did not matter that the River Plate region had been traditionally very profitable or that India's vast market beckoned: American and British capitals though perhaps more productive there felt more comfortable elsewhere.

Islam's observations went against the soul of homo economics, but they were fairly sound, and as development economics amassed disappointment upon disillusion, the realization that results do not always ensue upon rational

policies began to seem more and more inevitable. There was the Bauer riposte that homo economicus suffers lung paralysis in the presence of a bureaucrat, but in fact Islam's figures covered the period from "the turn of the present century up to the early 1940s", that is to say, when investors in India did not have to contend with independent up-starts or Soviet emulators like Mahalanobis. Equally irrational and incontrovertible were the implications of T. Caplow's question-title of 1971: "Are rich countries getting richer and poor countries getting poorer?" How could it be that after a quarter century of development policies, development was not taking strong root in the Third World, whereas it had sufficed less than a decade of the Marshall Plan to get Europe on its feet and on the road to prosperity? However dismaying this sounded, the evidence was there, and it was being assembled on the double by development economics itself. In 1969, D. Seers put in parenthesis the concept of economic development saying: "The questions to be asked about a country's development are therefore: what has been happening to poverty? What has been happening to unemployment? What has been happening to inequality? If one or two of these central problems has been growing worse, especially if all three have, it would be strange to call the result 'development' even if per capita income has doubled."¹⁹⁵

I. Adelman and C.T. Morris probably established a milestone of sorts in a 1973 monograph in which they said from square one: "Indeed it has become clear that economic growth itself not only tends to be accompanied by actual declines in political participation but is one of the prime causes of income inequality." This was a classic case of hitting two birds with one stone: the standard objectives of economic development and the hopes of modernization theory insofar as these included democratization. These authors were, however, alluding to a problem of redistribution of gains, and it could be countered that, nonetheless, growth had occurred, specifically in Brazil, on which country they

had based much of their argumentation, and that eventually redistribution would take care of itself, as had been the case of the industrialization of the West. But such was probably not to be expected. C. Elliott and F. de Morsier published in 1975 a related study of Africa, aptly titled Patterns of Poverty, in which, as far as it went, all that had transpired after independence and in consequence of development policies was the entrenchment of privilege and of poverty. The rural-urban migration had not lessened the burden of inequality in the countryside, and in the cities, the few privileged, composed of property-owners, the bureaucracy, and the full-time employed in services and manufacturing, kept the majority out of jobs rather than producing to create more work. The system, though perhaps more than usually unfair in Africa, was *grosso modo* valid for the rest of the Third World. Here then were neither growth nor prospects for social justice.¹⁹⁶

H.W. Singer's ever-verdant faith in foreign aid-- perhaps also from the fact that he singled out technology as the "core of the problem" and in one wave brushed away the bristling complexities involved--, let some hope shine through in a work he published with J.A. Ansari in 1977, Rich and Poor Countries; but M. Todaro's ambitious synthesis the same year left very little room for illusions about the achievements of development economics, and this despite an exhaustive analysis of its theories and its policies that gave it all conceivable intellectual benefits, even to disciplinary respectability in face of orthodox economics. To start with, he admitted that given certain distortions easy to maintain and prolong (artificially low agricultural prices, for instance), you could have equilibrium with mass urban unemployment. Theoretically, underdevelopment could last forever. His distinction between growth and development, with which he virtually jettisoned percentages as a measure of economic performance, meant in effect that social targets displaced industrialization as the main concern of development policy. Todaro's "retreat" in the

name of development economics led him towards two rectifications: a better balance between the rural and the urban sectors, and more emphasis on outward growth. This did not imply that he was joining the laissez faire camp, but it was nonetheless a mea culpa coming from so committed a development economist. It also gave succour to the philosophy of "basic needs" with its emphasis on social rather than strictly economic goals. By contrast with Todaro's systemic approach, other critiques went for specific targets in the mechanics of development. Aid, on which Singer banked, was dismissed by B. Sutcliffe in 1971 as the transfer of "some resources from rich countries to poor" ones and as "a very temporary process". And in 1976 Mahbub ul Haq lambasted planning for being "a numbers game", applying excessive controls, having "investment illusions", following "development fashions", remaining divided from implementations, neglecting human resources, and favouring growth without justice.¹⁹⁷ Again, this was rectification but not recantation. These critiques were not the all-out contempt of a Bauer or a Viner and they came from within development economics itself, although they were no less thorough for all that as they questioned the validity of the original "four truths" of development economics: statistics, the dual-model, industrialization, and planning.

THE MEANING AND ORIGINS OF "BASIC NEEDS"

The "rot", in the sense of "unsoundness", could not be dissimulated by some of the general and technical works that were being produced, not in themselves uninstructive or useless by any means--such as Sutcliffe's absolutely deadpan and faultless review of all that had been said and written on Industry and Development (1971), or F. Stewart's attempt to salvage the principle of labour-intensive, marginal-choice industrial development in Technology and Underdevelopment (1977)--, but which were rather nugatory in light of the pronounced limping of development economics over-all. Towards the end of the 70s, in what seemed like a desperate, flung-arms attitude, the World Bank hived off a

"Fourth World" from the bosom of the Third. The countries that by rights, or by misfortune, fell into this category were so poor that they stood beyond the pale of the usual development remedies, which by inference let these stand for the rest of the Third World. They were predominantly agricultural, very low-income countries for which new small-scale social strategies could be devised. This constituted an effort to impugn the purported unity of the Third World, although it was not totally original as it was implicit in the writings of Kuznets and others who had cautioned decades earlier against the tendency to consider the Third World as a homogeneous mass. However, the receptivity accorded the idea in the 80s, which resulted in the convocation of assemblies proclaiming that the "Fourth World is the world of human scale", had to do with the previous emergence within development studies of alternative methods and approaches to the seemingly endless misery of underdevelopment.

The humblest yet the most trumpeted of those alternatives was baptized "basic needs. Arndt traces "basic needs" to the concern of planners in the Third World, starting with India in 1962, to provide a "minimum income for the poor" by channeling a substantial part of growth to the "bottom decile of income distribution", but these provisions were really part of conventional growth strategies and policy projections. "Basic needs" as such--a phrase first used in passing by D.Seers in 1969 and M. ul Haq in 1971, according to Arndt--acquired profile in the ILO World Employment Conference in 1975, convened by initiative of L.Emerij. "'Basic needs'", wrote Arndt, "became the central theme of the conference document, published in 1976 under the title Employment Growth and Basic Needs, and in just two or three years this theme was the subject of a very large literature." In that document, "basic needs are defined as the minimum standard of living which a society should set for the poorest group of its people", and should cover "the minimum requirements of a family for personal

consumption: food, shelter, clothing", as well as "access to essential services, such as safe drinking water, sanitation, transport, health and education", and an "adequately remunerated job for everyone wishing to work".¹⁹⁸ Exactly what the originality of these objectives was, apart from the insistence on the qualifier "minimum", is not made clear by Arndt, as it presumably was not by the authors of the report. In truth, the significance of "basic needs" was not so much in what it put forward in the way of policies as in what it revealed about trends and outlooks within development studies in the 70s. We would also suggest that, without neglecting the contribution of the ILO, bearing in mind that the phrase "basic needs" had already been coined and that anyway, like "development" and "social justice", it qualifies for the category of conceptual archetype, its roots and its implications are a little more complex. Concerning its origins we should like to refer to E.F.Schumacher, to the fieldwork of K.Hart, and to the theoretical work of M.Lipton.

Schumacher, who had been immersed in development issues since the 30s and who had later been involved with I.Ilyich, one of the co-sponsors of the Fourth World assemblies of the early 80s, in 1973 wrote the book Small is Beautiful, one of the classic social texts of the decade. It reflected the "back-to-nature" philosophy that had come into vogue during the 60s, not insignificantly on the back of hippy messianism, and it expressed the increasing fear that industrial civilization was out of control polluting the environment and bringing depredation with each one of its "advances". Another important text from the same "school" was The Limits to Growth, produced by the international organization of intellectuals called the Rome Club. It was attacked by J.Symons and others for underestimating the potential for renovation of capitalism. The pushy free-enterprising 80s have shouted down much of the clamour for "smallness", but in its time it contributed to steering development studies away from its lingering tendency to

concentrate on industrialization as the one and only answer to the development needs of the Third World.

K.Hart was an anthropologist working in Ghana when he took up and illustrated the idea of "informal sector" in 1973. It applied to a type of economic activity in underdeveloped societies which thrived among the urban poor and was characterized by "ease of entry, reliance on indigenous resources, family ownership of enterprises, small-scale of operations, labour-intensive and adapted technology, skills acquired outside the formal school system, and unregulated competitive markets". Its most common manifestations in Third World cities were the street-hawkers and the corner stands. Meier gave it a rather pompous definition: "For analytical purposes, it may be most incisive to define the informal sector as simply that sector in which the returns to labour, whether or not in the form of wages, is determined by the forces of demand and supply." The idea of the informal sector was widely adopted, appearing as late as 1985 in Worsley, as a viable instrument for economic improvement among the deprived, complementary to the macro-tactics of development economics, which never seemed to trickle down enough to the masses.

Hart had deliberately restricted his field of vision to one aspect of underdevelopment, that of the make-do struggling of the urban poor. It took an academic viewpoint to raise this modest but fertile descriptive approach to the stature of a theory and methodology. This was in essence what M.Lipton did in his influential 1977 book Why Poor People Stay Poor. He did not take underdevelopment as one large problem requiring one over-all solution. He did not, for instance, take up the study of industrialization or of trade strategies, but went into underdevelopment and dismantled piece by piece and from all conceivable angles the dogma that development requires urbanization and the transformation of villages into farm factories. It was not just a question of restoring a balance between rural and urban growth, or of articulating better the two sectors, as

some revisionist literature, such as Islam's Agricultural Policy in Developing Countries (1974), advocated, but of actually taking things as they were and improving them, of respecting the predominantly rural order in most underdeveloped societies, and protecting and stabilizing it through the conservation of skills, the alleviation of fiscal impositions, the stimulation of production, and the rational adjustment of prices mainly through the market. On behalf of this position, Lipton argued that urbanization had been a fiasco, in fact, "pseudo-urbanization" because of its impermanence. Underlying the entire edifice was the myth of industrialization schemes based on "savings" from the countryside. At bottom his reasoning stemmed from the simple fact of the failure of industrialization and with it the bankruptcy of the conventional wisdom of development economics.¹⁹⁹ At different ends of the rural-urban spectrum, Hart and Lipton coincided in that "development" was not so much a question of innovating on a large scale, whether through industrialization or through the reformation of "old ways", as of working with the imperfect clay to hand and shaping humble but serviceable pottery with it. This became one of the crucial elements in "basic needs".

Streeten, a down-to-earth theoretician who had always tended to look for the booby-traps that development theory inadvertently stepped on, but who, nevertheless, as late as 1975 had been wrestling with the paradoxes of Third World industrialization, became one of the most zealous advocates of "basic needs". With N.Hicks in a 1979 paper, he presented a succinct rationalization of it: "The disappointment with GNP per head and its growth has lead to greater emphasis on employment and distribution. But it was soon seen, on the one hand, that unemployment in the sense in which the term is used in the developed countries was not the problem in the developing countries and that, on the other hand, redistribution from growth yielded only meagre results. Furthermore, it is clear that mass poverty can coexist with a high degree of equality, and reductions in

absolute poverty are consistent with increases in inequality. The concern has shifted to the eradication of absolute poverty, particularly by concentrating on basic human needs." The rest of the article was devoted to an exploration of just what were "basic needs" and how they were to be met, and to criticizing the so-called "income approach" to the alleviation of poverty. The measuring rods used were health, education, food, water supply, sanitation, and housing, whose supply or availability were largely in the domain of public services, including transfer payments and other redistributive measures. "In a sense", concluded the authors, "life expectancy is a kind of weighted 'composite' of progress in meeting physiological basic needs." As to the policy of raising income, which was tantamount to the ultimate goal of standard development strategies, they attacked it, along with such things as disease-spreading "hydroelectric dams and irrigation or drainage schemes", for either involving more social costs than benefits or for not attending to the satisfaction of real needs, such as when income increases were "spent on food of lower nutritional value than previously consumed". Did they have in mind a form of alimentary regimentation? Some "basic needs" speculation actually entertained such extreme possibilities. D.Seers, who, like Streeten, was closely associated with the World Bank, was frightened in 1972 by prospects of inequality and poverty into the 21st century and envisaged an alternative "world scenario" with "strong and more independent nations...restricting foreign political and cultural influences, and therefore limiting economic contacts". It would be a matter, as Lipton also expected, of building development on "local traditions". The sort of industries that Seers contemplated would manufacture practical inexpensive goods such as hoes and bicycles. The concept of development in all this was either infrequently employed or given a meaning alien to the daily literature of development economics. It did not have to do, for example, with trade between the industrialized and the non-industrialized nations, or even with trade exclusively

between the latter, but with self-reliance, with making do, like Hart's informal sector, with what you had. Shades of Maoist China!²⁰⁰

"Basic needs" literature grew for a while during the early 80s. R.Sandbrook in 1982 stated frankly that rescuing the poor took precedence over economic growth because it was a moral obligation. He was in favour of work-making and communal projects. In a 1984 review of two Streeten books, First Things First and Development Perspectives, Lipton sounded very optimistic about the "basic needs" approach. Did it work, he asked? "The answer depends on four main issues...First, can basic needs be measured and defined in a way that enables policies to be targeted on the needy? Second, can need be linked to economic demand? Third, can the cost of meeting need, especially the cost to the powerful, be contained? Finally, what is the relationship between meeting needs and achieving growth and development?" The answer to the first question was a definite yes. The answer to the second implied two additional questions: would greater productivity among the very poor (for that was a part of satisfying "basic needs") be met by insufficient demand, and if not, would the price of essentials rise? Not "if poor people supply and demand their own needs, in more or less self-sufficient economic units, from family farms through villages to nations". The costs of "basic needs" policies obviously had to come from cash-strapped Third World resource funds, but they were not really very high seeing as how those policies often relied on cooperation at the communal level, as in the example he gave from India: "Translated into antyodata, it has meant in India village meetings to identify the five to ten very poorest households--followed by supervised lending to help them buy and manage productive assets: a few goats, a few carpenter's tools, at most simple-fishing equipment or a cycle-rickshaw." Finally, on the question of growth: "At the level of the individuals and of nations, there is convincing evidence that better health, nutrition and education are associated

not only with greater happiness but with improved economic performance."²⁰¹ How different was this, however, from what Rosenstein-Rodan had written when he preached "social overhead" in the 40s? As we said, it really was not the contents that mattered, which after all only reflected what was going on in the Third World, but the angle of vision of development studies, which had been dramatically re-oriented as a consequence of the disillusioning 60s and 70s.

There were other alternatives in the 70s besides "basic needs" to orthodox development policies. In 1978, H. Leibenstein expounded the notion of "x-efficiency" as one of the benefits to be gained by a country that accepted the challenge of competing in the world market. The "gang of four" were doing exactly that from the fringes of far eastern Asia, but their achievements were not yet spectacular enough to overshadow the OPEC "success story". The time of export-substitution industrialization would come in the next decade. In the meantime, other trends were becoming visible in the Third World. The affluence of Third World oil-exporters was virtually financing the cause of the NIEO, even though, according to the predominant opinion in the West, the hardest struck by the successive oil crises of the 70s were the poorer of the Third World nations, which presumably implied a de facto absence of solidarity within that bloc.²⁰² Since it had first been adumbrated in the non-aligned conferences of the 60s, the NIEO had become the main theme at UNCTAD and at international gatherings such as the North-South dialogue held in Paris in 1975 (North-South being a new catchy designation for development-underdevelopment). When all the rhetoric lifts, what remains of the NIEO is the remarkably constant Third World exigence that it be offered "fair" prices for its commodities, which the first world was not about to do in the 70s when it was being squeezed without tenderness by even such loyal Third World oil producers as Iran and Saudi Arabia. In any case, the NIEO was not really an alternative to development economics, but a logical projection of state-

orchestrated development strategies on international forums. The state in the Third World, which had always been the impresario of developmentalism, was simply making its case heard by brandishing an oil shillelagh. NIEO meant something more than what the formula actually expressed. Like "informal sector" and "basic needs", which adverted to a tendency bigger than themselves, it made it very clear that the epicenter of development studies, whatever the West did or said, had passed to the countries of the Third World itself. The Third World had about all the theory it needed from the West and what it wanted now were results, concrete progress towards greater international equality. In the West itself, Singer, Hoogvelt, and many others were assiduous propagandizers of the NIEO. Finally, there had been for a long time another alternative to development economics, one which had been proposed both from the West and Third World, but it was an alternative one remove away from a complete rebuttal, and it is mainly as a critique of development economics that we meet dependency again in the context of the so-called debate that bears its name.

THE DEPENDENCY DEBATE

What exactly is the dependency debate? When did it start? Is it still going? To start with, there was not one but various dependency debates. In one sense, it was an ideological struggle against dependency theory by Marxists who decried its neglect of the concepts of MOP and of class struggle, which they tried to make central to the understanding of underdevelopment and of its origins and future evolution. In another, it was an inevitable face-off between developmentalism and dependency. The first and earlier debate, which was mostly a one-sided critique, is crucial to the course that Marxist theory has taken in the 80s, but the latter debate, though perhaps less easy to define, has a larger context, a wider audience, and probably greater over-all academic implications. Also, it represents, in the context of this dissertation, a culmination in the two parallel intellectual processes of

theorization on the issues of international economic inequality that we have been following, and as such we shall give it pride of place.

What it was not is easier to say that what it actually was. It was not an organized, on-going discussion following certain rules of procedure in certain specific venues that started on such-and-such a date. In fact, the only "places" where it appears to vaguely conform to this model is in the pages of certain books and journals--such as the Latin American Research Review, the 1984 edition of Meier's Leading Issues in Economic Development, and Abel/Lewis' Latin America: Economic Imperialism and the State--, where dependency and anti-dependency opinions are juxtaposed and discussed. In only one case that we know have the opponents actually addressed and refuted each by name on specific issues and that was in the rather acrimonious confrontation in the pages of the above mentioned journal between D.C.M. Platt and the Steins. Outside of this the debate was a matter of hither-and-yonder pronouncements, broadsides and snickers from either side. In this sense, it is still going on with much less fury than it had at its climax which was probably around the early 80s.

What in this "debate" leaves no place for ambiguities is that it was, is, and perhaps, in some way or another, will continue being, an issue-less clash between "Western" and "Marxist" opinions on how to interpret the origins of underdevelopment and ultimately on how to go about overcoming it. And what the "debate" or "debates" actually achieved was to bring together in a sporadic, touch-and-go manner the views and the positions on either side. It could also, and perhaps more accurately, be interpreted as developmentalism becoming aware of the Marxist dependency critique. The concept of dependency, which, as we have seen, has Marxist credentials going back to Lenin at least, did not figure at all in the early phases of development economics, and this is perfectly understandable since, whereas dependency was a vague archetypal designation for

the condition of the weaker nations in the capitalist world economy, development economics involved then a vigorous and promising new approach to the relations, both actual and conceptual, between the developed and the underdeveloped countries, far more interesting and original than the Stalinist nostrums of the early post-war years. The ex post attempts to make of Prebisch a proto-dependentista have always had to contend with the facts that he never was a Marxist and that he most definitely was a "Western" development economist from beginning to end. Dependency theory gradually acquired its proper contours when it began during the 60s to shed its *deja vu* air of political propaganda in a wrapping of dusty theorization, in the work of thinkers in the West and in the Third World, especially but not exclusively in Latin America.

The commonplace Western explanation of the rise of dependency theory is that it was a reaction in the late 60s of Latin American intellectuals to the failure of ISI. According to Seers, "The realization that import substitution created new, possibly more dangerous, forms of dependence converted the ECLA 'structuralists' into 'dependency' theorists." The implications is that formerly committed Latin American development economists suddenly in the 60s became ranting Marxists. It is shared in essence by O'Brien, Fieldhouse, Streeten, R.Thorp, Arndt and others. Arndt, for example, has this to say: "Dependency as the key problem of underdevelopment, at least in Latin America, was taken up and adumbrated by many others who were not Marxists or advocates of revolution. It served well to express both the frustration felt by Latin American intellectuals about the failure of capitalism in Latin America to match its achievements in Europe and North America, and the resentment of the overwhelming power and presence of the US." However, the facts of the contemporary history of dependency theory simply do not corroborate this explanation. The vast majority of dependency theorists from Baran to Frank and the Latin Americans and on to Wallerstein were Marxists critical

from the start of capitalist models of development. The Venezuelan writers from the early 60s that we alluded to before were Marxist dependency theorists in full, and they certainly entertained few hopes about capitalist development. The same thing can be said of Marini, dos Santos, Hinkelammert and other socialist critics, and of Halperin-Donghi and Galeano among historians in one way or another affiliated to dependency. None of them were "convinced" from anything else to dependency, and they did not have to be because they had a long tradition in Latin America itself from which they could take a legitimately Marxist definition of dependency.²⁰³

Frank, who was not Latin American, got his own version of dependency, as such defined by him and as such accepted by the majority of commentators, from the "Monthly Review school", which included a phalanx of adamant anti-capitalists, and Frank himself created a "dependency school" from his teaching posts in Santiago de Chile, not exactly "dependent" on ECLA. The incidence of the failure of ISI on Latin American dependency theorists cannot be denied entirely, but rather than fundamentally motivating, this experience was principally "more wood for a fire" that had been burning before, with the additional uncertainty that it is not possible to say with precision when it was exactly that ISI had failed. Some of the equivocations around the use of the term "dependence" come from the resounding "early" use of it made in works by Cardoso and Faletto and by Sunkel. But Cardoso and Faletto were at least Marxisant and to complicate matters they were not entirely disabused about the possibilities of capitalist development and therefore can hardly be described as "motivated" by the failure of ISI. On the other hand, dos Santos, who was decidedly Marxist and anti-developmental, is credited by Palma with having presented the "earliest" and the best (if somewhat circular) version dependency theory. That leaves Sunkel/Paz, and perhaps others, as the embodiment of ECLA disillusionment with ISI, as per the Western scenario, but

they certainly are not considered anywhere as typical dependency writers and their vague invocations of more economic interventionism in underdeveloped economies, like Cardoso and Faletto's carefully modulated endorsement of socially distorting capitalist growth (of the sort denounced by Adelman and Morris), could rightfully be considered an intellectual sideshow in the wider mis en scene of dependency theory.

A STANDING TARGET THAT HITS BACK

Development economics was a standing target for Marxist dependency theory. Between the two there were no "grey areas" where issues could be discussed with some hope of consensus, except on the reality of underdevelopment itself. The tries that have been made to somehow "assimilate" dependency and development studies--notably by Preston, Roxborough, Meier, Kitching, and Streeten--are not in our opinion too convincing. Preston's intricate categorizations and Streeten's "litmus-based" teams of "blues" and "reds", yield some kind of "order" in Third World theorization only if one aspect of thinkers such as Frank or Amin is taken out of its wider ideological context. To pretend that they can be lined up in the ranks of Western development research because they favour de-linking underdeveloped economies from the capitalist international economy, which is what relatively orthodox development economists such as Singer, Furtado, Sunkel, and Streeten have sometimes favoured, is to forget that Frank and Amin were always intent on a repudiation of developmentalism lock, stock and barrel. Roxborough and Kitching simply assume that dependency can be studied as theories on underdevelopment without qualifications. But Marxists, if only from the fact that they consider their work "scientific" and all the rest "ideological", do not submit to "assimilation". And besides the awareness of incompatibility is probably mutual. Development studies took tardy notice of dependency. It was only in the 1984 version of his large compilation on development issues, which first appeared in 1964 but went

through editions in 1970 and 1976, that Meier included a section on dependency. By then, in its form as the long-term general theory of economic imperialism, dependency had been around for over two decades at least, and its criticism of development studies had been eliciting ripostes for some years before from the affected, some contemptuous, some hurt, but none too gracious or willing to compromise. This immovable, long-lasting and irreconcilable antagonism between the two sides forms the basis of the debate.

One of the first reactions against dependency by a development economist was uttered by D. Lehman in the "Introduction" to a collection of essays he edited in 1970 on the crisis within development studies. He turned the tables on the critics from the left and stated flatly: "The symptoms of crisis should rather be seen in the failure of the self-styled critical, radical and alternative approaches to generate a new theoretical apparatus", and he dismissed the "thunderous language" of dependentistas by diminishing it in comparison with "Jonathan Levin's classic Export Economies, published in 1960". The truth here, however, is that the Levin book he cited is a static and circular analysis whose pretension to originality lies in the claim that "No comprehensive picture of export economies" (in itself a misnomer for raw-material exporting economies) existed in 1959. This was to ignore much of the literature of "orthodox" and "non-orthodox" development economics. On the part of Lehman it also meant either than he had not read much dependency literature or that if he had he had chosen to disregard it. The famous 1975 O'Brien essay on dependency, which was descriptive and sympathetic and gave such impetus to the general use of the term, did not, as did his 1985 "re-visit" to dependency, confront it with its critics, and in particular he took little notice of the carpings of "Western" students of development. These were becoming quite sharp by the late 70s and they did not emanate exclusively from academics in the developed countries. The Indian economist S. Lall in a 1975 paper took

the idea of dependence to mean underdevelopment, no more and no less, and from that angle went on to argue that since some highly industrialized economies, by definition non-dependent, also were dependent in crucial ways, then either they were not developed or dependence said and explained nothing about underdevelopment except "to pick off some salient features of modern capitalism as it affects some less developed countries and put them into a distinct category of dependence".²⁰⁴ In other words, like Eurocentrism's claim that the West was superior because it was, dependency theory was saying that dependence created underdevelopment because it did.

The Chilean G.Palma's participation in the debate is significant in that he made two attempts, one in 1979 and another in 1981, to define dependency as a method "to analyze peripheral societies through a 'comprehensive social science', which stresses the socio-political nature of the relations of production; in short, the approach is one of political economy, and thus an attempt to revive the nineteenth and early twentieth century tradition in this respect". His praise for "dependency" research by Laclau, Sunkel, and Singer and his criticism of Frank and dos Santos, were proof of where he stood in the debate, and it also signified that he was trying hard to make a non-Marxist approach to dependent development workable. But he was not anti-Marxist: he accepted in fact dependency's Marxist origins and he even criticized Frank, via Brenner, because of his "un-Marxist" point of view. His opposition was to Marxist dependentistas who did not grasp "the specificity of the historical process of the penetration of capitalism into the peripheral countries, and only condemn its negative aspects, complementing their analyses with a series of stagnationist theses in an attempt to build a formal theory of underdevelopment. These analyses are mistaken not only because they do not 'fit the facts', but because their mechano-formal nature renders them both static and unhistorical. Such writers have thus developed schemes that

are unable to explain the specificity of economic development and political domination in the backward countries; indeed, their models lack the sensitivity to detect the relevant social processes, and are unable to explain with precision the mechanisms of social reproduction and modes of transformation of these societies." What he was doing was criticizing the contemporary long-view of economic imperialism, as it was espoused and applied by dependency thinking in Latin America, from the point of view of Marxist sociology with its reliance on changing relations of production through class conflicts, so that his position seemed somewhat ambiguous: on the one had, he was a developmentalist with Marxist leanings; on the other hand, as Marxist in the same general situation as Cardoso and Faletto and even Sunkel, he associated himself with dependency ("In so far as we are concerned with the dependency school").²⁰⁵ Palma by rights belongs in the mode-of-production camp, and if we place him with an equivocal developmentalist stance in the dependency debate, it is because he himself chose that station by defining dependency in a manner that went against the grain of fundamental dependency thinking.

The 1981 Palma essay was part of the Seers-edited Dependency Theory: A Critical Reassessment, and this was clearly and specifically an answer to dependency criticism of development studies, as Seers' "Introduction" made explicit. In it he said that "dependency" stemmed from "structuralism"--the explanation of Latin American inflation as the result of supply inelasticities--, in the face of "widespread political pressures for development". What brought "structuralists" and "dependentistas" into one fold, or what made "dependentistas" out of "structuralists" (the two possibilities existed in Seers' rendering of the process), was that both points of view held "that the underdevelopment of Latin America was due to its reliance on exports of primary products, which were subject to terms of trade that both fluctuated in the short-term and

deteriorated in the long (the Prebisch-Singer thesis)". Seers did not endorse, or entirely deny the way Balassa and others did, that possibility. He attributed the little headway that dependency had made in Western developmentalist circles to the view of "mainstream" economists that it lacked "rigour". He himself deplored "a great deal of writing in the dependency field" for its rather "low professional quality" and for partaking of the "shocking habit of ideologically-committed social scientists of all schools, picking out whatever evidence fits one's theories and ignoring the rest". He shared M.Bienefeld's and D.Evans' contention, expressed in one of the essays in the book, that dependency "raises the right questions", but Seers put the burden of coming up with the right answers on dependency by pointing out that the example of NICs like Singapore, South Korea, and Brazil, that could not be treated "as a temporary, limited exception", flatly contradicted the basic dependency tenet about "the limits to capitalist development in the periphery". NICs was a phrase of wide acceptance designating a special slot within the concept of underdevelopment. From it would in turn be portioned off today's "gang of four" or "four Asian dragons" as the collective designation of the four Asian economies that in the general opinion of economists have definitely broken out of the underdeveloped mould. The surge of these "dragons" would become in the 80s one of the main happenings, perhaps the central one, in the field of development studies. It is certainly at the root of the resurgence of the neo-liberal, neo-classical stance that today dominates development economics--if it is still possible to speak of one such given that the now dominant trend has always in the past denied its relevance--, and Seers was certainly right in underlining the issue, although he was not the first to do so, nor the only one doing it at the time. The other argument that Seers used to put dependency on the defensive was that in order for it to be pertinent it would have to "embody empirical content". Here then was an unmistakable rejection of dependency in the

thick of the debate from the point of view of development studies, and one that seemed fairly final despite Seers use of the distinction between dependency schools, with Palma, Cardoso, and Sunkel on one side, and Baran and Frank on the other. The "de-linking", "semi-autarkic" model of the latter was definitely in question, entitled to its ideological framework but not deserving of much scientific respect; the former attitude was promising but it remained under observation.²⁰⁶

The 1985 O'Brien overview of dependency contained a review of the work that was being done in Latin American dependency studies. Most of it was either a refutation of radical dependency or a defence of the anti-imperialist "liberationist" line. Some of it was of the Marxist sociology school. O'Brien himself had a hard time trying to reconcile the latter approach and dependency, which involved a stinging critique of Cardoso and Faletto.²⁰⁷ The real dependency answer to development studies could be found in Wallerstein's world-systematics and in the "discussion papers"--sections of his resolutely anti-capitalist Crisis books with titles such as Development of Crisis and Crisis of Development (1979) and Long Live Transideological Enterprise: The Socialist Economies in the Capitalist International Division of Labour and West-East-South Political Economic Relations (1983)--that Frank was putting out from East Anglia University, perhaps in response to the output at the Institute of Development Studies at Sussex University, where Seers, Sunkel and others were based. If anything, all this made the divide more manifest and the debate even more hopeless.

A HISTORICAL DEBATE: D.C.M. PLATT v THE STEINS

In the historical field D.C.M. Platt, who had taken unto himself the role of number one dependency-basher, wrote "an historian's objection" to dependency in a 1980 issue of the Latin American Research Review. Unlike Seers who initially gave dependency the benefit of the doubt on the question of whether or not it was ideological and void of

scientific content, Platt took as definitive the definitions of dos Santos and O'Brien to the effect that dependency meant the external conditioning of Latin American economies towards underdevelopment, which is the nec plus ultra statement of its ideological stance. He further accepted Stanley and Barbara Stein's Colonial Heritage of Latin America as being the best concrete historiographical expression of that definition (which, obiter dicta, was not at all warranted as the Steins were actually stating in summary form, and in English, long-held Latin American opinions). He summarized it thus: "Latin America, colonial and national, was from the first drawn into the international economy as an exporter of foodstuffs, raw materials and precious metals, and as an importer of capital and manufactured goods." Platt's answer was to say that Latin America was of no interest and of no concern at all to the capitalist international economy and so could hardly have been forced or even prodded into a situation it considered harmful and did not want. "Spanish America", he wrote, "during the first half century of political independence, stood outside the currents of world trade and finance. Europe traded with itself, with its existing colonies, with its traditional suppliers, and with the US. European capital was fully engaged in British and continental finance, principally in railways; when it crossed the Atlantic, it found a home in the US." What then prevented Latin America from industrialising and relegated it to the lowly role of supplier of farm produce and raw materials to the powerhouses of capitalism? "The obstacles to autonomous industrial growth were formidable. Latin America lacked skilled labour...suffered from endemic shortage of industrial fuels...Domestic markets were small and scattered...Exploitable raw materials were in short supply...Capital was scarce...With handicaps such as these, domestic manufacturing was slow to develop in Latin America with or without the machinations of the metropolis." In brief, Platt contended that "Latin American economies in the 19th century were shaped by domestic circumstances" and not

by the manipulation of "planned requirements" from abroad. The origin of production for export was to be found in the "supply of the home market, and it was on this home market that the whole structure of railways, of public utilities, and of city modernization was built". The only valid use for him of the dependency cognomen was for the "banana Republics" and for such cycles as "the quinine boom in Colombia, Bolivian tin, Amazonian rubber", which hardly mattered to world trade or finance.

The Steins, who had the right of reply in the same issue of the journal, picked at Platt's figures to show that in the period 1820-50 Latin America ranked "close" to the US as importer of British goods. But it was not so much on global statistics that they based their answer to Platt as in the decisive quality of the influence of international trade in shaping the regional, outwardly-oriented vocations of Latin American economic activity. Argentina's cattle and raw wool exports were the consequence of a monopsony situation provoked by a combination of the closing of the Bolivian markets, which led to the relocation of ranching in the Buenos Aires region, and of endemic political unrest in the interior. The British were in a position to be the sole buyers of local production and they made sure that the patterns of production and trade did not change. In the case of Mexico, the Steins showed that the pattern of exports, mainly silver, varied as little, from the colonial situation to independence, as the pattern of imports from Britain, mainly yard goods, which were "the major factor in the containment of the Mexican artisan and fledgling industrial cotton manufacture". This line of argumentation constituted a remarkable illustration of how consistent over nearly a century were the insights and positions of economic-imperialism theory since Hobson had first given it coherent form and included in it the thesis of the de-industrialization of India through the import of cotton wovens. An external arbiter in the dispute could easily have pointed out that whereas Platt's criticism of dependency was

statistical, forthright, and simple, the Stein's counter-block to it was convoluted and dispersed. It involved complex historical and geographical differentiations, unsuited to polemics over numbers, and they themselves put the finger on the issue: "It is not primarily the facts that are in dispute in the present controversy", and this too would have seemed perfectly obvious to an impartial observer. For trade and financial dependence to occur--and Platt did not dispute this but the determining character of the dependence--it was not necessary for the centres of the capitalist system to employ themselves fully: if sufficient interests were involved, they could make it happen and with it economic retardation as well. Latin American economies were no match for Britain's. The means were simply proportionate to the ends, and therefore Platt's statistics did not prove that British capitalism had not contributed to the international economic role of Latin America. Platt's insistence that Latin America was absolutely on its own during the 19th century--as he claimed in a further razzia into dependency territory in 1985, "hardly anybody outside Spanish America cared one way or the other for Spanish American politics, trade and finance"--led him to affirm in exasperation that Latin America's underdevelopment was Latin America's own doing (as when, for instance, it utilized foreign capital to finance wars and "political railways"), and this, which had to do with fundamental ideological choices on the question of the origins of underdevelopment and economic inequality, was basically what kept "Western" and dependency historiographies miles apart and made the "dependency debate" a "dialogue between the deaf".²⁰⁸ Ironically, Platt's exasperation offered a curious parallel to the way some Latin American dependency theorists despaired of capitalism and brought out, in response to the ills and frustrations of the underdeveloped condition, the *deus ex machina* of socialist development and even the concrete alternative "socialist" model embodied in the USSR and other communist nations.

THE GENERAL CRITIQUE OF DEPENDENCY

The orthodoxy of development economics was elaborated with specific targets in mind. The acid test of its efficacy was reality itself: how good were its policies and recommendations for achieving economic development in the Third World? The results flunked it and it turned to the study of the ways and means of alleviating poverty. Its rather circular propositions (public services, redistribution, communal projects) have had no greater impact than they would have had if they had not been formulated. For "basic needs" there have always been "basic responses", and exhortations can hardly masquerade as solutions. Dependency, however, can be a rather slippery customer in the context of the world capitalist economy, because it can always retreat into the "bunker" of saying that its "revolutionary solutions" have not been adequately tested or have been sabotaged by reactionary capitalist forces. It can still go on denying validity to the Western contention that underdevelopment and economic inequality have endogenous causes and it can go on proclaiming that both were caused and are being perpetuated by economic imperialism, or whatever other name or phrase is used in its stead, be it dependency, world-system, or simply capitalism. Dependency, therefore, can only be judged as a theory. How well does it function as such? There are two sides or aspects to it: an explanation of the historical expansion of the West and of all that it entailed, in particular both formal and informal colonialism; and a theory on the origins of economic inequality among cultures and nations, in other words, an "etiology" of capitalist world expansion and a "pathology" of its consequences.

As a theory on colonialism it probably works better than political and other explanations. As between the notion that British colonialism in India was somehow humanitarian and the charge that it acted on the search and expectation of profits, there is really little to choose. Dependency as a theory on the origins of inequality is

another matter. Dependency thinkers agree on one point with other historians and analysts, and they raise two special issues. The point of all-round agreement or consensus is that despite inter-cultural comparabilities before the start of European expansion--in fact, the basis for interpreting inequalities--, the seeds of inequality were there to begin with: the West had the upper hand in its dealings with all the other civilizations and cultures. Baran makes it a basic point in his pioneering analysis. Rodney speaks of a gap in development between Europe and Africa. Bagchi even admits that Mughal India was not developing towards capitalism when the British arrived, and he has the backing of no less an authority than Habib. The Steins, and all Latin American dependency historians, uphold the thesis that Latin American independence was not much of an improvement over the previous situation of colonial economic subjection. Needham, the modern historian who comes closest to contesting the superiority of the West, and who is no closer to dependency than a Manchu mandarin to a Hunan peasant, in the end has to find reasons for Chinese stagnation and willy-nilly posits the existence of a Chinese threshold that no culture except the West ever crossed.

Where dependency goes its own way is in pretending that the ab origine inequality was not very pronounced and could have been mitigated or even entirely bridged if the West had not interfered with and inhibited the spontaneous process towards nationhood and economic development that was in ovo in each culture that it affected or subjugated. At the very least, a thinker such as Bagchi affirms that the West retarded the process, and at worse, as in Rodney, it actually crippled and hand-tied an entire continent. In the case of Latin America, Western capitalism actuated all the levers and exerted all the pressures needed to keep it in a condition of stunted development. Dependency, as well as some non-dependency, historians point to countless signs of cultural achievement and self-reliance as proof that if it had not been for European colonialism and imperialism it

stands to reason that non-Europeans would have been capable on their own of the same economic achievements, from capitalism down, as Western civilization. For some, the idea that capitalism was a block to progress is profoundly un-Marxist, but since Marx and Engels blew hot and cold on the subject of inter-cultural inequalities, and since their fundamental ethical position was anti-colonialist and egalitarian, dependency theorists and historians are probably justified in thinking that the legitimacy of their Marxist affiliation can not be gainsaid.

The special issues then that their collective works raise are: did the colonialist dependence of non-Western societies actually inhibit a previous economic process of accumulation that was gradually evolving towards capitalism and economic development? And did political subjugation, i.e. the throttling of spontaneous nationhood, and informal imperialism, prevent any further progress along that road, or alternatively, would political independence have made any difference in the long run to the creation of the underdeveloped Third World? Since neither capitalism, in the sense of what Braudel calls the world of high-profit commercial enterprise, which involved expansive maritime trade networks from at least the 13th century, nor the Industrial Revolution, could have happened without the accumulation of surplus, the first question can be broken down into three component parts: did a surplus exist in non-Western cultures? Was it being put to productive use? And did its expropriation by Europe contribute decisively to its own growth? From the evidence of commerce all over Asia before and after the arrival of European traders and colonizers, the existence of an exportable surplus can hardly be denied (although this may be questioned in the case of Africa during the 17th and 18th centuries, when much of the trade going on was in human lives). Serious dependency historians (in India, for example) are not sure that the surplus was going mainly into the circuit of production at the time that Western military and commercial

technologies incided on other cultures, but all dependency historians agree that after this happens, and after the process of colonialism got seriously under way, the surplus most definitely flowed into the trade circuits of capitalism and eventually into the making of the Industrial Revolution. For them, with or without sufficient statistical proof (most often without it, because it simply does not exist one way or another), the surplus from America, from Asia, and from Africa reappears in increasing Western profits and in Western productivity, which are in fact the proof of its expropriation and transference. In other words, the growth of inequality is the basis of the dependency presumption that inequality was produced by capitalism as part of a continuing historical pattern. The more extreme dependency interpretations even affirm that the industrialization of Europe could not have occurred at all without surplus from non-European lands, and this too is assumed from the size of the development gap that resulted after the 18th century.

The trouble with these theories lies in that, if historical reasoning can be reduced to a game of building-blocks of this kind, where what counts are portmanteau concepts, like surplus and accumulation, and large comparisons and generalizations, then history can easily be turned against them. Europe's development, the inception of capitalism itself, began before overseas expansion. Primitive or primary accumulation, a prize Marxist-derived concept to explain the Industrial Revolution, is now thought to have been less significant than it was believed in the past. Rather than the result of one "big push", to which captive colonial muscle gave a decisive shove, industrialization is seen as the product of an accumulation of many individual events and forces over centuries of history resulting in something akin to the critical mass in a nuclear reactor. The intensification of colonialism, at any rate, did not ensue until after the Industrial Revolution, and even Rodney's dense compilation of African contributions to European development can not disguise the

fact that they are mostly marginal and non-essential. Even slavery, which furnished so much of the labour for European plantation economies in the New World, was defined as a "luxury" traffic by Wallerstein, a transparent exaggeration which, nevertheless, admits the possibility of debate on the issue of its economic importance to the West. Dependency arguments based on the big concept of surplus are conclusive neither in the sense of explaining the origins or the persistence of inequality, nor in elucidating why and how the Industrial Revolution came about.

If one insists on the statistical proof of dependency arguments that Western expansion contributed crucially to the development of Europe and its industrial breakthrough, we come up to either a dearth of evidence or back again to mere surmises such as those involved in the use of the concept of surplus as an instrument of broad historical interpretation. There are no statistics in Baran, Frank, or Wallerstein indicating the amount of surplus extracted by the West from its peripheries, and therefore, there can be no precise correlation in their works between that surplus and the conjunctures in Europe's process of development. It seems more than likely that silver from the conquest of America fuelled West European economy activity and the commercial and financial rivalries between the advanced capitalist networks of England and Holland. Is it deducible from this that the process leading to England's industrialization was given a necessary impetus, or even that it was accelerated, by the arrival of American bullion at the precise speed that it showed historically? Or would it not have occurred the way it did and when it did even in the absence of colonialist booty? The latter question in truth cannot be answered or even explored because one cannot separate the economic history of the modern world into discrete compartments, but one cannot, in all fairness, go to the other extreme and postulate a necessary seamless relationship between the long history of European capitalism and the shorter history of Europe's gradual, very gradual,

absorption of the wide world starting in the mid-15th century. There is no statistical basis on which to posit such a thing.

The respectable I.Habib provides perhaps the closest approximation to a statistical grounding for the thesis, which he bases on Marx, that the "drain of wealth from India was essential for the genesis of industrial capitalism", when he argues that "it might have amounted" (including also that from the West Indies) to "say 4,8 percent" of British national income in 1801, and this, in spite of its seemingly small size, "would still have equalled 70 percent of the British annual net domestic investment". This argument, however, aside from the complex assumptions behind it--on the breakdown of that wealth into consumption and investment, on the ultimate destination of the latter, even on the accuracy of its estimations--, would seem to indicate, as often in dependency literature, more a program of academic research than a finished thesis on dependency relations. Habib remits the opinion of the Marxist M.Dobb, which he does not share, that "the exploitation of the colonies appears as an element of mercantilist policy rather than as a source of primary accumulation". Habib's (or Dobb's) distinction is not very clear in that there is no reason to suppose that trade relations could not have been a source of accumulation on the same footing as the direct appropriation of colonial wealth. In any event, the allusion to mercantilist trade policies opens up a residuary distinction on which to put dependency arguments on colonialist surplus on a more plausible foundation. There can be direct appropriation through conquest, and there can also be indirect appropriation through enforced unequal trade relations, and it is to these that Marxist historians in Britain seem to incline in their examination of the relationship between English industrialization and English colonialist policies. C.Hill says explicitly, perhaps conclusively: "It is difficult to establish any direct connection between wealth amassed in the plunder of India

and other colonies and the capital which financed England's industrial revolution", a somewhat ambiguous statement which, however, he had qualified before by saying that "An essential prerequisite for industrial revolution was large and stable colonial monopoly markets". And Hobsbawm counterpoints: "Behind our industrial revolution there lies this concentration on the colonial and 'underdeveloped' market overseas, the successful battle to deny them to anyone else."²⁰⁹ These much more modest claims are perhaps as far as serious economic-history research would probably allow dependency theory to go in its quest for the proof of its affirmations on the origins of international economic inequality. But they mainly reinforce the assumption that inequality was the pristine condition of the relations between East and West, and they hardly explain the ultimate causes of the economic world hegemony of the West.

THE BLESSINGS OF POLITICAL INDEPENDENCE

If only because the thorniness of the issue is more manipulable, dependency stands on much more solid ground when it claims that Western colonialism and imperialism throttled incipient independent nationhood in Asia and Africa. The historical evidence is also more abundant. Morocco, Egypt, and Persia are examples of countries that had enjoyed sovereignty or had short-term potential for modern nationhood before they were occupied as colonies or converted into semi-colonies by Europe. Alternatively, Thailand, Afghanistan, and Liberia, on distinctly different levels of cultural evolution, managed to attain the condition of relatively modern nation-states without permanent overt colonialist tutelage. This line of reasoning, however, leads to embarrassing or unanswerable questions such as: would the East Indies ever have become Indonesia without Dutch rule? Or India what it is without the Raj? The answers would have to be purely *contrafactual*. Evidently, in the course of time and even if only through what economists call the "demonstration effect", every non-Western territory in the planet would have become a nation-

state, and evidently as well, the resulting colour-scheme in the map of the world would have been different from the one we have now, but more significantly: would it have made any difference as far as today's international economic inequality is concerned? Does political independence contribute to development, and does its absence invariably produce underdevelopment? The dependency thesis, which Rodney expressed with more force than any one else, is that with political independence the colonialized nations of the world would have had a fighting chance, and that therefore if Europe so ruthlessly denied them that chance, it must have been because of the commesurate size of the benefits that it was deriving from them and the fear of losing its hold on those benefits.

Bairoch, in an examination of the "myths" of colonization and underdevelopment, has honed the issue to fine cliometric sharpness: how have colonialism and independence affected manufacturing production and per capita GNP in the Third World since 1750? His figures, whose sources are not entirely clear and whose reliability he himself admits is "far from perfect", indicate that in 1750, both in industry and in per capita GNP, the future Third World either level-pegged or surpassed the West, but starting in the following century, manufacturing in the Third World declined to a low of 6,5% of world production in 1953, while per capita GNP remained almost unchanged between the two dates, showing an insignificant 8% gain as compared to an increase of 479% for the developed countries. From 1953 to 1980, manufacturing in the Third World increased almost 7 times and per capita GNP went up by 87% from 1950. Clearly, the West does seems to have de-industrialized the Third World and the demise of colonialism seems to have stimulated economic growth. However, Bairoch's GNP figures for Latin America show that from 1750 to 1860 there was almost no change, that from 1860 to 1950 there was an 80% increase (compared to 225% for the West), and that from 1950 to 1980 there was another "hefty" gain of 64%. Bairoch is

sceptical about the significance of his figures on the contemporary evolution of the Third World (he thinks they are too optimistic), but even if from the aggregate series we accept the "logic" that colonialism underdeveloped and independence fostered growth in Asia and Africa, why is that "logic" so unsatisfactory in the case of Latin America?²¹⁰ Why did Latin America not develop after obtaining political independence, if that is all that development required? Rodney's emphasis on the absence of nationhood in Africa certainly can not apply to a world of independent nations such as Latin America. For Wallerstein the entry of the Third World into the world-system and its peripheralization (read underdevelopment) occurred by the door of colonialization. So why didn't decolonization lead to de-peripheralization? Within the theoretical rules of his system, that was certainly a possibility as the economic progress of such "semi-peripheries" as Austria and Scandinavia demonstrate.

The dependency answer to these objections is that Latin American independence was not real, that it was, in fact, economic dependence, arguably even worse than Spanish colonialist rule. But, one, there are no grounds for claiming that the Latin American republics did not enjoy full political sovereignty after independence, and two, economic dependence does not necessarily produce underdevelopment, and if anything the contrary: that dependence can lead to development, has all the makings of an even likelier proposition. Argentina and Uruguay developed at the height of 19th century economic imperialism, and they "underdeveloped" precisely when imperialism, after WW2, was on the wane. Whatever else may be said of Africa and Asia, theorization on Latin American underdevelopment always seems to lead to Latin America itself. Does this then mean that dependency is a valid thesis for parts of the Third World and not for others? That it encompasses the colonialization of Asia and Africa but not that of Oceania and Australia, or that it stops short even of being fully applicable to Latin

America? These possibilities are not contemplated by the theory itself, which is predicated on one capitalism, one world-system, one global set of historical motivations, and one related group of international patterns of action and reaction; and since it can not make all the facts of history fit these stipulations, then the exceptions leave dependency in tatters and it cannot be reasonably sustained that there is anything even approaching a fundamental underdeveloping model of dependency. Such being the case, negative implications start invading its theoretical structure. Because economic exploitation per se cannot be denied--for even Western historians admit that it is possible and even likely--, it does not follow that imperialist exploitation always operated in a rational, systematic, and deliberate way. And if deliberation cannot be proved, then it cannot be said that capitalism set out from its European shores with the aim of "underdeveloping" the rest of the world and creating inequality for its own benefit. But that it could conquer the world does mean that the inequality was there and that its causes were inside the cultures that had not been able to keep up with the West. It is even likely, although this is also absolutely *contrafactual* and worthless, that with or without colonialism and dependence the world would have ended up divided, as it is today, into developed and underdeveloped countries. Admittedly a lot of unnecessary disruption and an incalculable mass of suffering would have been avoided, but then who is to say that the suffering would not have taken place in other ways and through other causes?

In sifting the possible from the worthless, it would seem then that the most that dependency analysis can yield in exploring the origins of international economic inequality, on the assumption of inter-cultural comparabilities before the onset of European expansion, is that non-Western cultures and nations could perhaps have achieved a greater degree of political and economic development free of Western colonialist and in general

commercial domination, although not without the demonstration effect of Western civilization and not very likely to a state of advance industrialization, and that they contributed marginally, and mainly through unequal trade relations, to the industrial revolution. And the complementary claims of dependency that expansive Western capitalism developed internally by underdeveloping its external areas, are not sustainable on its arguments and evidence, although, in the case of the European dependencies in Asia, a valid claim can be made, and has been advanced with varying degrees of plausibility, that Western domination was in the balance more damaging than constructive. But this latter claim is again strictly counterfactual and seems somewhat exaggerated in the case of Africa. The underdevelopment of Latin America as exclusively a product of European and American economic hegemony, that is, excluding the possibility of crucial endogenous determination, although not contradicted in D.C.M. Platt's argument that Latin American was ex-centric to British economic interests as a whole, has not been demonstrated either globally or for individual Latin American republics.

To close the chapter on dependency, how far did Third World theorization escape from its original Western womb? The long-view economic imperialism model was given shape by Baran with materials taken from a Marxist tradition stemming from Lenin that went through a Comintern and a Stalinist phase, supplemented by contribution from Western Marxist sources. It incorporated a system of capitalist world-wide exploitation centred first on Western Europe and then on the US, governed by purposeful, self-regulating mechanisms and by forces embodying rigid, unvarying psychological principles and motivations. Whilst it had a certain "aliveness", as if it were being run by an all-powerful intelligence or by a boardroom full of infallible corporate directors, leaving no place for errors or to chance, as in Wallerstein's depiction of the exact historical juncture

when Britain "decided" to "peripheralize" India, not unlike a company's decision to put a new production unit into operation. The practice of historiography along these lines is comparable to a mad hatter who fitted all his clients with the same hat-block, yet Third World thinkers mostly accepted it without substantial modifications. If changes there were, they tended to emphasize the irresistibility of the centre, the strength of its grip and the inclemency of its purposes, and the vulnerability and powerlessness of the periphery. Attempts to make dependency seem less fateful and less rigid, as in Cardoso and Faletto or in Palma, have been cast aside by hard-line dependency doctrine, and they themselves never managed to break loose enough from this tendency to really make a moderate dependency outlook workable. There is little leeway therefore to distinguish between "Western" and "Third World" dependency theories, and both find themselves at this point in time in a situation where, given the radicalism of their past commitments, they either recant or they go on saying over and over that the West underdeveloped the Third World and that capitalist development is a myth. Neither possibility augurs well for the future of dependency.

THE MARXIST MODE-OF-PRODUCTION ALTERNATIVE

Perhaps the greatest irony of the many we have discovered in this conjoint history of the confrontations between Western developmentalism and Marxist economic-dependency theory, is that both tendencies seemed to have very nearly reached the end of their tethers at about the same period, that is, the second half of the 70s and both likewise were faced by challenges to their previous prevailing from within their own respective camps. Again, both these challenges had actually existed from way back and what was happening at this time was their vigorous re-insertion into the central current of study and debate on underdevelopment as a consequence of changing practical and theoretical circumstances. In the case of Western developmentalism what arose to confront the dogmas of

development economics was essentially the old neo-liberal, laissez-faire critique first formulated during the mainstream phase, which had been given new impetus by, one, the snags in the state-directed development strategies in the Third World, and two, the confirmation of that critique by the phenomenal growth of the free-enterprising economies of the Four Asian Dragons, all of which had put the Bauer approach--whose author was still very much alive and kicking--back at the top of the agenda with the support of a fresh cohort of fully committed volunteers. Unlike the early development economists, who occasionally indulged themselves in speculation on the far or near causes of underdevelopment, the protagonists of neo-liberal, neo-classical development economics--the title suits them badly and they reject it, but it still applies because their basic interest lies in the means of stimulating growth in the Third World--have turned their backs on this theme and prefer to devote their intellectual energies to the denunciation of the "dirigiste" state, as D. Lal calls it, and to the demonstration that the market is the place to go for economic momentum, even for policy guidance. In general lines, this approach follows two tendencies: that of the theorists of laissez-faire as such, among whom are Lal, K. Basu, R. Bideleux, W. Elkan, and Bauer himself, of course, and the strategists of export-substitution industrialization such as B. Balassa and J.W. Bhagwati. Lest it be thought, however, that the Four-Dragons example only works for neo-classical development economists, it should be pointed out that the thesis that their development was the result of unadulterated laissez-faire liberalism has been criticized to good effect by J. Bergsman and N. Harris.²¹¹

In the Marxist camp, the reaction against dependency was manifest in a strong tendency towards a mode-of-production, class-struggle approach to underdevelopment, and more to the point, towards the study of the development of capitalism in the Third World, which was perhaps better grounded than economic imperialism on the Marx/Engels canon.

Frank's iconoclastic and unimpeachably revolutionary exertions thrived while Latin America and the Third World were agitated by the centrifuges of rapid decolonization, social unrest, revolutionary change, and even the OPEC disruption of capitalist markets. The fortunes of dependency have ebbed as the Third World has simmered down through exhaustion and economic crisis. But dependency came under fire from Marxists long before the tide of revolutionary socialism in the Third World had begun to subside. In 1970, E. Mandel wrote that revolution would come first to the imperialist states. The specificity of imperialism lay in that "it unites the world economy into a single world market, it does not unify society into a homogenous capitalist milieu". For him, however, underdevelopment was the result of the "universal law of uneven and combined development", a grand pronouncement which allowed for a sneaking sympathy with dependency theses. Other Marxists were less complaisant towards the dependency neglect of the MOP and class-struggle paradigms. The French theoretician C. Palloix attempted in 1971 a Marxist representation of the world economy which came straight from Luxemburg in that international capital "required" the existence of national markets. There were in it certain superficial similarities to the world-system which Wallerstein would soon afterwards spring upon the academic world, but all resemblances between the two authors were conclusively confounded when six years later Palloix published a treatise devoted to the elaboration of one particular theme in his earlier work: class struggle and capitalism on a world scale.²¹²

In the early 70s, another French Marxist, P.-P. Rey, used the concept of articulation of modes of production in order to adapt Marx's dynamic view of socio-historical change to pre-capitalist societies. In his scheme, capitalism first penetrated less developed societies in a subordinate station to the previous mode of production, created a different mode of production through articulation

with it, and eventually would become the dominant mode of production. Exactly the same schema was used by H. Alavi in defining the Indian colonial mode of production, except that this author was not as self-assured as Rey in proclaiming that he had discovered a new intermediate mode of production different from capitalism. Since the colonial mode of production was not "compleutive"--because it was the "imperialist bourgeoisie" which modified the previous local mode of production and it was the same bourgeoisie which, in changing Indian society, pocketed the benefits--, he wondered whether it should not be considered, rather than a colonial, "an imperialist MOP that embraces a global unity". The similarities between these constructs and traditional Marxist interpretations of Latin American reality in terms of dual MOP formations could not be negated by the use of tags such as "articulation" or "colonial MOP", and this could be seen in the affinity to MOP analysis of E. Laclau, another orthodox Marxist with a quarrel with dependency. He disdained to engage in disquisitions which altered the original Marxist MOP paradigms and stated forthrightly that, in Latin America as elsewhere, feudalism came before capitalism and that Frank was purblind in not seeing the feudalist character of pre-capitalist Latin American societies.²¹³

In his analyses of world capitalism, Palloix had rejected the thesis of the imperialist importance of MNCs preferring instead the idea of the "self-expansion of capital on a world scale", and in his 1977 work, he relied significantly on the Marxist theory of value, from which he deduced that there was in international capital a "tendency towards the equalization of conditions of production and of exchange". This could be interpreted as another refutation of the Emmanuel thesis, and it went considerably further than the Bettelheim critique that exploitation was more intense in industrial societies than in backward economies, in saying that exploitation was the same the world over, or at least, was quickly heading in that direction. In fact

this went even further than Warren later dared in trying to discredit the statistical evidence of underdevelopment, and the excess of ideology over empirical evidence showed. J. Weeks and E. Dore in 1979 attempted another refutation of dependency based on the Marxist theory of value, but they mostly kept well within the reasonable limits that their ideological partiality permitted. Their principal argument was that both Emmanuel and Amin, whom they chose as the most respectable spokesmen of the dependency thesis of appropriation-through-exchange, had confused value with exchange value, i.e. market prices, and at precisely the opposite extreme of Emmanuel, they affirmed that unequal exchange was simply inconceivable. They reasoned that in the international market place a mean price was established between products from different conditions of production, which meant that all producers received the same unit price for their goods, but that if some producers received more per labour/time spent on production it was due to their greater efficiency. Weeks and Dore, in a bow to one of dependency's principal concerns, explained that international economic inequality resulted from the interest of merchant capital--which unlike reproductive capital was rewarded not according to labour/time but to costs of opportunity--in maintaining and reinforcing pre-capitalist production relations. In the end, however, the authors explained that merchant capital laid the foundations for capitalism and they reiterated the Palloix contention that under the bourgeois mode of production there was a secular trend towards the equalization of the rate of profit, which did not, on the other hand, "preclude the creation of 'blocking' forces which reinforce backwardness". Finally, in this review of Marxist dependency critiques, J.G. Taylor justified the introduction of transitional modes of production into Marxist theory with the assertion that Marx had never analysed "the combination of modes of production", for which reason he wanted to establish a "new theoretical framework" which would provide "a basis for analysing economic phenomena, the class structure, and political

representation".²¹⁴

All these theoretical efforts ^{SHARED A COMMON ROLL OF} ~~MARXIST PROBLEMS~~, apart from the express intent in most of them to prove the deviations of dependency theory from Marxist dogma. They had, first of all, to deal with the hard nut of why capitalism did not seem to be displacing other modes of production in the Third World, which was the equivalent, in dependency and developmentalist terms (for once agreed on something), of why underdevelopment persisted in the Third World. The answer they, on the whole, gave was that the contrary was true, in other words, they avoided the issue, or simply denied that it was an issue. In fact, the only MOP theorist that has seriously grappled with it is the British Marxist N. Harris, in whose 1986 model--perhaps the closest anyone has come to a vindication of the much-maligned Warren thesis on imperialism--world capitalism, or capitalism point blank, and the Marxist "laws" on accumulation, on capital flows, on surplus value, and on class exploitation, function to perfection both in the developed world and in the underdeveloped countries. In one audacious swoop, Harris, who used the Gang of Four as the mainstay of his analysis (with Brazil and Mexico thrown in for good measure), managed to prick the dependency balloon, to debunk orthodox development economics, and to turn the tables on the neo-classic, neo-liberal school of developmentalists. "In sum", he wrote, "the process of the dispersal of manufacturing capacity is a general phenomenon, not simply something restricted to the Gang of Four. It involved increasingly complex patterns of changing specialisation, interweaving different parts of the world unknowingly in collaborative processes of production. If permitted to continue--and it was quite unclear how it could be stopped--it bid fair to end--or at least render very much more complex--the simple picture of industry in more or less developed countries." Dependency in his view was transformed into capitalist inter-dependence, which in turn depends on the capitalist "laws" of capitalist economic

development, not to "be confused with the conquest of hunger", and not on the will of individual capitalist forces, be they MNCs or entire national entities like the USA itself.²¹⁵

Another one of the problems of anti-dependency, orthodox Marxist theoreticians was trying to explain class struggle on a world scale and proletarian solidarity. The stumbling block here is the relatively simple observation that the natural setting for the class struggle is a concrete social situation, specifically society within its national bounds rather than abstract world society. This problem, like the problem of the origins of underdevelopment, was posed deliberately and specifically by dependency theory through its emphasis on international exploitation, and in facing these problems orthodox Marxism was virtually picking up a gauntlet that dependency had flung. On the issue of proletarian world solidarity, MOP theorists did exactly as they had done with regards to the evolution of backward economies towards the capitalist MOP: they either fudged the issue by claiming without evidence that it was there, or they telescoped it towards a future when all socio-economic tendencies within capitalism would mature; and on the issue of the origins of economic inequality, they likewise tended to look the other way, or fell back on the old chestnut of dual mode-of-production social systems that inexplicably went on functioning in niches within the capitalist world economy. In fact, on this last issue it is not easy to distinguish between MOP and dependency theorists.

What Rey--who, according to A. Foster-Carter, is the most brilliant exponent of contemporary MOP theory as applied to less developed countries--actually did was to substitute the dependency scheme, whereby the blocking of development was a formal feature between nations or between cultures, with the idea of the articulation of modes of production, by which means he tried to demonstrate that in the relations between the advanced and the backward

countries the necessary analytical references were not "reified" economic forces, such as those embodied in imperialism or dependency theses, but modes of production. The substitution of units of analysis, however, does not actually make dependency theses less valid, but it does allow for a process through which eventually capitalism can displace all pre-capitalist modes of production. What seems fairly evident is that in going back to MOP and class analyses, which is what in effect has been happening to judge from the appraisals of non-Marxist observers such as Roxborough and Worsley, Marxism in our days has virtually given up on the question of the origins of economic inequality and in this it is back again where Marx, who was not particularly keen on the subject, left things.²¹⁶ In the Third World, mode-of-production and class analyses become operational once international economic inequality becomes palpable, or at least so it seems from the historical perspective assumed by their users, who are mostly unconcerned about the origins of inequality, unlike dependency theorists, one of whose basic contentions is that they can tell when potential equality, in terms of economic and social progress, was cut short and transformed into stagnation or retrogression through unequal inter-cultural and international relations. Neo-Marxists can claim that, since they have never harboured any doubts on the equality of humanity, they see no reason to delve into the origins of economic inequality, and in this they may well be justified, but the assumption of equality does not obviate inequality itself, which for the Third World is as valid an academic issue as the study of the Industrial Revolution for the West. The fact that dependency probably elicits the wrong conclusions from its study of origins and consequences--that underdevelopment is more or less in the "natural" order of capitalist things and can only be surpassed through unequivocal revolutionary action--does not mean that no other conclusions are valid.

THE SHORT- AND THE LONG-RUN VIEW OF THE PROGRESS OF EUROPE

Without necessary deterministic implications, development and underdevelopment can be related as a vertical, mutual reinforcing continuum. This does imply one-sided advantages, and it would not, therefore, be amiss to consider the development of the West for illumination, by way of contrast, on the origins of underdevelopment. The historical fulcrum of Western economic development was, of course, the so-called Industrial Revolution, but there is more than one perspective in which to place it. As with the theory of economic imperialism, there is a short-term and a long-run view of the development of the West. The short-term perspective centers on the origins, the characteristics, and the consequences of the Industrial Revolution. The long-run view frames the Industrial Revolution in a centuries-long process with a wide political and cultural sweep going back to the Middle Ages. The historians who assume the latter perspective are in the tradition started by Marx (adumbrated earlier by A. Smith) and pursued by Weber, Sombart, and Schumpeter, of studies and research into the general development of capitalism. Perhaps the most illustrious and influential contemporary long-run view of Western development was the one presented by F. Braudel. We have referred freely to his ideas in the section on Wallerstein in order to establish a difference between what we described as a closed ideological system and an open methodology in which there is no attempt to put all of reality under one's belt, so to speak. The aspect that now concerns us is Braudel as philosopher of capitalism and chronicler of the development of the West and of the world economy.²¹⁷

In trying to comprehend capitalism, Braudel does not accept unreservedly or consistently employ the concept of mode of production, and his analysis can be defined as the unschematic search for the forces that within Europe propitiated capitalism and economic progress. For Braudel, when all is said and done, Europe is capitalism but

capitalism also eventually entered into the large Western historical synthesis. Below capitalism, everything is economie, which embraces all productive activity involving interchange. Capitalism was not exclusive to Europe, but it was there that it reached its fullest elevation, and it was from Europe that it spread and absorbed all the other world economies, which were partly capitalist or proto-capitalist but had not managed to achieve the vitality and the assimilative capacity of Europe. In order to explain capitalism, rather than a straightforward definition, Braudel finally settles on an analogy to its evolution short of full-fledged industrialism: that of a three-storey building with each floor containing economic activities of increasing degrees of intensity, complexity, and latitude. The ground floor is the level of a simple market economy in which farmers and artisans exchange produce and wares. The floor above is where competition takes place and implies a wider geographic setting with merchants travelling from market to market. The highest storey or level belongs to long distance commerce, a risky but extremely profitable activity whose practitioners try to establish arrangements that are a denial of the free and open competition characteristic of the other two levels. It is on the third level that capitalism resides, and it is on this level that the accumulation necessary for industrialism occurs. In other words, Braudel's view of capitalism is one basically of degree rather than of quality and his work can be legitimately read as, partly at least, a refutation of Marxist categories and methodologies. Braudel set the emergence and growth of capitalism on a triples foundation corresponding along general lines to his building analogy. First of all, there must exist an active and expansive market economy, which is a necessary but not a sufficient condition for progress. The second requirement is that society must give unqualified sanction to private accumulation and to the search for profits over a long time and at all stages of a capitalist progression. And finally, there must be commerce on a world scale. The latter is not

the be-all, end-all of capitalism, because Braudel at this stage was still considering its pre-industrial phase, but it is "le passage obligatoire a un plan superieur du profit". Europe reached the third storey in Braudel's analogy because it fulfilled those three requirements. What happened elsewhere in the planet?²¹⁸

Concurrently with the history of capitalism in the West, Braudel glances periodically at other cultures, or civilisations, as he prefers to call them. In all of them, the first two stages of economie were achieved, sometimes exuberantly and brilliantly, and in the case of India, there was even a partial, hesitant entry into the third level, but in none of them did society give its total unconditional backing to private accumulation and enterprise as it did in the West. What was even more damaging than withholding this sanction, the other cultures were stamped and bound up by political despotism, and this was what prevented capitalism from becoming an all-encompassing force. Despite its ruthless sway, despotism did not build up adequate defenses against external intrusions, and when the West brought to bear on it the brunt of its resources and abilities, it buckled and collapsed, utterly in the case of India. In Braudel's view, Japan presented the closest parallels with Europe: it only lacked foreign commerce, which the Japanese ruling classes hindered and restricted, in order to keep up with the West. Paradoxically, Japan did allow an "ancient merchant capitalism" to flourish despite its own despotic trends and habits, a view in Braudel which seems to imply that progress requires above all else economic rather than political freedom and in addition that historically despotism is not the thoroughgoing and unvarying monster that Wittfogel portrayed. The most oppressive system of them all, to which Braudel attributed the worst rigours that Wittfogel described, was that of China, capable of emulating the West in every field but held back by its own perverse obstinacy in hobbling itself.²¹⁹

Braudel related Europe to the other civilizations

through two distinct analytical motions: in one, which is central to his outlook, he described how capitalism virtually made the West the most powerful of all civilizations or *hochkulturen*; in the other, he studied and explained the failure of the other societies to attain to full capitalist development. Only subsidiarily did he explore, as dependency historians mainly do, how it was that the West conquered and exploited other cultures. Despite the occasional approval that he gave to dependency arguments, what he presented was basically a disparity in economic vitality between Europe and the rest of the world, and in the end, probably the safest generalization that can be made from his work on the subject of economic imperialism is that the West did so much conquer and underdevelop the rest of the world as that it overwhelmed it with the sheer weight of its economic growth. If there is a flaw in all this, if despite the wealth and the brilliance of Braudel's vision, one emerges from it still not entirely satisfied that it embraces all that can be said about the inequality between civilizations, it is precisely because Braudel chooses civilizations as the final non-reducible units of his analysis and because he never steps behind his rigorously descriptive method and thus never asks how and why originally his historical units diverged so markedly in their over-arching social self-definition.²²⁰

GRABBING THE NETTLE OF THE ENVIRONMENTAL EXPLANATION

In the first volume of Braudel's fundamental trilogy on economic history, Civilisation materielle, economie et capitalisme, Braudel adverted to certain material disadvantages in non-Western cultures having to do with their environments, but he did not develop that idea any further. On the other hand, his assertions on the basic similarities of all higher cultures up to the 15th century, have a certain gratuitousness about them that is not dispelled by his fulsome description of pre-colonial Indian capitalism or of Arab commercial practices in the lower Middle Ages. He himself admitted that even in its pre-

British heights capitalism in India left most of society outside its reach and influence. In order to examine the comparability of cultures before the advent of the Industrial Revolution, the economic historian E.L.Jones decided that he felt "bound to grasp the nettle of the environmental explanation". His approach to the task is direct, almost brutal in the way in which it clears the underbrush of lesser issues and goes straight for the big trees. For Jones, by the time that Europe started expanding outwards, there was no question of parity between cultures: Western material advantages were uncontested and decisive. His explanation for this ab origine inequality is two-fold: on the one hand, environmental circumstances amply favoured Europe, and on the other hand, despotism terribly handicapped Asia, which contained Europe's only real competitors. Whereas Europe's geography encouraged maritime trade and put it at a relatively safe distance from the depredations of the Central Asian hordes, Asia's "risk-profile" included periodic catastrophes which stimulated a high rate of reproduction resulting in overpopulation. The latter argument is crucial in Jones, who wrote: "This places the explanation of the difference in Asian and European levels of breeding and income squarely in the fertility response to different risk environments." But whereas in Europe "fruitful political variety, capital accumulation and trade all seem partly explicable as adjustment's to Europe's particular site and endowments", the ultimate geographical disadvantage of Asia was that it was open to invasions from the steppes and these established the despotisms that were so ruinous to its economic evolution. Jones harps on this theme more than on any other. He calls Asian governments "imposed, military despotisms", "regimes of conquest originating from the steppes", "alien, imposed military despotisms". Everything else fades in importance by comparison: natural and social disasters, overpopulation, climate, geography, and location. Jones did a bit of throw-away speculation on the possible connection between overpopulation and despotism but he did not pursue the idea,

and this leaves a wide explanatory gap at the heart of his environmental theory on inequality.

The book in which Jones expounds these hypotheses is titled The European Miracle (1981). The "miracle" which Europe performed was that it managed to avoid despotism and to release its energy and creativity through technological and economic progress. With Montesquieu, Jones apparently believes that despotism is the commonest form of governance because it results from the unbridling of the passions. But these simple inferences leave his environmental ideas a shambles. They explain Europe's natural advantages over Asia, but only cursorily the "miracle" of Europe's political freedoms and of its states system. And they certainly do not explain the one crucial thing that needs explaining: the genesis and persistence of despotism all over Asia, for it leaves unexplained how it was engendered in the flat expanses of Central Asia where the subjugating hordes originated and how these hordes carried in them so pertinacious a vocation for despotic rule. There is in addition the objection to this theory that it does not apply to the origins of Chinese despotism (at least), which was certainly alive and flourishing before the Empire fell under the rule of Mongolian despots. There are finally serious observable flaws in Jones' analysis. His explanation of Asia's "overpopulation", if to start with it existed at all (for he offers no conclusive evidence on this score), is *prima facie* unconvincing. How can catastrophes, which occur only sporadically even in Asia, determine a constant rate of collective fertility? Or, turning the argument around, were not the magnitudes of the demographic disasters he chronicles a consequence rather than a cause of overpopulation? One feels inclined to say that with Jones we are back again with Bernier and Montesquieu and their emphasis on despotism as a cultural manifestation, but this would be unfair because Jones does put his finger firmly on environmental causation with as much scholarship as it is probably possible to muster in our times. He did not simply

toy with the concept and he did not bury it under reams of qualifications. And this is important because if one accepts the principles of the psychological unity of humanity, the only valid explanation of inequality has to be environmental.²²¹

The trouble with environmental theorising on the origins of intercultural and international inequality is that ultimately the ground on which it reposes is shaky from the point of view of objective enquiry. We said before that there are two approaches to the study of the development of the West, both centered on the Industrial Revolution but one short-term, oriented towards the Industrial Revolution itself, and the other long-term, oriented towards the origins and the process of capitalism. There is a third possibility. It can be termed the "fate" or "original settlement" hypothesis, and it seeks the origins of inequality in the remote past. Bosschere and Braudel hinted at this. So did A.W. Crosby and perhaps W.Neill. Jones makes it explicit when he concludes, after discussing Clark and Piggott and McNeill on the ancient origins of Medieval farming: "On this archaeological perspective, therefore, Europeaness lies in the form of the original settlement history." In other words, the ultimate environmental explanation of inequality would have to go back to the time when the different branches of the human family spread over the Earth and occupied their respective portions of territory, each with its distinctive physical and climatic characteristics. After that each race followed its own environmentally determined destiny, mingling cautiously on the peripheries but keeping mostly to themselves, until Europeans, who had the pick of the world's environments, sailed out and, as Crosby puts it, started stitching the "seams of Pangeae". And therein lies the rub.

The search for environmental causes can lead so far back in time that one could find oneself with next to nothing in one's hands. Jones cites one Ishida who wrote that "the lasting character of each people has its roots in

the basic culture of the time when the people first came to being". From this he explained Asian cereal-eating as a consequence of the graminivorous habits of a family of Australopithecines. Jones wisely refutes: "At best *Australopithecus* is a doubtful ancestor of *Homo sapiens*."²²² More to the point, it could be argued, following the bent of environmental theorisation, that it gains in force the further back in time the branches of the human family settled the different parts of the Earth, and indeed it is a commonly held paleontological hypothesis that mankind evolved in different places from his wandering ancestor *homo erectus*, perhaps over a million years ago, certainly time enough for the environment to have imposed upon each branch any number of physical and sociocultural exigencies. There is evidence now, however, that *homo sapiens* might have finally emerged in one place, an African Noah's Ark so to speak, and from there spread to the rest of the globe. But even in this case, we are talking about a time span of nearly 100,000 years, plenty of time here also for all sorts of migrations, settlements, and environmental effects.²²³ If, therefore, the environmental hypothesis on the origins of inequalities does not gain or lose from the scientific research on the origins of man, there is little substance in it to sustain much speculation. Of what conceivable use then can it be? All we can really posit is that, in the absences of scientific proof of genetic racial superiorities, only environment can explain the modern inequalities between nations, and that these inequalities, from a very long-term perspective, were originally differences that came to be perceived as inequalities due to certain environmentally determined but transitory advantages in some cultures--the Chinese over the rest of the Far East, Europe over the rest of the world--, and that finally advantages and inequalities will eventually sort themselves out. In this sense, therefore, the idea itself of the origins of inequality is probably unresearchable and can only serve for clarification, comparison, and taxonomy, which has in fact been our principal interest all along a

dissertation that has taken us on a round, nihil-novum trip from the ab origine perception of differences and environmental theory to international economic inequality, and back to the likely but nebulous environmental root-cause of human diversity, with culture in the form of despotism thrown in for good measure, the final irony in a journey that has delighted in them.

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C O N C L U S I O N S

What are the uses of our search for an explanation of inequality? We suppose that somehow in our enterprise there has always existed a desire to refute utterly and definitely all the conscious and unconscious manifestations of the belief in human inequality--from "ordinary" and "normal" racist thinking to extreme 19th century Eurocentrism to all the forms of cultural, political, social, and racial prejudices in our times, not as "totalising" as in the past but perhaps more subtle, more multifarious, and in some cases as entrenched as ever--, but we did not emphasise that issue because in the end human equality is something one either accepts and believes in or one does not. There is a grey area in which rationality inclines for egalitarianism, and the least we can say of our search is that it was imbued at all times with a spirit of rational inquisitiveness and impartiality.

What did the search finally turn up? For one thing, it turned up a taxonomy or classification of different categories of Western approaches to inter-cultural and international differences and inequality from before the 19th century to our times: perception of differences and cultural relativism, extreme 19th-century Eurocentrism, and today's developmentalist and Marxist outlooks, the latter itself divided into two different branches: dependency and MOP, class-struggle analysis. This taxonomy in turn has allowed us to categorize explanations on inequality into one pertinent and pertinacious motif, which is environment, and into two general classifications: endogenous and exogenous causations, which in some theorists merge into one combined theoretical outlook. (Table 7) These explanations proceed on the assumption of the essential unity of humanity and consequently of the potential economic equality of nations relative to certain well-defined social and economic standards.

Although it can be considered a theory in its own right, environment lacks sufficient specificity in that respect and generally figures as part of other, more

TABLE 7

BASIC THEORIES ON THE ORIGINS OF INTERNATIONAL ECONOMIC
INEQUALITY AND THEIR TEMPORAL REFERENCES

THEORIES	SOURCES OF INEQUALITY	ORIGINS IN TIME
Developmentalism (e.g. E.L. Jones)	Environmental/ Endogenous	Open-ended
Dependency	Environmental/ Exogenous	15th to 18th centuries
Braudel	Endogenous/Exogenous	Long 16th century

coherent, more systematic formulations. Endogenous causation is ideally exemplified in developmentalism, but it also figures in some forms of Marxist MOP-analysis, and both formulations tend to rely, in the last resort, on environment. Exogenous causation is strictly the domain of Marxism, mainly dependency theory but also in some instantiations of MOP analysis.

What can we infer from the above taxonomy? What has our appraisal in the thesis of those theories left us with in the way of a "summatory" explanation of international economic inequality? To put it very succinctly: the most controversial of those concepts is that of exogenous causation, and yet we have to conclude that colonialism, as per a broad reading of dependency, cannot be understood without its fundamental economic base, and likewise, that it is probably true that on the whole, as dependency claims, colonialism was more destructive than constructive. If it is not possible to establish beyond reasonable, persistent, and unresolvable doubts that economic dependency over the centuries after Europe began to colonise the world produced underdevelopment by itself, and by itself alone, it is not possible either to escape the fact that underdevelopment was the historical result of a process of global integration carried out by those culturally related nations that had gone ahead of all the others in economic, technological, and material achievements in general, and were in a position to carry it through on their own terms. If this process was not exclusively economic, it was most importantly economic in its origins, nature, and objectives. Having said all this, we must add that the Marxist outlook on the Third World, whether from a historical dependency perspective or as MOP and class-struggle analysis, is generally misguided in theory and often irrelevant in practice. It is not a question of denying exploitation, which is the bottom-line definition of dependency, but of determining why exploitation in the West was compatible with development while so far seeming so detrimental to the Third

World.* Endogenous causation, then, would appear to be sources of underdevelopment, and the specific circumstances making for inequality would seem to be cultural in character. Since, however, in the final analysis, modernization, or in its non-reducible enunciation: the inevitability of the lessening of historical and traditional cultural differences, is the universal norm and the inevitable tendency of our times, endogenous causation would seem to have only a historically transitory validity: despite the appearance of perdurability, a more penetrating gaze perceives that the concept of differentiation tends to vanish as soon as one tries to grasp it firmly. Nevertheless, underdevelopment has a terrible force of its own, both in its operation and in its conceptual representation, and the issues of progress are not so easily laid to rest.

One fundamental question keeps coming up: will indiscriminate modernization, as it has sometimes in the past, wreak destruction without producing real economic progress and the end of inequality? To even consider a question of this sort, we have to define what sort of equality it is that we are referring to, or in other words, what are those "well defined social and economic standards" that we so casually mentioned before as defining relative equality? To make a potentially interminable disquisition quite brief, we think that they consist for all nations in an acceptable and dignified level of life, access to education for everyone, and the availability of help in times of trouble, be they economic crises or natural disasters. Dependency theory puts all its eggs in the basket of impossibility, that is, the active denial that such goals are achievable by underdeveloped nations under

**The industrialization of the Third World is in fact the only major outlet still open to Western capitalism. Whether it will be undertaken depends on political variables. There is nothing in the inherent logic of the system which forbids it."

"The real question is not whether capitalism exploits the underdeveloped countries—of course it does and always has—but why it has not done more to revolutionise them through the mechanism of exploitation...Western society never did export the Industrial Revolution to genuinely backward areas, as distinct from the lands of white European settlements." G.Lichtheim, "Imperialism", in Commentary, May 1970, pp.48 and 54.

world capitalism. At this point in time, developmentalism is of two quarrelling minds: one mind says that economic development in the Third World is proving very difficult and that the best that can be hoped for at present is the alleviation of extreme misery; the other mind says that, although development is not easy, it is possible if nations individually agree to abide internally and internationally by the rules of the market place. The first mind is, in effect, riddled by doubts and is probably covering them up by voicing platitudes. The second mind, in this tangentially close to the Marxist mode-of-production outlook, points to what it sees as the fading frontier between development and underdevelopment in the living examples of the Asian and, with much less conviction, the Latin American NICs.

What are we to conclude? From our own research, can we say that economic development is possible in the Third World? The usefulness of environment for research and analysis does not mean that it is an insurmountable cause of continuing underdevelopment. We reject a blanket acceptance of dependency and reduce its usefulness to some marginal academic validity. And finally we believe that cultural differences in our times will not impede indefinitely the progress of modernization. Ergo, we have to conclude that economic development for the Third World is possible and likely. This conclusion seems virtually irresistible in view of our previous analysis that what we receive today are not so much inequalities as differences of relatively recent origin--somewhat like the differences between a sapling and an oak--, that are cancelling themselves out. Development and relative equality are then just a matter of time. Probably, however, a very long time, and they could conceivably never occur.

If we must be consistent, we cannot avoid applying to this view the same strict criteria with which we invalidated dependency assertions on historical determinism. The claims that are being made for the Asian NICs have not been proven

beyond doubt. Over them, especially South Korea and Taiwan, hangs the suspicion of economic development through Western political expediency. Assuming that the second mind of developmentalism is right, will Third World nations ever adopt systematically the economic policies that the capitalist West wants them to adopt? Marxism itself is probably not played out. It would be a foolhardy social observer indeed who came out and said flatly that Thatcherism and Reaganomics have put to rest the spectre of wide economic swings and deep economic crises under capitalism, in other words, that the collapse of capitalism is entirely ruled out during the incalculable time that it will take capitalism to develop the entire world, on the assumption that such a tendency exists even in face of a docile, amenable Third World, not exactly easy to conceive at this point. Finally, even the possibility of World War 3, which now seems so hopefully receding--and everything in this scenario depends on the permanence of world peace--cannot be entirely discarded. The Soviets have been evolving internally towards a more humane and rational form of communism, but the West is intent on seeing that process as resulting from the pressures it exerted from without and is therefore not always forthcoming in support of Soviet liberalisation. An internal reaction in the USSR is possible and this could lead to an escalation of hardening attitudes. The imponderables and the uncertainties are too many for facile predictions and all that we can say, in conclusion, is that economic development and the end of relative economic inequality are possible, or at least, that there are no conclusive demonstrations against them in the theories that we have been assiduously chasing and dissecting.

NOTES

ABBREVIATIONS OF JOURNALS AND MAGAZINES

AER = American Economic Review
AJS = American Journal of Sociology
BJS = British Journal of Sociology
CEPAL = CEPAL Review
CP = Comparative Politics
CPS = Comparative Political Studies
CR = Contemporary Review
DCh = Development and Change
EA = Economie appliquee
EBLA = Economic Bulletin for Latin America
EDCC = Economic Development and Cultural Change
EHR = Economic History Review
EJ = The Economic Journal
EPW = Economic and Political Weekly
ER = The Economic Record
ES = Economy and Society
FP = Foreign Policy
HJ = Historical Journal
HPE = History of Political Economy
HT = History and Theory
IA = International Affairs
IEJ = The Indian Economic Journal
IER = The Indian Economic Review
JCA = Journal of Contemporary Asia
JCE = Journal of Comparative Economics
JDS = Journal of Development Studies
JEH = Journal of Economic History

JEI = Journal of Economic Issues
JIASNA= Journal of Inter-American Studies and World Affairs
JMAS = Jornal of Modern African Studies
JPE = Journal of Political Economy
JSAS = Journal of Southern African Studies
JSPS = The Journal of Social and Political Studies
LAP = Latin American Perspectives
LARR = Latin American Research Review
MR = Monthly Review
MSESS = Manchester School of Economics and Social Studies
NGM = National Geographic Magazine
NLR = New Left Review
OEP = Oxford Economic Papers
Or = Orbis
PS = Politics and Society
QJE = Quarterly Journal of Economics
REP = Revue d'economie politique
RLS = Revista latinoamericana de sociologia
RRPE = The Review of Radical Political Economics
SES = Social and Economic Studies
SP = Sociological Perspectives
SR = Social Register
SRs = Social Research
SRe = Sociological Review
TLS = Time Literary Supplement
TM = Tiers monde
WD = World Development

CHAPTER 1

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problem of nationalities, which was especially relevant to the multi-national Austro-Hungarian Empire. Bauer went much further than Lenin in his recognition of the legitimacy of nationalist aspirations. See McLellan, MM, pp.58-61.

55) Hilferding, op.cit., pp.301-308 and 326-330; McLellan, MM, pp.58-61.

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CHAPTER 3

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71) For different interesting aspects of the origins and history of development economics, see D. Seers, "The Birth, Life and Death of Development Economics" (BLDDE), DCh, October 1979; G.M. Meier, "The Formative Years", in G.M. Meier and D. Seers, eds., Pioneers in Development, Oxford, 1984, pp.3-22; P. Streeten, "Development Dichotomies" (DD), ibid, pp.337-361; S. Constantine, The Making of British Colonial Development Policy 1914-1940, London, 1984; D.J. Morgan, The Official History of Colonial Development, vi.: The Origins of British Aid Policy 1824-1945, London, 1980; O. Sunkel, with P. Paz, El subdesarrollo latinoamericano y la teoria del desarrollo, Mexico, 1970, pp.344-360; N.S. Subba Rao, Some Aspects of Economic Planning, Bangalore, 1935, pp.178-237; P. Thakurdas and others, A Brief Memorandum Outlining a Plan of Economic Development for India, Bombay, 1944; K. Kurihara, The Keynesian Theory of Economic Development, London, 1959; A. Young, "Increasing Returns and economic Progress", EJ, December 1928.

72) C.Clark, The Conditions of Economic Progress, London, 1940, pp.1-16, and "Development Economics: The Early Years", Meier/Seers, op.cit., pp.59-77.

73) J.H.Boeke, op. cit., pp.5-7 and 189; Stokes, op.cit., pp.1-7; P.Anderson, op.cit., p.421; Luxemburg, op.cit., p.348; McLellan, Marx, pp.308-309; J.S.Furnivall, Colonial Policy and Practice: A Comparative Study of Burma and Netherlands India, Cambridge, U.K., 1948.

74) Our synthesis of Rosenstein-Rodan's ideas is based on a collation of the following articles: "Problems of Industrialisation of Eastern and South-Eastern Europe" (PIESEE), The Economic Journal (EJ) June-September 1943; "The International Development of Economically Backward Areas", International Affairs, April 1944; "Notes on the Theory of the 'Big Push'", in H.S.Ellis, ed., Economic Development for Latin America, London 1961; and "Natura Facit Saltum: Analysis of the Disequilibrium Growth Process", in Meier/Seers, op.cit., pp.205-221.

75) Among countless other exhortations, see W.Benson, "The Economic Advancement of Under-Developed Areas", in National Peace Council, The Economic Basis of Peace, London, 1942; and E.Staley, World Economic Development: Effects on Advanced Industrial Countries, International Labor Office, Montreal, 1944. Rosenstein-Rodan himself in his 1943 essay cites a planning pamphlet of the National Planning Association: International Development Loans, N.Y., 1942. In general, see Arndt, DEB1945, pp.24-29. It wasn't principally individuals who were involved either, for the backing for these studies almost invariably came from official and semi-private institutions.

76) Rosenstein-Rodan, "Programming in Theory and in Italian Practice", in Meier, Leading Issues in Economic Development (LIED), Oxford, 1984, pp.709-710; T.N. Srinivasam, in "Comment" (Meier/Seers, op.cit.), placed his finger on the crux of the issue when he wrote: "With hindsight, of course, one may fault some of the early writers for their naivete in

believing that a Soviet-style central economic planning is possible in a less developed country without a Soviet-style political structure" (p.51).

77) K.Mandelbaum, The Industrialization of Backward Areas, Oxford, 1961 (originally 1945).

78) R.F. Holland, European Decolonization 1918-1981, London, 1985, pp.38-47.

79) Ibid, pp.73-11.

80) D.W. Urwin, Western Europe since 1945, London, 1981 (originally 1968), pp. 106-114; W.R. Keylor The Twentieth Century World: An International History, Oxford, 1984, pp. 261-295.

81) D.A.Kay, "The U.N. and Decolonization", in J. Barros, ed., The U.N.: Past, Present and Future, N.Y. 1972, pp. 143-170; R. Townley, The U.N.: A View from Within, N.Y. 1968, pp. 217-237.

82) R. Prebisch, The Economic Development of Latin America and its Principal Problems, U.N., 1949, pp.8-16 and 35-50; La moneda y los ciclos economicos en la Argentina (mimeo), Buenos Aires, 1944; J.L. Love, "Raul Prebisch and the Origins of the Doctrine of Unequal Exchange", LARR, v.xv, no.3, 1980.

83) Meier/Seers, op.cit., pp.189-191.

84) In confronting Singer and Bairoch, we are quoting from P. Bairoch, "Historical Roots of Underdevelopment: Myths and Realities" (HRUD), in W.J. Mommsen and J. Osterhammel, eds., Imperialism and After: Continuities and Discontinuities, London, 1986, p.205-209, and from Singer, "The Terms of Trade Controversy and the Evolution of Soft Financing: Early Years in the U.N.", in Meier/Seers, op.cit., pp.275-303. Although the Bairoch article post-dates the Singer article, its arguments and the research for them proceed from work done before both articles.

85) Singer, "The Distribution of Gains Between Investing and Borrowing Countries", AER, May 1950; C.P. Kindleberger, The Terms of Trade: A European Case Study, London, 1956.

86) P. Bairoch, HRUD, pp.205-208.

87) B. Balassa, "Comment", in Meier/Seers, op.cit., pp.304-311.

88) R. Nurkse, Some Aspects of Capital Accumulation in Underdeveloped Countries (SAOCA), Cairo, 1952, pp.11 and 24-25; R.R. Nelson, "A Theory of the Low-level Equilibrium Trap", AER, December 1956; V.K.R.V. Rao, "Investment, Income and the Multiplier in an Underdeveloped Economy", The Indian Economic Review, February 1952.

89) Meier, LIED, p.222.

90) H.J. Bruton, "Growth Models and Underdeveloped Economies", JPE, August 1955; A.P. Thirlwall, Growth and Development with special reference to developing economies, London, 1982 (originally 1972), p.6.

91) P.W.Preston, Theories of Development (TD), London, 1982, p.43; MR, February 1956.

92) H.B.Chenery, "The Structuralist Approach to Development Policy", AER, May 1975; Preston, TD, pp.33-37, 101-104 and 183-185.

93) Streeten, DD, p.341; K. Basu, The Less Developed Economy: A Critique of Contemporary Theory, London, 1984, p.4.

94) Arndt, ED, pp.122-126.

95) J. Viner, International Trade and Economic Development, Oxford, 1953 (originally lectures delivered in Rio de Janeiro in 1950), pp.99-100.

96) R. de Oliveira Campos, "Economic Development and Inflation with Special Reference to Latin America", in Meier, LIED, pp.268-273. See also, Seers, "Inflation and Growth: A Summary of Experience in Latin America", Economic Bulletin for Latin America, February 1962, and "A Theory of Inflation and Growth in Underdeveloped Economies Based on the Experience of Latin America", Oxford Economic Papers (OEP), June 1962.

97) Singer, "Economic Progress in Underdeveloped Countries", Social Research, March 1949; Nurkse, SAOCA, pp.1-3 and 37-43.

98) Meier, LIED, p.284; H.Leibenstein, Economic Backwardness and Economic Growth, N.Y., 1957, pp.15-37 and 94-110.

99) G. Myrdal, Economic Theory and Underdeveloped Regions (ETUDR), London, 1957, pp.11-22 and 26-28; An International Economy, London, 1956, pp.299-335; The Challenge of World Poverty: A World Anti-Poverty Programme in Outline (CWP), Penguin, 1970, pp.278-279 and 280-292; "International Inequality and Foreign Aid in Retrospect", in Meier/Seers, op.cit., pp.151-165.

100) Nurkse, SAOCA, pp.11-12 and 48-49; Patterns of Trade and Development, Stockholm, 1959, pp.36-37; "Trade Theory and Development Policy", in Meier, LIED, pp.493-497; H.B. Chenery and A.M. Strout, "Foreign Assistance and Economic Development", AER, September 1966.

101) W.A. Lewis, "Economic Development with Unlimited Supplies of Labour", The Manchester School of Economic and Social Studies (MSESS), May 1954 and "Development Economics in the 1950s", in Meier/Seers, op.cit., pp.119-137; J.C.H. Fei and G.Ranis, Development of the Labour Surplus Economy: Theory and Policy, Homewood, Ill., 1964, p.26; "Economic Development in Historical Perspective", AER, May 1969; Ranis and Fei, "A Theory of Economic Development" (TED), AER, September 1961; Meier, LIED, pp. 162-167.

102) Lewis, The Principle of Economic Planning, London, 1963 (originally 1949), p.3; and The Theory of Economic Growth (TEG), London, 1957; P.Mahalanobis, "Some Observations on the Process of Growth of National Income", Sankhya, v.12, part 4, 1953. On Mahalanobis's influence on policy, see A.H. Hanson, "Power Shifts and Regional Balances", in The Crisis of Indian Planning: Economic Planning in the 1960s (CIEP), London, 1968, p.43. J.Tinbergen, The Design of Development, Baltimore, 1958, and "Development Modelling: The State of the Art", in Meier, LIED, pp.129-132.

103) Meier, LIED, pp.119 and 376; Nurkse, SAOCA, p.25-27; C.Peter Timmer, "Food Prices and Food Policy Analysis in LDCs", in Meier, LIED, pp.476-483; Chenery, "Development Policy in Underdeveloped Countries: The Role of Industrialization in Development Programs", AER, May 1955; Leibenstein, op.cit., pp.94-110.

104) Myrdal, Against the Stream: Critical Essays in Economics, London, 1974 (originally Stockholm, 1973) pp. 4 and 434; CWP, pp.49, 64, 71-72, 211-213, and 227-242; and Asian Drama: An Enquiry into the Poverty of Nations (AD), 3v., Penguin, 1968, pp.60, 676-681, 861, and 2121-2138.

105) T.Parsons, The Social System, London, 1952, pp.180-200; D. Lehman, ed., Development Theory: Four Critical Studies, London, 1970, p.4; D.McLelland, The Achieving Society, Princeton, 1961; E. Hagen, On the Theory of Social Change: How Economic Growth Begins, Homewood, Ill., 1962; B.Higgins, Economic Development: Principles, Problems and Policies N.Y., 1959, pp.304-307; B.F. Hoselitz, Non-Economic Aspects of Economic Growth, Glencoe, Ill., 1960, pp.28-42; D.Lerner, The Passing of Traditional Society: Modernizing the Middle East, N.Y. 1958; A. Foster-Carter, The Sociology of Development Ormskirk, Lancs., 1985.

106) P.W. Preston, New Trends in Development Theory, London, 1985, pp.14 and 17-20; A.G. Frank, "The Sociology of Development and the Underdevelopment of Sociology", in Latin America: Underdevelopment or Revolution. Essays on the Development of Underdevelopment and the Principal Enemy, N.Y., 1969, pp.21-78. See also, I.Oxaal, T. Barnett, and D.Booth, eds., Beyond the Sociology of Development, London, 1975.

107) W.W.Rostow, "Development: The Political Economy of the

Marshallian Long Period", in Meier/Seers, p.cit., 227-261, and The Stages of Economic Growth: A Non-Communist Manifesto, Cambridge, U.K., 1960, chapter 4; Thirlwall, op.cit., pp.42-47.

108) A. Fishlow, "Empty Economic Stages?", Economic Journal, March 1965; S. Kuznets, "Notes on Stages of Economic Growth", in A. Eckstein, ed., Comparisons of Economic Systems, Berkeley, pp.254-257.

109) Ranis and Fei, TED, p.557.

110) N. Kaldor, "Taxation for Economic Development", JMAS, I, 1, 1963.

111) Braudel, JE, p.212.

112) Meier, LIED, p.106; Kuznets, Economic Change, N.Y., 1953, pp.246-252.

113) A.O. Hirschman, The Strategy of Economic Development, New Haven, Conn., 1958, pp.6-7, 62, 98-116, 120 and 156-170; "A Dissenter's Confession: 'The Strategy of Economic Development' Reconsidered", in Meier/Seers, op.cit., pp.87-111; Journey Towards Progress, N.Y., 1963, pp.5-7.

114) P.T. Bauer and B.S. Yamey, The Economics of Underdeveloped Countries, Cambridge, U.K., 1957, pp.103 and 249-255; Bauer, Dissent on Development: Studies and Debates in Development Economics, London, 1971, pp.17-28; J. Wood, "Do Ideas Matter? Peter Bauer's Polemical Problems", Encounter, December 1984; H. Myint, "An Interpretation of Economic Backwardness", OEP, January 1954, and "The

'Classical Theory' of International Trade and the Underdeveloped Countries", EJ, June 1958.

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117) C.Furtado, Desarrollo y subdesarrollo, Buenos Aires, 1961, pp.76-78, 118-119, 150-155, 162-168, 171-177, and 212, and Subdesarrollo y estancamiento en America Latina, Buenos Aires, 1964, pp.11 and 64-66.

D.Ribeiro has similar ideas as Furtado on the coexistence of different socioeconomic formations through the interplay of historical forces. He inclines perhaps more towards the thesis of exogenous determination of contemporary internal structures, but his view of change is fundamentally technological. See El proceso civilizatorio, Caracas, 1968.

All Spanish texts here and elsewhere were translated by

the author.

118) Streeten, "The Frontiers of Development Studies: Some Issues of Development Policy", JDS, October 1967.

119) Streeten, "Industrialization in a unified Development Strategy", in Meier, LIED, p.37; "Development Ideas in Historical Perspective", ibid, p.111; Seers, "The Meaning of Development", IDR, December 1969. See also, Arndt, ED, p.91.

120) J. Freyssinet, Le concept de sous-developpement, Paris, 1966, pp.31-44, 69-74, 122-123, 148-149, 177-197, 209-210, 251-275, and 300-309.

CHAPTER 4

121) M.H. Dobb, Political Economy and Capitalism, London, 1937; P.T. Moon, Imperialism and World Politics, N.Y., 1926; L. Woolf, Imperialism and Civilization, London, 1928; Koebner, op.cit., p.6; Mommsen, op.cit., pp.52-56.

122) New Times, Moscow, nos.12 and 20, 1946, and no.51, 1948. See also, J. Gregory Oswald, "Contemporary Soviet Research on Latin America", in L. Hanke, ed., History of Latin American Civilization, 2v., London, 1967.

123) New Times, nos. 27 and 48, 1947; nos 19, 21, 39, and 43, 1949; nos. 6 and 12, 1950; and no. 11, 1951.

124) Ibid, no. 24, 1947; nos. 3, 7 and 47, 1949; and no. 22, 1950.

125) *Ibid*, no. 21, 1951.

126) H. Magdoff, "The Achievement of Paul Baran", *MR*, March 1965, pp. 63-80; R.B. Sutcliffe, introduction to Baran, The Political Economy of Growth (PEG1978), Pelican, 1978 (originally 1957), pp. 60-61; G. Palma, "Dependency: A Formal Theory of Underdevelopment or a Methodology for the Analysis of Concrete Situations of Underdevelopment?", in Meier, LIED, p.139; A.M. Hoogvelt, The Third World in Global Development, London 1982, pp. 165-166; T.K. Hopkins and I. Wallerstein, World Systems Analysis: Theory and Methodology (WSA), Beverly Hills, Cal., 1982, p.46.

127) P. Baran, "Economic Development of Backward Areas", *MR*, August 1951.

128) Baran, "On the Political Economy of Backwardness", *MSESS*, v.xx, 1952.

129) J.J. Sebreli, Tercer mundo: mito burgues, Buenos Aires, 1975, pp.33-34; P. Worsley, The Third World (TW), London, 1964, pp.50-51, 232 and 245, and The Three Worlds: Culture and World Development (TTW), London, 1984, pp.323, 297-306 and 323; G. de Bosschere, CTM, Paris, 1973; I.L. Horowitz, Three Worlds of Development: The Theory and Practice of International Stratification, N.Y., 1966; G. Dalton, Economic Systems and Society: Capitalism, Communism and Third World, Penguin, 1974; N. Harris, The End of the Third World: NICs and the Decline of an Ideology, London, 1986, pp.11-29; C. Rangel, El terciermundismo, Caracas, 1982, pp.53-84; A. Angelopoulos, Le tiers monde face au pays riches: perspectives pour l'an 2000, Paris, 1972; Y. Lacoste, Unité et diversité du tiers monde, Paris, 1980.

130) Guia del Tercer Mundo, Lisbon, 1983, pp.368-369.

131) S.Amin, Les effets structurels de l'integration internationale des economies precapitalistes. Une etude theorique du mecanisme qui a engendre les economies dites sous-developpes, Ph.D. thesis, Universite de Paris, 1957, pp.1-19, 37, 52-56, 175-176, 207-255, 301-309, 319-320, 358-370, 380, 485, 536-537, and 612.

132) Ibid, pp.39, 82-83, 95, 607, 615-616 and 625-626.

133) Marx, Capital, pp.I-872-940 and I-781-794; Lenin, Imperialism, pp.112-113 and 144. J. Nun, "Superpoblacion relativa, ejercito industrial de reserva y masa marginal", RLS, v.4, no.2, 1969; Baran, PEG57, pp.22-24, 44, 60-62, 85, 108-109 and 118-119.

134) J.C. Mariategui, Siete ensayos de interpretacion de la realidad peruana, Lima, 1928, pp.11-64.

135) Baran, PEG57, pp.140-143.

136) Ibid, pp.147-148.

137) Ibid, pp.11-12, 111, 150, and 236-237; PEG1978, p.120.

In 1966, Baran and Sweezy did a further elaboration on the theme of the capitalist exploitation of underdeveloped economies, in which they tried to prove that transnational corporations had taken the place of export or finance capital in the old equation of imperialism. It was a fairly direct reiteration of Hobson/Lenin. "Notes on the Theory of Imperialism", in Problems of Economic Dynamics and Planning,

Essays in Honour of Michael Kalecki, Warsaw, 1966.

138) The radical outlook on political developments in Latin America was expressed by the editors of MR in the issue of February 1967.

139) P. Jalee, Le pillage du tiers monde, Paris, 1982 (originally 1965), pp.150-153; E.Ruiz Garcia, El tercer mundo, Madrid, 1967; P.Moussa, Les nations proletaires, Paris, 1959; G.de Bosschere, Autopsie de la colonisation, Paris, 1967, p.10.

140) P.M. Sweezy, "Obstacles to Economic Development" in C.H. Feinstein, ed., Socialism, Capitalism and Economic Growth, Cambridge, U.K., 1967; T. Kemp, Theories of Imperialism, London, 1967; Mommsen, op.cit., pp.122-124; H. Magdoff, "Economic Aspects of U.S. Imperialism", MR, November 1966, "The Age of Imperialism" (part 2), MR, October 1968, pp.18-64, and "Is Imperialism Really Necessary?", MR, October-November 1970. For further studies on the imperialism of MNCs, see J.K. Galbraith, The New Industrial State, N.Y., 1967 and Economics and the Public Purpose, Boston, 1973, and R.J. Barnet, The Lean Years: Politics in the Age of Scarcity, N.Y., 1980.

141) D.A. Rangel, La Venezuela agraria, Caracas, 1969; D.F. Maza Zabala, Venezuela: una economia dependiente, Caracas, 1964, and Los mecanismos de la dependencia, Caracas, 1973; A. Cordoba and H. Silva Michelena, Aspectos teoricos del subdesarrollo, Caracas, 1967. For a full bibliography on these theorists, see Libros al dia, v.I., No.19, 15-30 May, 1976.

142) MR, March 1965, p.74, and MR, November 1962 and January

1963; Anderson, *op.cit.*, p.401; Hobsbawm, PCEF, p.63.

143) F. Fanon, The Wretched of the Earth, N.Y., 1968 (originally Paris, 1963), pp.99, 102-103, 128-129, 150, and 175; P. Freire, Pedagogia del oprimido, Montevideo, 1968.

For a Marxist critique of Debray's thesis, see "Regis Debray and the Latin American Revolution", MR, July-August 1968.

144) On the failure of the Alliance for Progress, see A.F. Lowenthal, "US Policy towards Latin America; Liberal, Radical, and Burocratic Perspectives", LARR, no. 3, 1973.

145) It has been said over and over (see in particular the Love article, note 81) that Prebisch was the originator of dependency theory with his core/periphery paradigm. There are two serious objections, at least, to this claim. If it refers to the radical, neo-imperialist, and historically more legitimate Marxist version of dependency, then Prebisch definitely had nothing to do with it, for neither by ideological orientation nor in the statement of his developmentalist ideas can Prebisch be considered a radical, much less a Marxist. Any rapprochment with Frank in this respect would be ludicrous. If it refers to the less radical (if radical sounding) Cardoso/Faletto version of dependency, a case could be made for a specific inter-active pattern of influences by which as Cardoso and Faletto, who were of Marxist ideological extraction, moderated their radicalism, Prebisch, who had conventionally capitalist roots, radicalised his approach to Latin American socioeconomic problems. However, if "dependency theory" was the result of this interaction, it certainly manifested itself first in Cardoso/Faletto than in Prebisch, and the claim of precedence for Prebisch does not hold water. See R. Prebisch: Nueva politica comercial para el desarrollo,

Mexico, 1964; Transformacion y desarrollo, Mexico, 1970; "A Critique of Peripheral Capitalism", CEPAL Review, first half of 1976, p.74; and "Dependence, Development and Interdependence", in G. Ranis and T.P. Schultz, eds., The State of Development Economics, London, 1988.

146) C. Abel and C. Lewis, eds., Latin America: Economic Imperialism and the State, London, 1984, pp. 16, 40, and 397-404.

147) R.A. Packenham, "Plus ca change,...: The English Edition of Cardoso and Faletto's Dependencia y desarrollo en America Latina", LARR, v.xvii, no. 3, 1982.

148) F.H. Cardoso and E. Faletto, Dependency and Development in Latin America, London, 1979, pp.xi-xii, xxii-xxiv, 172-172, and 213; Cardoso, Ideologias dela Burguesia Industrial en Sociedades Dependientes (Argentina y Brasil), Mexico, 1971.

149) Cardoso/Faletto, op cit., pp. ix, xx and 5-7

150) Ibid, pp xv-xix and 66-73. According to G. Kitching, in op cit., p. 157, Cardoso acknowledged the influence of development economists such as Singer, Myrdal, and Hirschman and of Marxists such as Sartre, Lukacs, and Gramsci.

Some have seen a dependency precedent in S. Bagu's Economia de la sociedad colonial: ensayos de historia comparada de America Latina, Buenos Aires, 1949. If so--from some of Bagu's themes, such as slavery as a capitalist institution and the colonial economy as a capitalist economy--, it would be to one of Frank's main lines of argumentation.

151) Abel/Lewis, op cit., pp.70-91

On Gramsci, see E.J. Hobsbawm, "The Great Gramsci", The New York Review of Books, April 4, 1974.

152) Outside of the Marxist current, which was late in affecting them, Latin American intellectuals had few explanations for the origins of economic retardation, although they had been conscious of socio-economic backwardness since the onset of independence. In Argentina, J.B. Alberdi and D.F. Sarmiento were in accord that their country's ills stemmed from the dual lack of population and education. Sarmiento called the condition "barbarie" and his political slogan was "gobernar es poblar" ("to rule is to people"). These ideas, simple though they may seem, have had repercussions in Latin American politics that extend far into the 20th century. The influence of Comte's positivism, with its emphasis on progress through science and legislation, had been profound and continuous, especially in Brazil whose national motto, "Ordem e Progresso", is taken directly from Comte himself. The shackles on progress were identified as ignorance and social inconformity and rebelliousness. Positivist also was the label applied to the socio-historical treatises of the Venezuelan L. Vallenilla Lanz, who justified repressive dictatorship as a valid answer to his country's unruliness. The latter was for him the underlying condition that produced backwardness. Its explanation was, for all intents and purposes, racist: the "mestizos", who had made independence possible, were difficult to govern by democratic means. Racism too was behind the Peruvian R. Garcia Calderon's explanation of his country's lack of progress: the primitive, ignorant and Indian-populated interior of Peru was the brake on its development. All these attitudes were what can be described as "internalizations" of Eurocentrism. In spite of the convolutions of their social and racial roots, Latin American intellectuals retained from their colonial origins and through their unbroken connection with Europe an

unmistakable awareness of their Western cultural affiliation, even a touchy, pervasive sense of belonging without reservations to Western culture, and this was true even of nativist "mestizo" writers like the great Nicaraguan poet R. Dario. The acme of internalization was perhaps J.E. Rodo's use of Shakespeare's Ariel as a symbol for the best "spiritual" qualities in Latin American culture. The Eurocentric and non-economicist diagnosis of Latin American backwardness did not stop in the 19th century. The Argentine A.E. Bunge, whom some consider a distant progenitor of Latin American dependency theory, did not hesitate to speak of Latin American "laziness", in exactly the same spirit in which Engels had used the epithet, and his compatriot S. Ramos spoke of a Latin American "collective sense of inferiority".

More or less in line with the general tenor of these "explanations", the bulk of Latin American historiography (and of the "Latin American" historiography of non-Latin American historians) right up to the present has tended to view Latin American history as the history of political events and of social movements in the widest possible sense to the exclusion of any form of economic determinism including that put forward by the theory of economic imperialism. This is also applicable to the philosophies of most successful or significant parties or movements in the region. From this point of view, the complicated political history of Argentina is inexplicable from a purely economicist or Marxist theoretical perspective, and even Argentine Marxists, with the possible exception of V. Codovilla, considered the political struggle as an internal process determined principally by internal realities. Despite his avowed and stentorean "antimperialismo", V.R. Haya de la Torre knew the true character of his native Peruvian power base, which was more modernising and middle-class than truly "Indian" or anti-imperialist, and the architect of Venezuela's durable contemporary democracy, R. Betancourt, at a time not far from his Marxist beginnings in

the 30s, defined his country's principal ailment as "bochinche", the "criollo" equivalent of disorderliness.

Some choice texts exhibiting internalised Eurocentrism (and in some cases racism itself) are L. Vallenilla Lanz, Cesarismo democratico, Caracas, 1952 (originally 1909); J.E. Rodo, Ariel, Montevideo, 1898; (on which see the interesting article by E. Rodriguez Monegal, "Las Metamorfosis de Caliban", in Caliban, Casa de la cultura latinoamericana, London, no. 2, n/d; and F. Garcia Calderon, Les democracies d'Amerique Latine, Paris, 1912.

On the Latin American non-economicist historiographical outlook, among countless texts, see, for the entire region: R. Levene, ed., Historia de America, Buenos Aires, 1940-1941, and D. Barros Arana, Historia de America, Santiago de Chile, 1940; for individual countries: J.F. da Rocha Pombo, Historia do Brasil, Rio de Janeiro, 1903; F.A. Encina, Historia de Chile, Santiago, 1940; R. Guerra y Sanchez, Manual de historia de Cuba, Havana, 1938; A. Parejo y Diez Canseco, Historia del Ecuador, Quito, 1958; J. Bravo Ugarte, Historia de Mexico, Mexico 1941-1944; A. Cuevas, Historia de la nacion mexicana, Mexico, 1940; A. Zum Felde, Proceso historico del Uruguay, Montevideo, 1963; and F. Gonzalez Guinan, Historia contemporanea de Venezuela, Caracas, 1909.

See also G. di Tella and R. Dornbusch, eds., The Political Economy of Argentina, 1946-83, London, 1989, for a recent example of the Latin American "policy approach" to history, and A.O. Hirschman, ed., Latin American Issues: Essays and Comments, N.Y., 1961, for a summary of Latin American views on economic backwardness. On Latin American Marxist literature, see S.B. Liss, Marxist Thought in Latin America, Berkeley, CA, 1984.

153) The principal commentator and fairest critic of Cardoso /Faletto in English is probably P.J. O'Brien, himself an exponent of Marxist social analysis. Apparently he first wrote about dependency in a review from 1972, but his major

effort on that subject was in 1975, when, as he said, it "was already necessary to clarify the various strands within the dependency school".

154) In our opinion the most brilliant and lucid presentation of the specific moderate Latin American version of dependency, one which is admirably exempt from ideological cant of any sort, is the one contained in the closing pages (pp.306-380) of the work El subdesarrollo latinoamericano y la teoria del desarrollo (Mexico, 1970), written by O. Sunkel, with the collaboration of A. Paz. It is not a Marxist or an anti-capitalist work, yet it demolishes from within ECLA doctrines on economic development.

155) T. dos Santos, Dependencia y cambio social, Caracas, 1974, pp.5-8; R.M. Marini, Subdesarrollo y revolucion, Mexico, 1969, pp.122-135, and "Brazilian 'Independence' and Imperialist Integration", MR, December 1965.

156) A.G. Frank, Dependent Accumulation and Underdevelopment (DAUD), N.Y., 1978, pp.xi-xvii; "Not Feudalism--Capitalism", MR, December 1963; and Critique and Anti-Critique: Essays in Dependence and Reformism, London, 1984, p.vii; T. Halperin-Donghi, "'Dependency Theory' and Latin American Historiography", LARR, v.xvii, no. 3, 1982, p.131.

157) Frank, Capitalism and Underdevelopment in Latin America: Historical Studies of Chile and Brazil (CUDLA), London, 1969, pp.10, 19, 46-55, 67-99, 115-120, 148-150, 152-159, 162-167, 168-180, and 201-218.

158) Frank, "The Development of Underdevelopment", MR, September 1966.

159) Frank, Lumpenbourgeoisie: Lumpendevlopment. Dependence, Class and Politics in Latin America, N.Y. 1972, pp.17-25; World Accumulation, 1492-1789 (WA), N.Y., 1978, pp. 11-24.

160) Abel/Lewis, op.cit., p.57.

161) Frank, CUDLA, pp.xi-xvii.

162) In his shorter works on Latin America, Frank tried to refine or emphasize certain aspects of his wider critique. Lumpenbourgeoisie, Lumpendevlopment, for instance, can be interpreted as an attempt to redress the excessive emphasis on external exchange relations as determinant of Latin American colonial and post-colonial social structures, which had come under criticism from G. Arrighi and E. Mandel, and it did indeed manifest a change of emphasis although chiefly in the direction rather than in the contents of his analysis.

163) Frank, DAUD, pp.xi-xvii; WA, pp.11-23.

164) Ibid, pp.239-245.

165) Ibid, pp.241-257.

166) Two interesting footnotes derive from the "Preface" to DAUD and have to do with Frank's preoccupation with terminology and with the emergence to prominence of I. Wallerstein's work. The first is important for two reasons: one, because much of the discussion on the left during the 70s and 80s is a question of, to pilfer a double conceit, "schooling by terminology" (thanks to Abel/Lewis and Myrdal); and two, because it throws a spanner into what

has been conceived as a neat separation between "dependency" and "neo-imperialism theory". The other footnote emerges from Frank's admission of the Wallerstein category of "semi-periphery", which in the guise of "sub-imperialism", a term derived in turn from Marini, he was to use as one of the centre-pieces of his analysis in Crisis in the Third World.

167) Frank, La crisis mundial, v.I.: El tercer mundo, Madrid, 1980, pp.8-10, 23-29, 95-96, 119-120, 231-236, 275-279, 325-335 and 346-353. For Frank's (and Amin's) apocalyptic vision on the crisis of capitalism, see Frank, Reflections on the World Economic Crisis, N.Y., 1981, pp.143-161.

168) "The misery of being exploited by capitalists is insignificant compared to the misery of not being exploited." J.Robinson, quoted in J.K. Galbraith, The Nature of Mass Poverty, Cambridge, Mass., 1979.

"Capital created underdevelopment not because it exploited the underdeveloped world, but because it did not exploit enough." G.Kay, Development and Underdevelopment. A Marxist Analysis, London 1975, p.x.

169) Consistent with these extreme anti-capitalist views, the alternative political paradigm that served as compass to much if not all of the radical dependency criticism of development theory (as development studies were usually called in Latin America, especially their economic branch) was "socialist development". F.Hinkelammert offers as good an example as any of this attitude in Latin America. His El subdesarrollo latinoamericano (Caracas, 1975) listed all the obstacles to capitalist development in Latin America and concluded in pious exasperation by bringing out the deus ex machina of socialism.

170) Sir Jadunath Sarkar, Economics of British India, Calcutta, 1909. The adoption of modernizing Western attitudes, which does not by any means involve a renunciation of nationalism, is observable also in the Bhrama Sanraj movement founded by R.R.M. Roy in Calcutta in 1828, in the India-wide Arya Sanraj created by swami Daya Naud in 1875, and in other such movements, on which see P. Spear, The Oxford History of Modern India, Oxford, 1965, pp.286-294. A constructive passion for modernization is present also, to be extremely selective, in such works as Stern Reckoning: A Survey of the Events Leading to and Following the Partition of India (New Delhi, 1948), by G.D. Khosla, and in Social Background to Indian Nationalism, (Bombay, 1948), by A.R Desai.

See Liss, op.cit., pp.39-66.

171) Nkrumah came to Marxism from anticolonialism. Other writers who followed a similar trajectory were A.Cesaire, A.Cabral, and A.Memmi. See Cesaire, Discourse on Colonialism, N.Y., 1972 (originally in French, 1955), a work very close in spirit to Fanon; and Cabral, Revolution in Guinea. An African People's Struggle, London, 1969.

172) S. Amin, Accumulation on a World Scale: A Critique of the Theory of Underdevelopment (AW), N.Y., 1974, pp.2-3, 14-25, 35, and 507-526.

173) Amin, Unequal Development: An Essay on the Social Formation of Peripheral Capitalism (UD), Sussex, 1973, pp.51-58, 73-77, 174-175, 183-1196, and 283-285; J.G. Gurley, "Economic Development: A Marxist View", in Meier, LIED, pp.133-139.

174) Amin, UD, pp.138-144; A.Emmanuel, Unequal Exchange: A Study of the Imperialism of Trade, London, 1972 (originally

Paris, 1969), pp.80-91, 263-270, and 299-307: C.Bettelheim, "Economic Inequalities between Nations and International Solidarity", MR, January 1970.

175) W. Rodney, How Europe Underdeveloped Africa, London, 1983 (originally 1973), pp.46-48, 57-80, 85-87, 95-99, 127 and 160.

176) Ibid, pp.125-146, 166, 179-180, 186-190, 212, 219-220, 225, 250, 273 and 280.

177) In a personal interview with the author, Bagchi described Frank as a "pamphleteer" and rejected the formula "the development of underdevelopment".

Bagchi, The Political Economy of Underdevelopment, Cambridge, U.K., 1982, pp.4-5, 13-15, 33-34, 39, 48-68, 149 and 179.

178) Ibid, pp.3, 187-197 and 249; Bagchi, "Towards a Correct Reading of Lenin's Theory of Imperialism", EPW, July 1983.

179) Kitching, op.cit., pp.55-56, 163 and 174-176.

180) Owens and Sutcliffe, op.cit., pp.331-378; M.B. Brown, After Imperialism, London, 1962; M.B. Brown, ed., The Academy of Underdevelopment: Documents on Economic Policy in the Third World, Nottingham, 1974; and The Economics of Imperialism, Penguin, 1974, pp.17-29.

181) A. Brewer, Marxist Theories of Imperialism, London, 1980, pp.16-17.

182) R. Brenner, "The Origins of Capitalist Development: A Critique of Neo-Smithian Marxism", NLR, July-August 1977.

183) I. Wallerstein, The Modern World System: Capitalist Agriculture and the Origins of the European World Economy in the 16th Century (WS1), N.Y., 1974, p.xi.

184) F. Braudel, Le Temps du Monde, Paris, 1979, pp.12-15, 28, 39, 42, 44 and 380.

185) Ibid, pp.55, 61, 30 and 518.

186) Wallerstein, Africa: The Politics of Independence, N.Y., 1961, and The Road to Independence: Ghana and the Ivory Coast, Paris 1964, pp.75-76; WS1, pp.36-38, 51, 63, 70-91, 103, 112, 132-136, 162, 210, 256-257, 290-291, 304, 309, 315, 336, and 349.

187) Wallerstein, The Modern World-System 2: Mercantilism and the Consolidation of the European World Economy, 1600-1750 (WS2), N.Y., 1980, pp.8, 37, 44, 51-52, 57, 62-63, 70-71 and 103-104; World Inequality, Origins and Perspectives of the World-System (WI), Nottingham, 1975, p.16.

188) Wallerstein, World-system 3: The Second Era of Great Expansion of the Capitalist World-Economy, 1730-1840s, San Diego, CA, 1989.

189) We have used the term "marginalism" in connection with Marx, Amin, and now Wallerstein. By this we mean that, in historical writing and in socioeconomic analysis, when fundamental issues are considered, once the available evidence has been exposed, the last-ditch choice of

explanations has to do with the author's *ex ante* commitment to a set of perceptual and judgmental valuations. In the case of these authors, these valuations have to do with the primacy of economic forces and motivations, as in Marx's, and all Marxists', capitalists, inescapably determined by the calculation of profit and profit-making.

190) T.K. Hopkins and I.Wallerstein, eds., World-System Analysis: Theory and Methodology (WSA), Beverly Hills, CA., 1982, pp.45-57; Wallerstein, ed., WI, pp.13-15; Hopkins and Wallerstein, Processes of the World-System, Beverly Hills, CA., 1980, p.179; P. Worsley, "One World or Three? A Critique of the World-System Theory of Immanuel Wallerstein" (OWT), in The Socialist Register, London, 1980, pp.299-235.

191) Wallerstein, "The Three Stages of African Involvement in the World-Economy", P.W Gutkind and Wallerstein, eds., The Political Economy of Contemporary Africa, Beverly Hills, 1976, pp.30-57.

192) Wallerstein, WS1, pp.87, 91, and 178-191; WS2, pp.203-221, 225-241, and 315; Hopkins and Wallerstein, WSA, p.47.

193) Wallerstein, WS1, pp.51, 70-91, and 336; WS2, pp.75-76 and 109; Braudel, JE, pp.483-489.

194) Hopkins and Wallerstein, WSA, p.94; Wallerstein, WS2, pp.97-98. On the secular imbalance in gold flow between East and West, see C.V. Wedgwood, The Spoils of Time: A Short History of the World, vi.: From Earliest Times to the 16th Century, London, 1984, p.336.

CHAPTER 5

195) N. Islam, Foreign Capital and Economic Development: Japan, India and Canada, Tokyo, 1960 (originally Dacca, 1958), pp.125 and 230; T. Caplow, "Are Rich Countries Getting Richer and Poor Countries Getting Poorer?", FP, (3) 1971; Arndt, ED, p.89 and 91; R. Cortes Conde, "Some Notes on the Industrial Development of Argentina and Canada in the 1920s", in D.C.M. Platt and G. di Tella, eds., Argentina, Australia and Canada: Studies in Comparative Development 1870-1965, London, 1985.

196) I. Adelman and C.T. Morris, Economic Growth and Social Equity in Developing Countries, Stanford, CA, 1973, pp.1-2; C. Elliott and F. de Morsier, Patterns of Poverty: A Study of Social and Economic Stratification, N.Y. 1975.

197) M.Todaro, Economics for a Developing World. An Introduction to Principles, Problems and Policies for Development, London 1977, pp.215-226; R.B.Sutcliffe, Industry and Underdevelopment, London 1971, p.287; M. ul Haq, The Poverty Curtain: Choices for the Third World, N.Y., 1976, "Seven Sins of Development Planning".

198) The case for development economics as a whole was presented in M. McQueen, The Economics of Development: Problems and Policies (London, 1973), which was also a succinct effort at intellectual synthesis.

F. Steward, Technology and Underdevelopment, London, 1977; Arndt, ED, pp. 100-106; World Bank, World Development Report 1979, pp.6-7.

The so-called Fourth Assembly of the Fourth World was convoked in May 1985 by the Gandhi Peace Foundation, based in New Delhi. Despite an initial flurry of publicity,

however, the impact of the "Fourth World" has been relatively minor.

199) K. Hart, "Informal Income Opportunities and Urban Unemployment in Ghana", JMAS, March 1973; Worsley, TTW, pp.175 and 210-213; Meier, LIED, pp.183-184 and 189; M.Lipton, Why Poor People Stay Poor: A Study of Urban Bias in World Development, London 1977, pp.223-229. An analogous effort, but dealing with the means to alleviate the plight of the urban poor, was undertaken in A.Gilbert and J.Gugler, Cities, Poverty and Development, Oxford, 1982.

200) N. Hicks and P.Streeten, "Indicators of Development: The Search for a Basic Needs Yardstick", World Development (WD), v.7, 1979; Streeten, First Things First, Oxford, 1981; "Industrialization in a Unified Development Strategy", WD, January 1975; D.Seers, Alternative Scenarios for 'Developing' Countries: The Fundamental Issues (mimeo), Brighton, 1977.

201) R. Sandbrook, The Politics of Basic Needs--Urban Aspects of Assaulting Poverty in Africa, London 1982, pp.1 and 243; Lipton, "The Absolutely Deprived", in TLS, August 31, 1984, p.972.

202) Meier, LIED, p. 395; C.Ramirez-Faria, "La leyenda negra de la OPEP", Politica Internacional (Caracas), July-September 1986.

203) Seers, ed., Dependency Theory: A Critical Reassessment (DT), London 1981, p.14.

204) Lehman, op.cit., pp.3-6; S.Lall, "Is Dependence a Useful Concept in Analysing Underdevelopment?", WD, v.2.,

no. 11, 1975.

J. Levin, in The Export Economies: Their Pattern of Development in Historical Perspective (Harvard, 1979), wrote: "Because domestic hostility to commercial pursuits continued in the export economies even after the migration of factors [labour, capital and entrepreneurship], and capital and managerial talent remained scarce, the bulk of export proceeds received by domestic factors in many export economies went to a small group, often an ethnically distinct group" (p.3), which sounds a lot like going from a to a.

205) G. Palma, "Dependency and Development: A Critical Overview", in Seers, DT, pp.63-69.

206) Seers, DT, pp.13-19.

207) P.J. O'Brien, "Dependency Revisited", in Abel/Lewis, op.cit., pp.62-65.

208) D.C.M. Platt, "Dependency in 19th Century Latin America", LARR, v.XV, no. 1, 1980, and "Dependency and the Historian: Further Objections", in Abel/Lewis, op.cit., p.36; S.J. and B.H. Stein, "Comment", LARR, v.XV, no. 1, 1980.

209) Habib, MPI, pp.123-124; Braudel, JE, Paris, 1979, p.503; C. Hill, Reformation and the Industrial Revolution: A Social and Economic History of Britain, 1530-1780, London, 1967, pp.191-195; E.J. Hobsbawm, Industry and Empire: An Economic History of Britain since 1756, London, 1968, pp.36-38.

210) Bairoch, HRUD, pp.197, pp.197-200 and 202-205.

211) D.Lal, The Poverty of 'Development Economics', London, 1984; R. Bideleux, Communism and Development, London 1985; B.Balassa, The Newly Industrializing Countries in the World Economy, N.Y., 1981; J. Bergsman, in Meier, LIED, pp.56-61; N.Harris, op.cit., pp.31-45; J.Bhagwati, Dependence and Interdependence, Oxford, 1985.

212) E. Mandel, "The Laws of Uneven Development", NLR, January-February 1970; C. Palloix, L'economie mondiale, 2v., Paris, 1971, and "The Self-Expansion of Capital on a World Scale", in RRPE, Summer 1977.

213) P.-P. Rey, Colonialisme, neo-colonialisme et transition au capitalisme. Exemple de la 'Comilog' au Congo-Brazzaville, Paris, 1971; H. Alavi, "India and the Colonial MOP", Socialist Register, 1975; E. Laclau, "Feudalism and Capitalism in Latin America", NLR, 67, 1977.

214) J. Weeks and E. Dore, "International Exchange and the Causes of Backwardness", LAP, Spring 1979; J.G. Taylor, From Modernization to Modes of Production: A Critique of the Sociologies of Development and Underdevelopment, London, 1979, pp. ix-xxii.

215) N. Harris, op.cit., pp.69, 78, 116-117, 137-139, 187 and 200.

216) A. Foster-Carter, "The Mode of Production Controversy", NLR, January-February 1978; I. Roxborough, op.cit., pp.42-90 and 159-163; Worsley, TTW, pp.41, 189, 204 and 302; C.A. Barone, Marxist Thought on Imperialism: Survey and Critique, London, 1985; I.Vujacic, "Marx and Engels on Development and

Underdevelopment: The Restoration of a Certain Coherence",
History of Political Economy, Spring 1988.

217) M.W.Flinn, Origins of the Industrial Revolution, London, 1966; P.Mantoux, La revolution industrielle: Essai sur les commencements de la grande industrie moderne en Angleterre, Paris, 1959 (originally in English, 1928); T.S.Ashton, An Economic History of England: The 18th Century, London, 1955; D.S. Landes, The Unbound Prometheus, London, 1969; S.Pollard, Peaceful Conquest: The Industrialization of Europe 1760-1970, Oxford, 1981; W.N. Parker, Europe, America and the Wider World: Essays on the Economic History of Western Capitalism, v.I: Europe and the World Economy, Cambridge, U.K., 1984; O.C. Cox, The Foundations of Capitalism, London 1959; J.U.Nef, The Conquest of the Material World, Chicago, 1964; P. Deane, The First Industrial Revolution, Cambridge, U.K., 1965.

218) Braudel, JE, pp.7-9, 36, 79, 113, 197-200, 327, 329, 403, 408, 413, 463, 494, 507, and 535-536; TM, pp.74, 105, 118, 145-146, 221, 332, 472, 480, 511-513, 528-529, and 538-539.

219) Braudel, JE, pp.102, 111, 498-499, 503, 519-534 and 540; TM, pp.428-461.

220) Braudel, Civilisation materielle et capitalisme, Paris, 1967. The idea of "overwhelming", which blends in with the idea of imbalance proposed by Landes, is also related to what Doyle calls "systemic views" on imperialism and which he defines in these terms: "Disparities in power provide both opportunities and motives for the establishment of empires." Doyle traces it to a 1947 book on Athenian imperialism by J.de Romilly and also finds it expressed by M.Kaplan (1957) and K.Waltz (1959). Doyle, op.cit., ppp.26-

30.

221) E.L.Jones, The European Miracle: Environments, Economies and Geopolitics in the History of Europe and Asia, Cambridge, U.K., 1981, pp.5, 8, 18-41, 57, 69, 73, 84, 93, 102-103, 108, 117, 159-171, 181, and 226-238. Jones had already advanced some of his ideas on despotism in "The Historic Role of Agrarian Change in Economic Development", in Jones and S.J.Woolf, Agrarian Change and Economic Development, London, 1969.

222) A.W.Crosby, Ecological Imperialism: The Biological Expansion of Europe 900-1900, Cambridge, U.K., 1986, p.21. Jones, The European Miracle, p.13.

223) J.J.Putnam, "The Search for Modern Humans", NG, October 1988, pp.483-447; The Economist, August 13, 1988, pp.77-80.

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