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I. Introduction

The purpose of this essay is to examine what has become known in the language of post-World War II social science as "dependency theory." Although all variants of this dependency theory are more or less nationalist and anti-imperialist, they are not uniformly socialist or Marxist. That is to say, many of those working within the broad category of dependency theory are not fundamentally anti-capitalist. Thus, they do not articulate a socialist program for breaking the constraints they see as being responsible for poverty, backwardness, stagnation, and underdevelopment.

In the writings of these non-socialist or "bourgeois-nationalist"[2] writers, the problem was seen merely as the domination of weaker economies by stronger ones. If this domination could be removed, so would be the economic backwardness that characterizes most of the Third World. The result would be capital accumulation and an independent, autonomous but nevertheless capitalist development. "Independent" or "autonomous" capitalist development should not be equated with some abstract notion of "absolute autarky." Absolute autarky is here understood to mean the complete severing of all economic links that any particular political-economic formation has that extend beyond its boundaries. It is, however, argued that some degree of autocthonous development is necessary if structural underdevelopment is to be overcome.[3]

This is in distinction to most modern bourgeois development theory -- dressed-up versions of Ricardo's law of comparative advantage -- which argues that the international economic system is and should be "interdependent," that greater economic integration allows "a greater specialization in a wider division of labor and often a better utilization of the comparative advantages of each region or population group."[4] Thus, what characterizes the existing international economic system is not simply a relationship of dependence on the industrialized countries by the underdeveloped world, but a dependence of both upon each other. While this may be true in the broad overall view, the dependency school argues that this relationship is marked by inequality and domination; that the Third World, rather than being characterized by independent capital accumulation, has been subordinated to the needs of the industrialized capitalist countries.

One of the basic assumptions of dependency theory, whether radical or bourgeois-nationalist, is that the existing international economic system is structured in such a way that most of the "social surplus" produced in the Third World is siphoned off through numerous mechanisms such as the international banking system, various governmental or international lending institutions, and transnational corporations headquartered in Western Europe and North America. The rest accrues to a narrow stratum of the population of any particular underdeveloped country; a stratum whose primary function is to

act, as it were, as local representatives of international capital and to facilitate the penetration and continued exploitation of the underdeveloped world.

Neither radical nor bourgeois-nationalist dependency theorists advocate "absolute autarky."[5] It is here, however, that their respective strategies for political and economic development diverge. So far as we know, no one who is involved in the discussion of economic development, with the possible exception of P.T. Bauer,[6] advocates the continuation of that condition that has become known as underdevelopment. Either implicitly or explicitly, any discussion of the origins and nature of economic development contains a strategy for its elimination.

The radical[7] dependency school argues in essence that, given the present state of development of the international capitalist system, a broadly based, autonomous, internally-directed capitalist development in the Third World has become, not merely undesirable, but impossible. They thus assert that the only way in which backwardness, stagnation, and poverty can be overcome is through a socialist revolution in which all but those absolutely necessary links with the existing international economic system are broken. It is primarily with radical (socialist/Marxist) underdevelopment theory that this paper will concern itself.

Underdevelopment theory is generally a phenomenon of the three-and-a-half decades after 1945. Prior to this period, most Marxists had concerned themselves with socialism and the struggle against capitalism as it applied to the working class in Europe and North America and the few enclaves outside that area containing a European working class.

Marx himself, of course, had dealt with the "colonial question" -- particularly regarding India and Ireland[8] -- but it was primarily from the point of view of the effects of imperialism on the prospects for European revolution. Marx, particularly in his earlier writings, looked very positively on the long-term historical consequences of capitalist penetration of the Third World. Marx's view regarding India[9] was that the railroad and modern industry would advance the productive forces there and, as a consequence, bring about the full proletarianization of the Indian society, thus liberating it from the static condition he labeled "Asiatic Despotism." Marx expressed similar sentiments in the Communist Manifesto:

> The bourgeoisie, by the rapid improvement of all instruments of production, by the immensely facilitated means of communication, draws all nations, even the most barbarian, into civilization. The cheap prices of its commodities are the heavy artillery with which it batters down all Chinese walls, with which it forces the barbarian's intensely obstinate hatred of foreigners to capitulate. It compels all nations, on pain of extinction, to adopt the bourgeois mode of production; it compels them to introduce what it calls civilization into their midst; i.e., to become bourgeois themselves. In a word, it creates a world after its own image.[10]

In his later work it does appear that Marx was beginning to change his views regarding the historically positive effect that imperialism must necessarily have on pre-capitalist or "natural economies."[11]

In his famous pamphlet on imperialism, Lenin did not discuss at length the effect of capitalist penetration on peasant societies as he, too, was examining its effects from the point of view of a European socialist. He did touch briefly, however, on one of the key arguments later propounded by many dependency theorists and that is the notion that the super-profits gained through imperialists ventures are used to bribe at least a sector of the European and North American working class into accepting bourgeois hegemony.[12] Lenin quoted Engels as having written that "...the workers merrily share the feast of England's monopoly of the colonies and world market," and then himself wrote: "The imperialist ideology also penetrates the working class. No Chinese Wall separates it from other classes."[13]

Rosa Luxemburg discussed the effects of imperialism on what she called "natural economies" at some length, but again, it was part of a larger work. Luxemburg, however, did begin to discuss the ways in which developed capitalism required, for continued accumulation, the existence of peasant or pre-capitalist economies:

> Yet, as we have seen, capitalism in its full maturity also depends in all respects on non-capitalist strata and social organizations existing side by side with it....The interrelations of accumulating capital and non- capitalist forms of production extend over values as well as over material conditions, for constant capital, variable capital, and surplus value alike. The non-capitalist mode of production is the given historical setting for this process. Since the accumulation of capital becomes impossible in all points without non-capitalist surroundings...capital needs the means of production and the labor power of the whole globe for untrammelled accumulation; it cannot manage without the natural resources and the labor power of all territories.[14]

Luxemburg even anticipated some of the later arguments of dependency theory when she suggested that capital accumulation could take place in a setting where the full proletarianization of labor had not taken place -- or what she called "predominantly non-capitalist societies."[15] Likewise, she anticipated the dependency argument concerning the "underdeveloping" effect capitalist penetration has:

> Yet if the countries of those branches of production are predominantly non-capitalist, capital will endeavour to establish domination over those countries and societies. And, in fact, primitive conditions allow of a greater drive and of far more ruthless measures than could be tolerated under purely capitalist social conditions[16] (Italics ours).

Much of the impetus for radical underdevelopment theory after World War II stemmed from three sources. First, and most importantly, was the obvious inadequacy of so-called "modernization theory." The forces of anti-colonialism, dialectically created by colonialism itself, were brought to a head by World War II. Before becoming U.S. Secretary of State, John Foster Dulles wrote:

> When the fighting in World War II drew to a close, the greatest single political issue was the colonial issue. If the West had attempted to perpetuate the status quo of colonialism, it would have made violent revolution inevitable and defeat inevitable. The only policy that might succeed was that of bringing independence peacefully to the more advanced of the 700,000,000 dependent persons.[15]

Thus, between 1948 and 1960 most of what had been under the direct political and economic control of the Western colonial powers reached independence. Most liberal bourgeois thought argued now that the legal constraints of colonialism had been broken, the newly independent countries of the world, if protected of course from communism, would inevitably develop along the lines followed by capitalist development in Europe. With independence would come increasing urbanization and education, the adoption of Western political attitudes and structures, increased Western "aid" and capital investment, the consequence of which would be the promised material advance and a "modern" society. The fact that most of Latin America which had been free of colonial rule for over 125 years had not developed in this manner could, of course, not be explained by this overly optimistic theory.

The second source of dependency theory was a felt need to combat the overly mechanistic "theory of stages" that characterized the thinking of most orthodox Communist Parties. This "orthodox" theory vulgarized much of the Marxian model by attempting to turn in into a series of rigid formulae that brooked no deviation from a series of linear steps that supposedly characterized the economic and social history of Europe. Under this scheme, Europe marched directly from primitive communism through successive modes of production characterized as slave, feudal, and capitalist. By extension, all social formations must follow this route. This analysis led to styling the Third World as being feudal with the next necessary linear step being that of bringing about the "bourgeois-democratic revolution" -- a formulation so vague as to be generally useless.[18] This formulation was to have political consequences such as the South African Communist Party support for the racist white miners in the Rand strike of 1923 (Africans were pre-capitalist while the striking whites were proletarians); support for Chiang's Kuomintang against Mao's Communists in the late twenties; opposition by the official Communist Party to the Cuban Revolution until shortly before its victory. This attitude was characteristic of most Third World "official" Communist Parties until only recently.[19]

The third of these sources of dependency theory was the need to understand why the optimism expressed by Marx in the Communist Manifesto regarding the revolutionary role of expanding capitalism had not resulted in vibrant capitalist economies mirroring those of Europe and North America but instead in economic stagnation, increasing poverty, and advancing underdevelopment in most parts of the world.

The first section of this paper reviews some of the dependency literature, followed in the second section by a review of the attacks levelled against it by its radical critics. We do not view these two schools of analytic thought to be inherently antagonistic and conclude the paper with an argument for a synthesis of the two. Just as development and underdevelopment are dialectically related, so internal class relations cannot be analysed without looking to their origins and present articulation to the present global system

of capitalist production. To ignore or reject as irrelevant either of them would seem to be a mistake of enormous proportion.

II. Dependency Theory

Dependency theory, contrary to conventional liberal analysis, argues that "underdevelopment" -- that is, stagnation, poverty, unemployment -- is not the natural state. Prior to their incorporation into the world capitalist system these socio-economic formations were undeveloped insofar as their productive forces were primitive. This, however, is quite different from the condition of underdevelopment as it is meant by dependency theory. Underdevelopment in this sense of the term denotes a dynamic process; a process which began centuries ago but which is still ongoing. In other words, while bourgeois-liberal ideology sees underdevelopment as the original state and a process taking place whose end result is capitalist development, the radical dependency school sees underdevelopment as a condition that is deepening and becoming more pervasive. Samir Amin describes it in the following way:

> What is worse is that this definition (liberal development theory) leads straight-away to an essential error: the underdeveloped countries are seen as being like the "developed" ones at an earlier stage of their development. In other words, the essential fact is left out, namely, that the underdeveloped countries form part of a world system, that the history of their integration into this system forged their special structure -- which thence forth has nothing in common with what prevailed before their integration into the modern world.[20]

This process is subsumed in Frank's well-known phrase -- "the development of underdevelopment."[21] The basics of this theory of underdevelopment and dependence -- argued by Baran, Frank, Amin, Rodney,[22] as well as many others -- are the same:

> Economic development and underdevelopment are the opposite sides of the same coin. Both are the necessary result and contemporary manifestation of internal contradictions in the world capitalist system....One and the same historical process of the expansion and development of capitalism throughout the world has simultaneously generated -- and continues to generate -- both economic development (in the industrialized capitalist core states) and structural underdevelopment (in the dependent peripheral states).[23]

This process of underdevelopment is seen to have begun gradually with European mercantile expansion beginning in what Wallerstein calls "the long sixteenth century" -- 1450-1640.[24] We do not intend here to discuss the Marxist debate concerning the transition from feudalism to capitalism -- that is, whether its central dynamic was the dissolution of feudal society due to contradictions internal to the feudal mode of production itself, or whether this transition was brought about by the "dissolving effects" of mercantile wealth infused into northwestern Europe and England, originally from the Mediterranean and then subsequently from the pillaging of Latin America, Africa and Asia.[25]

Suffice it to say here that large amounts of wealth were transferred from the constantly expanding area of newly incorporated regions to the coffers of Western Europe in the five centuries after 1450. Over a century ago, Marx noted the effect of mercantile capitalist expansion, both on the peripheral areas into which it expanded and on the metropolitan countries that reaped the proceeds of this expansion:

> The discovery of gold and silver in America, the extirpation, enslavement and entombment in mines of the aboriginal population, the beginning of the conquest and looting of the East Indies, the turning of Africa into a warren for the commercial hunting of black-skins, signalized the rosy dawn of the era of capitalist production. These idyllic proceedings are the chief momenta of primitive accumulation....The colonial system ripened, like a hot-house, trade and navigation. The "societies Monopolia" of Luther were powerful levers for concentration of capital. The colonies secured a market for the budding manufactures and, through the monopoly of the market, an increased accumulation. The treasures captured outside Europe by undisguised looting, enslavement, and murder, floated back to the mother-country and were turned into capital....Today industrial supremacy implies commercial supremacy. In the period of manufacture properly so-called it is, on the other hand, the commercial supremacy that gives industrial predominance....Liverpool waxed fat on the slave-trade. This was its method of primitive accumulation....In fact, the veiled slavery of the wage workers in Europe needed for its pedestal, slavery pure and simple in the new world.

and

> In the same way, the expansion of foreign trade, although the basis of the capitalist mode of production in its infancy, has become its own product, however, with the further progress of the capitalist mode of production, through the innate necessity of this mode of production, its need for an ever-expanding market....As concerns capitals invested in colonies, etc,; on the other hand, they may yield higher rates of profit for the simple reason that the rate of profit is higher there due to backward development, and likewise the exploitation of labor, because of the use of slaves, coolies, etc....Since the rate of profit is higher, therefore, because it is generally higher in colonial country, it may, provided natural conditions are favorable, go hand in hand with low commodity prices....This same foreign trade develops the capitalist mode of production in the home country...[26]

Thus, from Marx's point of view, Western Europe enriched itself by siphoning off enormous amounts of wealth from the newly incorporated regions but, more importantly, instead of simply consuming this plundered wealth as had previous imperial expansions, it turned this wealth into capital. From the point of view of dependency theory, this plundering not only contributed, on the one hand, to the development of European capitalism, but, on the other,

deprived the periphery of wealth that could have been turned to its own development. Thus, it set in motion the "development of underdevelopment" by gearing these peripheral socio-economic formations into the needs of metropolitan capital and creating a structural condition which prevented any other course than underdevelopment. It is this latter factor, not simply the initial plunder, that is crucial to the dependency argument. As Marx also pointed out in this regard, "They [European capital] also forcibly rooted out, in their dependent countries, all industry, as, e.g., England did with the Irish woolen manufacture."[27] In a similar vein Ernest Mandel has noted:

> While capitalism has spread all over the world, the greater part of the world has experienced only its disintegrating effects without benefitting from its creative side. Indeed, the unlimited industrial advance of the Western world has been possible only at the expense of the so-called underdeveloped world, which has been doomed to stagnation and regression.[28]

The above point by Marx regarding the conscious destruction of all indigenous industry that could serve to compete with expanding capitalism or act as a pole around which the economy of the area being penetrated could group, has been described numerous times for other areas. Rodney makes this point explicitly with regard to pre-colonial industry in West Africa.[29] Baran, among many others, described the process by which the British systematically debilitated the Indian textile industry between 1780 and 1850.[30] Mandel notes that in 1815, British textile exports to India were valued at only £26,000, while Britain consumed £1.3 million of Indian textiles. By 1850, the Indian textile industry had been destroyed and India imported 25 percent of all Lancashire's exports:

> This [India's underdevelopment] results from the fact that capitalism entered this country under conditions of imperialist domination, which transformed India from a producer of manufactured goods into a producer of agricultural raw materials.[31]

In the earlier period both raw and manufactured Bengali cotton and silk had been transported overland to Gujarati merchants and manufacturers but, because of British colonial policy, began to be exported to Europe. This disrupted Indian internal trade and "rendered indigenous merchant capital idle, forcing it to seek refuge in the acquisition of landed property."[32] Having destroyed the textile industry, the British switched from appropriating Indian production to controlling the Indian market for Lancashire production. The consequence was that "during the second half of the nineteenth century, the modern Indian landlord was created and an alliance was formed between him and imperialism."[33]

Thus, not only was the colonial world plundered, it was underdeveloped. Plunder, in its strict definition or in its more rapacious form, has not been the continuing mechanism for the transfer of value from the periphery to the core. Over the centuries the forms taken to bring about this transfer have changed as the needs of capital have changed. Thus, by the last quarter of the nineteenth century, one could distinguish three broadly different circumstances by which this transfer was effected. In Latin America, legally independent since early in the same century, the transfer was brought about on the basis of seeming equality; that is, between seemingly independent national

states. In places like India, the Caribbean, Indonesia, and Indochina value transfer was mediated through the colonial state which generally represented only latent force and under conditions of free wage labor. However, in Africa, except for the old coastal enclaves, the process was the same as it had been two and three centuries earlier in Latin America; plunder and forced labor brought about by Europe's capacity to bring to bear superior force. By the end of World War II the mechanisms of control in Africa were similar to those utilized in India three-quarters of a century earlier. Within another two decades Africa, post-colonial Asia, and Latin America (that is, those countries that had not undergone radical change) were all nominally independent but still subject to the transfer-out of value -- no longer by outright plunder and pillage or even the forced exchange with the colonial mother country, but indirectly through "free trade" and the mechanism of unequal exchange.[33]

Although much of the social surplus is transferred out, some remains in the form of capital investments such as railroads, industrial plants, mines, and other forms of fixed investments. However, from the dependency perpective, underdevelopment has much more pervasive features: it is the structure of the economic system and the type of capital accumulation that results which constitutes dependency and continuing underdevelopment; that is, the lack of an indigenously-oriented process of accumulation of self-expanding value.

Dependent and underdeveloped economies are generally characterized by three structural features:[35]

(1) Unevenness of productivity between sectors. That is, that underdeveloped countries are characterized by relatively small, highly capitalized sectors on the one hand, and low productivity, backward agricultural sectors on the other. At the same time, the low productivity sectors are subordinated to the world market rather than existing independently as "traditional economies." These backward sectors articulate with the world market in two ways. Firstly, they produce primarily for the capitalist market (exchange values) and only secondarily for their own comsumption (use values). They are forced to sell the commodities produced by their labor in order to reproduce themselves. Their subsistence production is not sufficient to constitute ownership of their own means of reproduction. They are, as it were, semi-proletarianized. Secondly, they constitute in more classically Marxist terms, a reserve army of labor that serves to depress the wages of those working in the highly capitalized sector. Amin argues that in most of the Third World between 65 and 80 percent of the population is engaged in rural ariculture, while in those same countries agriculture constitutes 40 percent or less of the GDP.[36]

(2) Disarticulation of the economic system. That is, that the various sectors of the economy have few if any intersectoral exchanges. Thus, agricultural production is geared into exports rather than for the nation's food consumption requirements. Accordingly, countries with 80 percent of their population engaged in agricultural production are forced to import food. Raw materials are not produced for the consumption of indigenous industry but are instead exported. Indigenous industry, on the other hand, must import most of its capital goods and raw materials.

(3) Domination from the outside. That is, that most production -- whether agricultural, mining, or industrial -- is geared to conditions

obtaining in the world capitalist system as a whole. Foreign capital generally controls the decisive sectors of the economy and the economic decisions of Third World countries are generally circumscribed by externally owed debts and the constantly recurring need to borrow further. Describing financial dependence generally, Amin has written:

> The fundamental cause of this is that investments of foreign capital in the underdeveloped countries automatically engender a flow of profit transfer in the opposite direction. With an average rate of return of twenty to twenty-five percent, the flow of profits back to the advanced countries soon exceeds the flow of capital investments....[37]

The local bourgeoisie that developed in the periphery in this process of capitalist penetration was not a "true bourgeoisie," at least in the sense that it did not fulfill the same progressive historical function as had the European middle class in the first three centuries of the development of capitalism. This class did not accumulate, innovate and invest. Instead it functioned primarily as an agent of metropolitan capital to facilitate imperialist penetration. It is what Cabral has called:

> ...A pseudo-bourgeoisie, controlled by the ruling class of the dominating country...thus the local pseudo-bourgeoisie, however strongly nationalist it may be, cannot effectively fulfill its historical function; it cannot freely direct the development of the productive forces; in brief it cannot be a nationalist bourgeoisie.[38]

Fanon referred to the historical mission of this class as being that of "intermediary":

> Seen through its eyes, its mission has nothing to do with transforming the nation; it consists, prosaically, of being the transmission line between the nation and a capitalism, rampant though camouflaged, which today puts on the masque of neo-colonialism...Because it is bereft of ideas, because it lives to itself and cuts itself off from the people, undermined by its hereditary incapacity to think in terms of all the problems of the nation and seen from the point of view of the whole of that nation, the national middle class will have nothing better to do than to take on the role of manager for Western enterprise, and it will in practice set up its country as the brothel of Europe.[39]

Having developed a dependent relationship, this bourgeoisie was never able to operate independently; that is, as a bourgeoisie proper. The distorted structure of peripheral capitalism prevented this. Frank has argued regarding Latin America, that only on those occasions in which the metropoles were experiencing economic contraction, was an independent, nationalist bourgeoisie in the peripheral countries able to appear that had intentions of inward-directed capitalist development. However, as soon as the period of contraction ended and world capitalism began another period of expansion, this

nascent (true) bourgeois class was shunted aside either through the simple economic power of metropolitan capital and its local allies, or, on those occasions when it was necessary, through the use of force.[40]

III. The Critics of Dependency Theory

Just as dependency theory grew out of a dissatisfaction with the explanatory capacity of modernization theory, its radical critics see it as being incapable of explaining the new realities of the post-colonial world. In their attempts to explain such differences in levels of development as those, for example, between Brazil and Nicaragua or Zimbabwe and Nigeria, etc., they have focussed their attention of the historically specific ways in which internal class structures have articulated with imperialism and possible ways in which formal independence has altered these configurations. They have looked more closely at the ways in which local bourgeois classes have promoted their own interests through the use of state power. Finally they have re-opened the traditional Marxist debate discussed briefly in the introduction of attempting to find the locus of the transition from feudalism to capitalism in Western Europe which gave birth to an aggressive system of expansion and the role which the non-capitalist world played in this expansion.

In these attacks the critics argue, inter alia, that dependency theory:

1. fails to take into account the internal class and productive structures of the periphery that inhibit development of the productive forces;

2. tends to focus attention on the metropoles and international capital (the existing international division of labor), as they are "blamed" for poverty, stagnation, and backwardness, instead of on local class formation. This misdirects political activity, producing pessimism and political complacency on the part of actual or potential revolutionary classes;[41]

3. fails to differentiate capitalist from feudal (or other pre-capitalist) modes of controlling the direct producer and appropriating the surplus;

4. ignores the productivity of labor as the central point in economic development and thus locates the motor force of capitalist development and underdevelopment in the transfer of the economic surplus from the periphery to the core. This not only distorts history but Marxist theory as well;

5. encourages a "third-worldist" ideology that undermines the potential for international working class solidarity by lumping together as "enemies" both the metropolitan bourgeoisie and working class;

6. holds out the "utopia" of autarky instead of socialism;

7. is static, in that it is unable to explain and account for changes in underdeveloped economies over time;

8. holds that industrialization and thus "development" cannot take place in the Third World, in the face of growing evidence to the contrary;

9. forecloses the possibility that an independent, indigenous bourgeoisie involved in the sphere of production and the accumulation of capital locally can develop.

While many of the above-listed criticisms overlap, it seems that most of the substantial criticisms of dependency theory are covered. For the purpose of discussion, these can be divided into two broad areas; theoretical and empirical. In the former we would include the first six of the above; the last three being empirical objections.[42]

It does seem accurate to say that early dependency writing tended to view underdevelopment in a mechanical and undifferentiated way. The entire world was divided into two categories -- the core industrialized capitalist countries of Western Europe and North America and the peripheral countries of the rest of the world. (The socialist countries, of course, were excepted from this scheme.)

In a similar way, the term "Third World," which has been used throughout this paper, has little specific explanatory value. It is a term whose origins lie in the early Cold War period and was used to refer to all those countries not considered directly a part of the two great Cold War factions -- the industrialized capitalist countries and the socialist industrial cuntries. All those other nations tended to be poor, to have a low level of productive forces, and to have a work force involved primarily in agricultural production. Clearly, this kind of a residual typology falls very short of any kind of an accurate description of what this enormous and quite differentiated mass of countries is like. Thus, to include in the same category Brazil with a population of nearly 120 million and 3.3 million square miles of territory and, for example, Tuvalu which consists of 9.8 square miles and a population of 10,000, is clearly approaching absurdity.

Accordingly, dependency theory tended to ignore the vast differences existing between underdeveloped countries. An attempt to deal with this failing has been the concept of semi-periphery. Dependency theory, particularly in the work of Frank, with his concept of a chain of exploitation beginning in the financial centers of world capitalism and extending all the way to a Bolivian peasant, blurred the differences that should be made between geographical relationships and class relationships. Thus, the relations of exploitation existing between, say, the United States and Brazil as national states were seen to be the same as those existing between General Motors and its workers as well as between a Brazilian landowner and the peasants who worked on his land.

However, despite some of these deficiencies, the purpose of the radical dependency model was to develop an explanation as to why, for example, Chile and Brazil after a century and a half of independence were still largely poor, underdeveloped, and satellites of Western capital. That is to say, it attempted to explain why neither the Marx of The Communist Manifesto nor bourgeois development theory had been proven correct, not only in Brazil and Chile, but in most of the rest of the world.

A. The Theoretical Critique

What we have labelled the "theoretical" criticism of dependency theory is, as mentioned above, closely associated with the so-called "articulation debate" -- i.e., the transition from feudalism to capitalism. Most of the radical dependency school have argued that the expansion of European merchant capital, beginning in the sixteenth century, set in motion the "underdevelopment" of Latin America; and then subsequently Asia and Africa. This was brought about through a systematic transfer out of the social surplus of these newly incorporated countries, contributing to the further development of the core capitalist countries of Europe and later North America. This out-transfer of the economic surplus has continued until the present with the result of further underdevelopment, on the one hand, and further development in the core countries on the other.

This view, the critics argue, mislocates the dynamic of capital accumulation which is properly situated in the separation of the direct producers (the peasants) from the means of production (the land). This separation (primitive accumulation) is the result of class struggle internal to the feudal mode of production; that is, the inability of the landlords to increase feudal rent in the face of peasant resistance and ultimately the gaining of freedom by the peasants from feudal dues altogether. The result of this struggle was the appearance of free labor -- that is, labor power as a commodity. This appearance of labor power in commodity form allowed (forced) it to be purchased by capital, breaking the resistance inherent in feudal production to technical innovation that could increase the productivity of labor. It allowed the productivity of labor to be increased relatively rather than absolutely and in turn brought about the vast expansion of commodity production characteristic of the capitalist epoch -- development!

In the words of Robert Brenner, "It is the question of the transformation of class relations and whether or not they are favorable or unfavorable to the development of the productive forces which becomes the central question in analyzing economic development and underdevelopment."[43] In this view, dependency theory is manifestly incorrect in maintaining that underdevelopment in the periphery is brought about by a transfer of surplus to the core which facilitates the core's development. On the contrary, underdevelopment is caused by class relations in the periphery that fetter the development of the productive forces by preventing the complete emergence of free labor power as a commodity. Thus, it is the persistence of feudal (or other pre-capitalist) class relations that have inhibited development in Latin America.[44]

It is this aspect of underdevelopment -- the nature of the class forces existing in the peripheral economies that inhibit development -- that dependency theory allegedly ignores. Frank, for one, has specifically addressed this criticism:

> It is more important to define and to understand underdevelopment in terms of classes. However, ...underdevelopment in a dependent region such as Latin America cannot be understood except as the product of a bourgeois policy formulated in response to class interests and class structure, which are in turn determined by the dependence of the Latin American satellite on the colonialist, imperialist metropolis.

and:

> It must be said that...dependence should not and cannot be considered a purely "external" relationship imposed on Latin Americans from abroad against their wishes. Dependence is also, and in equal measure, an "internal," integral element of Latin American society. The dominant bourgeoisie in Latin America accepts dependence consciously and willingly but is nevertheless molded by it. If dependence were purely "external," it could be argued that objective conditions exist which would permit the "national" bourgeoisie to propose a "nationalist" or "autonomous" solution to the problem of underdevelopment. But in our view, such a solution does not exist....[45]

A similar analysis is emphasized in Frank's discussion of "Who is the Immediate Enemy?"[46]

The brilliant Guinean revolutionary theorist, Amilcar Cabral, makes much the same point when he argues that the principal contradiction facing the underdeveloped world is the struggle against neo-colonialism which he defines as "rationalized imperialism" or imperialism's indirect domination maintained through a class of "native agents."[47] Cabral makes it plain that "internal" and "external" factors inhibiting progress do not exist independently of each other; that even after the national flag is raised this dual struggle must go on - thus, the slogan of revolutionary Lusophone Africa -- a luta continua.

The political result of the dependency view, the critics say, is to turn attention away from the internal class relations of any particular underdeveloped country and focus it on the metropoles which are held responsible for existing poverty. This gives rise to a "third worldist" ideology which locates the struggle on an international plane of the underdeveloped world against the metropoles (which includes the metropolitan working class as they also benefit from the transfer of surplus) rather than that of a struggle of all the world's proletarians and peasants against the bourgeoisie, whether it be metropolitan or peripheral. Given the analytical schema, which states that incorporation into the capitalist world system necessitates underdevelopment, Brenner (as well as others) argues, "...the logical antidote to capitalist underdevelopment is not socialism, but autarky."[48]

As mentioned earlier in this paper, we do not intend to go at length into the "articulation" debate. The dependency critics argue that Marx was indisputably clear about what he saw as indispensable to the development of capitalism; that is, the appearance of free labor power as a commodity. In the first line of Pre-Capitalist Economic Formations, Marx writes: "One of the prerequisites of wage labour and one of the historic conditions for capital is free labour and the exchange of free labour against money...."[49] However, later in the same work Marx also writes, in discussing the dissolution of pre-capitalist forms:

> The process of dissolution which turns a mass of individuals into a nation etc., into potential free wage labourers does not presuppose the disappearance of the previous sources of income or (in part) of the previous conditions of property of these individuals. On the

> contrary, it assumes that only their use has been altered, that their mode of existence has been transferred....[50]

For Marx, it seems, it was not simply the outward forms of labor control but also the underlying relationship to the dominnant mode of production that had to be considered. Thus, Laclau's supposed refutation of the dependency thesis[51] simply because Latin America failed to reflect the appearance of free labor power as the dominant form, seems to be rather mechanical reading of Marx or what Petras calls "...dogmatic Marxist fundamentalists who spend most of their time counting the number of modes of production in a social formation."[52] This imposition on the Third World of the particular historical circumstances surrounding the rise of capitalism in Europe seems manifestly incorrect. Does the simple existence of non-wage payments (for example, to African migrant workers or South African miners) preclude the existence of capitalism? The rather crude argument that makes wage-labor the single defining element of capitalism everywhere seems deficient and "...an error of historical proportions."[53] A more adequate and comprehensive definition would seem to be that used by Petras:

> The process of bringing together labor, capital, and machinery to produce surplus value defines the capitalist mode of production, not the particular forms within which the relations of production are organized.[54]

Regarding the "motor force" behind the transition from feudalism to capitalism, it seems much more accurate to say that Marx saw two factors -- an internally-generated primitive accumulation resulting from class conflict and a trade-created externally-accumulated surplus -- as having a symbiotic relationship. That is to say, they interacted with each other in the genesis and development of the capitalist mode of production. Clearly, Marx attached great importance to the expansion of trade after the beginning of the sixteenth century. Likewise, it seems indisputable that over the last five centuries an enormous surplus has been transferred out of what is today called the periphery. Even Brenner, one of the dependency school's strongest critics, is forced to concede this.[55]

It is, it seems to us, a question of necessary and sufficient causes. Neither was sufficient in isolation, but both were necessary in combination. Marx argued that "the expansion of foreign trade, although the basis of the capitalist mode of production in its infancy, has become its own product; however, with the further progress of the capitalist mode of production, through the innate necessity of this mode of production, its need for an ever-expanding market"[56] (our italics). From his early writings to those that were not published until after his death, Marx seems to have made this point clear. In The German Ideology he wrote: "Trade and manufacture created the big bourgeoisie." He similarly noted that both accelerated the accumulation of movable capital and that both brought about the dissolution of the feudal community.[57] It was Marx's contention that production and commerce had a reciprocal relationship. Only when commerce had secured a world market for large-scale production was "the permanence of the acquired productive forces assured." The impetus for the expansion of the textile industry was provided by commercial capital which, "wrenched it out of the form of production hitherto existing."[58]

Marx, time and again, refers to the extension of commerce consequent upon the discovery of America and the sea route to the East Indies as bringing into Europe new products, including gold and silver and completely changing

existing class relationships which dealt destructive blows to feudal property. The demand created by this new world market was instrumental in calling large-scale industry into existence.[59]

In a similar way, Marx describes the effect of money accumulated through usury and mercantile profits. This wealth in money form he describes as being a prerequisite for capital; in fact, it is money capital accumulated in this way that turns into industrial capital.[60]

Marx was certainly not unwilling to refer to enterprises as capitalist that had been created in the periphery as a result of European expansion, despite the fact that they organized their labor force using pre-capitalist forms. In his mind, the existence of these forms was simply an anomaly:

> If we now talk of plantation owners in America as capitalists, if they <u>are</u> capitalists, this is due to the fact that they exist <u>as</u> anomalies within a world market based upon free labour.[61]

An anomaly these forms clearly were and, insofar as they continue today, still are. However, their anomalous existence notwithstanding, to refer to a social formation exhibiting these forms of labor control as feudal in an epoch in which the dominant form of production is capitalist seems to us to be an egregious analytical error.

Furthermore, Marx argued that colonial investment yielded higher rates of profit because "the rate of profit is higher there due to the <u>backward development</u>, and likewise the exploitation of labor, because of the use of slaves, coolies, etc."[62] Clearly, from Marx's point of view, the use of "slaves and coolies" not only did not prevent capital accumulation, albeit in the metropole, but actually enhanced it. In other words, accumulation was greater <u>because</u> of circumstances that allowed the exploitation of unfree (not fully proletarianized) labor, not despite it. A few lines later, Marx posits a theory of unequal exchange so integral to the dependency school, when he says, "The favored country recovers more labour in exchange for less labour, although this difference, this excess is pocketed, as in any exchange between labour and capital, by a certain class." Marx follows this with a statement that could have been written by any post-war dependency theorist, "This same foreign trade develops the capitalist mode of production in the home country..."[63] Marx goes on to say that in the long run, this foreign trade has the opposite effect because it promotes overproduction in relation to the capacity of the foreign markets to consume. However, no radical dependency theorist, so far as we know, has argued that capitalism is not fraught with contradictions that will eventually bring about its demise.

Marx is quoted here so extensively because it is with his work and based upon his authority that some writers have bludgeoned dependency theory. The use by these writers of Marx's authority to claim that capital accumulation on an extended scale could not take place in a condition not characterized by fully proletarianized labor[64] is refuted by the fact that Marx saw foreign trade, colonial investment, and the use of "slave and coolie" labor as one of the specific ways in which capital attempted to arrest the falling tendency of the rate of profit and thus extend the accumulation process.[65]

The criticism leveled at the dependency school that it advocated "autarky" instead of "socialism" seems to be simply incorrect. Even a cursory glance at the writings of the radical dependency school should be sufficient to point out this fact. Frank, for example, has, on numerous occasions, pointed to the Cuban example as being one in which the relations of dependency that had characterized pre-revolutionary Cuba were being broken. (Brenner would presumably respond that Cuba is an example of what he calls "the strategy of semi-autarkic socialist development" and "the utopia of socialism in one country."[66])

Dieter Senghaas, a West German specialist on economic development, has argued persuasively in a series of articles that all real economic development has been what he calls "autocentric."[67] Senghaas notes that England alone developed an industrial economy in an atmosphere free of more advanced industrial states. In a discussion of the theories of the nineteenth century German political economist, Friedrich List,[68] Senghaas writes:

> List's criticism of the world-wide free-trade system advocated especially by Britain...was based on practical observations and the systematic deduction that within such a tiered, asymmetrically structured world market system (that is, England at the top of the hierarchy, with Germany, France, and the USA on the second tier -- the authors) the less developed society must necessarily get the worst of it in the long-run. Without protectionist measures, the second-tier societies could not check the flooding of their markets with cheap manufactured goods from the more advanced British industry; the ruin of emerging industrial societies was programmed into a free-trade system with unequally developed productivity levels.[69]

Senghaas goes on to argue that this policy of semi-autarky has been and is being followed by every industrialized and industrializing state from the mid-nineteenth century to the present; from protective tariffs and the German Zollverein to autocentric Soviet economic policy after 1917, to the post-war policies of socialist Korea and China. Senghaas' contention is that autocentric development policies are critical during the early stages of industrialization and that, after a certain level of internal coherence and income distribution is created, any particular socio-economic formation can afford, without the concomitant negative of "underdeveloping" effects, to participate more fully and with a semblance of equality in the international trading system.

As all students of American economic history will know, it was with protectionism and "autocentric" development that Alexander Hamilton concerned himself much of the time in his contributions to the Federalist Papers. Later, when Hamilton, as the first U.S. Secretary of the Treasury, was in charge of the country's economic policy, he in fact put into operation a program designed precisely to bring about that kind of development.

B. The Empirical Critique

As mentioned earlier, it is difficult, if not impossible, to divide the radical critiques of dependency theory into two strictly delineated categories. Similarly, what we have listed as the nine most common criticisms are ofter merely different aspects of the same criticism and the list, thus, tends to a certain degree of repetitiveness.

For example, Bill Warren's attack on the dependency school is in the "empirical" category because his argument is based almost completely on a mass of statistics which purport to show that:

> Empirical observations suggest that the prospects for successful capitalist development (implying industrialization) of a significant number of major underdeveloped countries are quite good; that substantial progress in capitalist industrialization has already been achieved; that the period since the Second World War has been marked by a major upsurge in capitalist social relations and productive forces (especially industrialization) in the Third World....

At the same time, Warren's argument reflects point number one above (the lack of class analysis in the dependency model) when he writes:

> Insofar as there are obstacles to this (capitalist) development, they originate not in current imperialist-Third World relationships, but almost entirely from the internal contradictions of the Third World itself.[70]

Warren's use of the word "current" to describe this relationship would seem a serious misreading of the dependency argument, since what is crucial to the dependency view is the fact that these relationships, and the consequent class structures, are the result of a long historical process. Warren seems to insist on some sort of a monocausal view; that is, that the obstacle to development must be either imperialism or internal contradictions. It cannot be both. Thus, he seems to be unable to conceptualize the point that the process of incorporating the periphery over a period of four centuries implanted, created, or facilitated the growth of certain class structures (internal contradictions) that then symbiotically interacted with imperialism (external structures)[71] in accordance with the changing needs over time of both the metropolitan and peripheral bourgeoisie.

Thus, while some of the early dependency writings have tended to be "overly schematic" or mechanical in the way in which the satellite-metropolis relationship was described, it comes close to being a purposeful distortion of the theory to attack it as though its advocates were somehow arguing that the relationship has not changed from the Conquistadore-Inca relationship in the sixteenth century to the present one of, say, Volkswagen using cheap labor in Brazil to produce automobile engines for export to the United States.

Nicola Swainson, among others, makes a similar distortion of the argument when she insists that the dependency concept is simply one of the core importing raw materials from the periphery and, in turn, exporting luxuries to the periphery.[72] Many who would be classified as part of the dependency school have made the exact opposite point. While they more or less agree that

the "dependent" nature of the relationship has been maintained over several centuries, the way in which this dependency has manifested itself has changed radically.

In the early period it was simple plunder being replaced, at different times and depending upon geographical specificity, by the production of agricultural products and then other raw materials for metropolitan consumption with the periphery allowing the market for these manufactured goods to expand quantitatively as it was at the same time expanding qualitatively in the core. In the post-war period, the manufacturing process itself (at least certain sectors of it) has been moving to the periphery, allowing the form of domination to be the control of technology rather than that of the production process itself.[73] As Raul Fernandez has pointed out, "the key industries can and do vary from time to time."[74] In noting that steel production no longer has the central importance it once had, Fernandez quotes the president of Mexico's state-owned Sidermex as remarking: "Steel is really a nineteenth century activity. That's why you see the developed world falling back and the developing world moving into it."[75]

A failure in emphasis in much of the dependency literature, it seems to us, is the tendency to dismiss the fact of independence as being simply inconsequential (that is, according to Amin, unless there is an immediate transition to socialism).[76] In part, this has been an understandable reaction to Latin American history that has seen the reality of formal independence vitiated by of a continuing process of underdevelopment. Although much of the post-1945 experience in Africa and Asia has tended to corroborate this view, certain geopolitical circumstances, beginning with the October Revolution, have to some extent circumscribed the freedom with which the imperialist powers can act. Warren argues, correctly, we think, that:

> The term "neo-colonialism," although possessing certain merits in stressing the continuance of imperialist domination and exploitation, is thus misleading insofar as it obscures the new and dynamic elements in the situation, both as to causes--concerning the role played by the achievement of formal sovereignty itself--and as to its effects.[77]

However, Warren goes on to say:

> Formal political independence gives underdeveloped countries a degree of manoeuvre and initiative which over time, must inevitably come into play, and which is conducive to economic advance.[78]

One feels compelled to ask, how much time? It would seem that the Latin American experience -- or that of Ethiopia and Liberia, or China before the revolution, or Turkey -- clearly calls into question the inevitability of Warren's assertion.

On the other hand, one would have to ask what Warren means by economic advance. He specifically states that he will not "discuss the most immediate problem which underdeveloped countries fact today: the backwardness of their agriculture and its consequences: the unevenness and imbalance of their economies."[79] The refusal to discuss these aspects -- particularly that of agriculture -- would seem to be a critical omission, particularly in light

of that absolutely crucial role played by the rationalization of agricultural production in the "economic advance" of Western Europe. Having, in this manner, blithely passed over the factors of backward agriculture and uneven and imbalanced economies, Warren goes on to assert that, "indeed, 'stagnation' in the Third World is largely a myth. There has been very substantial growth of capitalist social relations of production throughout the Third World..."[80]

Warren defines (tautologically) what he means by capitalist development:

> (It) is here understood as that development which provides the appropriate economic, social and political conditions for the continuing reproduction of capital, as a social system representing the highest form of commodity production.[81]

At the same time, just two sentences later, Warren dismisses the importance of "the adequacy of development as a process satisfying the needs of the masses."[82] Having dismissed "adequacy" of development; the "needs" of the masses; acknowledged the backwardness of agriculture and the uneven and imbalanced economies; Warren then asserts that capitalist developemnt is taking place. This argument is then buttressed by masses of statistics which purport to refute the dependency argument. Warren makes no attempt to clarify the nature of the capitalist development he claims is taking place, but what he seems to mean is that there has been a marked increase in the number (not only absolute but also relative) of fully proletarianized wage workers in the Third World. So what!

Warren's statistics, methodology, and consequent interpretation of his data have been attacked on several occasions.[83] Fernandez has noted the following about this alleged spurt of Third World industrialization:[84]

(1) it has been largely limited to about a half-dozen countries and thus shows no clear-cut trend toward Third World industrialization overall;

(2) much of it is of the "assembly" type;

(3) it has seen the terms of trade for industrial exports deteriorate faster than for primary products, thus doing nothing to alleviate enormous debt problems;

(4) it has maintained an export pattern that has primarily remained within the sphere of influence of the metropolitan countries;

(5) it has not changed the reality that Third World exports fluctuate between 0.5 and 2.0 percent of total world-wide manufactured exports.

For example, about half of the Third World's manufactured exports come from only four countries -- South Korea, Taiwan, Hong Kong, and Singapore.[85] The vast bulk of Third World industrial production is in cheap consumer goods such as processed foods, textiles, clothing, footwear, luggage and electrical goods.[86] Along with the above-mentioned four countries, Brazil, Mexico and India produce most of the rest of the Third World's industrial exports. Already the effect of these cheap exports is having an impact which is producing resistance to their capacity to grow significantly in the future. These goods, on the one hand, tend to flood the

markets of other Third World countries, inhibiting or destroying their attempts to industrialize; on the other hand, they threaten older, less efficient industries in the metropoles. The consequence of these is a sharp rise in protectionist pressures.[87]

The attraction for international capital to produce in the Third World is the virtually unlimited supply of cheap labor available there, and the fact that in many sectors, production in western Europe and North America is simply no longer as profitable as it is in the underdeveloped world.[88] This is due primarily to the high wages paid to workers in the industrialized world -- high wages brought about through past class struggles. However, the workers in the metropolitan countries cannot be expected to sit idly by and watch their jobs be exported to low wage countries.[89]

Between 1973 and 1977, the growth rate of developing countries' exports has declined from 6.4 percent to 3.6 percent annually, and a decline in the terms of trade for these exports has "more than offset the growth in their export volume, resulting in a decline in the purchasing power of their exports."[90] As Abellatif Benachenhou has noted: "But the stagnation of the developed capitalist economies and the consequent protectionism have exposed the commercial fragility of these export-oriented industries."[91] What Warren and others like him have done is to mistake a short-run expansion of industrial production for a long-term trend that already seems to be running out of steam.

The import substitution strategy for industrial development was the one followed in the early post-war period until, in the mid-sixties, its failure became manifest. Instead of importing consumer goods, the countries pursuing this strategy imported machinery, spare parts, and other capital goods from the industrialized countries. Most of these imports were financed by an ever-growing mountain of foreign debt. Limited by an extremely narrow internal market, these industries tended to produce, instead of mass consumption items geared toward a broad internal market such as existed in the metropoles, more or less luxury items for a thin middle and upper class. In the words of Fernandez: "In the end, the Latin American countries were far deeper in debt, and a greater portion of their resources had to go to service debts and remit profits of foreign investors."[92]

The result was that the internal markets soon reached the saturation point. With the failure of import substitution, the next strategy was to pursue "growth" through an export-oriented strategy that clearly already seems to have reached its peak in the early seventies, as shown, for example, by numerous World Bank figures.

The argument of Warren et al, that a massive technology transfer will accompany this rapid industrialization is simply not borne out by the facts. In high technology fields such as petrochemicals, motor vehicles, precision machine tools, and computers, there has been little or no transfer. As the World Bank has noted: "Developing countries still depend heavily on industrialized nations for new industrial processes and techniques." The Bank estimates that 95 percent of all money spent on research and development is spent in the already industrialized world.[93]

Thus, what has been pictured by some as "capitalist development" seems more and more to be "capitalist underdevelopment." The industrialization of the Third World has been accompanied by a massive debt burden, rising

unemployment, continuing agricultural stagnation, inflation, and enormous poverty and suffering.

Brazil's Wirtschaftswunder, which has been held up as a model for Third World development, has been showing cracks for several years. It, like most of the rest of the Third world's "economic miracles" was forced to borrow heavily in order to finance its industrialization. Brazil currently has an external public debt of $56 billion and is expected to have to borrow another $16 billion in 1981.[94] Its debt service ratio is over 60 percent and the cost of its imports jumped 50 percent in 1980 to go along with an inflation rate of 110 percent. After subtracting last year's oil import costs and foreign debt payments, much of which is owed to American banks (Brazil accounted for more than 10 percent of the earnings of Citibank and Chase Manhattan last year, the world's second and third largest banks) Brazilian President Figueiredo noted that the country "has nothing left over for development!"[95] In global terms,the level of Third World indebtedness has reached such proportions that more and more Western banks now seem openly reluctant to reschedule debts.[96]

At the same time,the real wages for the mass of workers in Brazil, as in similar countries, has been drastically cut to about 45 percent of their 1964 levels -- the year the generals came to power.[97] As the Brazilian workers and peasants have seen their economic conditions deteriorate drastically, they have also seen their political rights eliminated under the oppressive heel of an authoritarian, corporatist state -- a condition characteristic of all the other so-called rapidly developing capitalist countries.

To repeat, then, dependency theory does not argue that the last five centuries have not been characterized by the advance of capitalist development. What has been under debate, however, has been the question as to the nature of this capitalist development. The argument is not that capitalist development has been "adequate" for the working class in the metropolitan countries, but that it has never in the past, is not doing so now, and seems incapable in the future of providing for Third World workers even that level of subsistence available presently to the North American and Western European working class. Simply measuring the extent of proletarianization in the Third World does not, to us, refute the dependency argument.

Warren, as mentioned earlier, is one of the critics who merely attempts to measure the extent of proletarianizaton; that is, employed wage labor. He suggests that, "Some of the new ruling groups are showing signs of an ability and will to utilize the new economic and political conditions, to begin to restructure their eocnomies along lines more suited to a successful indigenous capitalism, less subordinated to the needs of the imperialist countries."[98] Peru, Zambia, and Nigeria are cited by Warren as three among many examples. The nationalist military officers governing Peru since 1968 (the new ruling group to which Warren refers) were overthrown by a more "orthodox" military clique within a few years. When the military withdrew from power in July, 1980 in favor of a civilian government supported by the officer class, it was succeeded by Fernando Belaunde, the same person overthrown by Warren's "new ruling group" twelve years earlier. Plus ça change, plus c'est ça meme chose. Since then, under what many Peruvians are calling the "Chicago boys" in deference to Milton Friedman, food and gasoline subsidies have been eliminated along with protective tariffs and a 17.5 percent tax on domestic and foreign sales. At the same time the government has begun selling off nationalized industries to private investors while

simultaneously raising interest rates that make it difficult, if not impossible, for local interests to borrow the necessary capital to participate.[99]

The result will be that the weaker Peruvian industrial sector, which benefitted from the former policies will be overwhelmed by imported goods from the United States, Western Europe and Japan. Unemployment in a country that even now has only four out of every ten members of its work force in stable employment is expected to rise. Even that paragon of capitalism and free trade, Business Week, has written, "Predictably, the poor have been the hardest hit by the free market policies. Since the food subsidies were lifted in January (1981), the prices of such essentials as bread, milk and sugar have risen by more than 60 percent in that month alone."[100]

Zambia'a economy has been a well-known disaster area for many years, and hardly exhibits a "ruling group" capable of anything more than deepening the disaster and increasing its dependence on South Africa and, through the apartheid state, on Western capital in general. A recent study has characterized the Nigerian economy as "drone capitalism"[101] and concluded that, "The Nigerian road to development has been and remains an unambiguously dependent capitalist one.[102]

Swainson's argument attempts a more sophisticated approach. Where Warren's thesis depended primarily upon a simple quantitative increase in manufacturng employment and production, Swainson attempts to prove that an indigenous and independent national bourgeoisie is developing in Kenya. She emphasizes the role of the Kenya bourgeoisie and its capacity to use the post colonial state to further its own accumulation, often in competition with metropolitan capital. Her argument hinges on the fact that this local capitalist class, after accumulating some capital through commercial activities, agriculture, and land speculation, has begun slowly to enter the sphere of production.[103] Her own figures, however, indicate the backward nature of this activity. The only activity in which African companies predominate is in agricultural production and distribution. What manufacturing they are involved in is food and clothing.[104] Unless one expects another textile-industry-based take-off a la eighteenth century England, the outlook for indigenous capitalism in Kenya looks decidedly grim.

While Swainson spends a substantial portion of her work allegedly refuting dependency theory, she is forced to conclude: "However, this type of indigenous capitalism is obviously not operating independently of the international capitalist system. Nor does the localization of productive capital which is beginning in Kenya, portend any kind of autonomous capitalist development."[105] Faithful to the end to her political position, if not to the facts she herself has presented, Swainson finds if necessary again to misrepresent the model she has decided to attack by suggesting a few lines later that, "The constant emphasis by radicals and the petty bourgeoisie on identifying the principal contradiction as imperialism operating from outside the social formation is a prescription for political complacency. For if the specifics of class formation are lost, then so is political strategy."[106]

Probably the best response to Swainson's rather self-serving comment was provided by the editors of the journal in which her article appeared, who noted wryly:

> Here it is worth saying as a preface that political sense is not automatically a monopoly of those whose analysis is more theoretically consistent or closest to the purity of the original Marx. Thus, Gunder Frank, whose first analysis is now routinely attacked for the simplicity of its metropolis-satellite picture, was not using this model to argue for backing the national ruling class but to urge the need for an immediate struggle for socialism in circumstances where there would be no bourgeois democratic revolution. Nothing in the evidence of Swainson and Kennedy leads us to reject Frank's important proposition that an independent national capitalist development is just not on.[107]

Conclusion

Radical criticisms of the dependency model have correctly served to focus attention on its inadequacies, particularly those of the early dependency writings. Thus, in order to understand and develop a proper strategy for anti-imperialist political activity, one must, for example, have an understanding of the class relationships of any particular peripheral social formation and the ways in which these structures articulate with international capital on the one hand, and the producing classes in the underdeveloped world on the other. To dismiss Third World ruling classes, for example, as mere puppets whose interests are always mechanically synonomous with those of metropolitan interests is to ignore the realities of a relationship much more complex than that. The very unevenness and contradictory nature of the capitalist development process necessarily produces a constantly changing relationship.

Likewise, it would be very inappropriate to look at the so-called Third World as an undifferentiated and equally dependent mass of countries. These countries already differed vastly from one another in terms of their individual histories and cultures, size of their populations, natural resources, etc. several decades ago when the rather simplistic term "Third World" was coined. Since then, a deepening of these differences has occurred to the extent that the terms fourth and fifth world have been used by some to give recognition to this fact. The countries of the periphery thus have not remained static but have followed their own specific historical paths. Some have experienced socialist revolution while others, which have remained within the capitalist system, are now considered semi-industrialized.

What this paper has attempted to show is that what is commonly referred to as dependency theory does not need to be, and in fact is not, incompatible with these developments. Its great contribution has been to focus attention on the way in which the periphery articulates with the core capitalist countries and on the way in which this articulation affects economic and political conditions in the periphery. It has pointed to the importance of core/periphery over the past several centuries and the way in which these have affected internal class configurations in the periphery. Thus, while the critics concentrate on internal class relations, dependency theory tends to concentrate on the way in which a country as a whole and its ruling class articulates with international capital. We agree with those who argue that a synthesis of the two is both possible and necessary. In fact, the two are complementary.

Finally, the most incorrect and, we think, dangerous misinterpretation is that which ascribes a political position advocating pessimism and complacency to those who identify imperialism as the primary obstacle to Third World liberation and progress. Whatever one may think of the analysis, for example, of the Sandanistas one can hardly accuse them of policical passivity. It was their contention that the Samoza regime was maintained in power by American imperialism. Recent Nicaraguan history, for example, gives short shrift to the passivity argument as is underlined by Ernesto Cardenal, the Nicaraguan poet and revolutionary in a poem directed specifically against US imperialism:

NATIONAL SONG FOR NICARAGUA

To invest capital in Nacaragua and, once invested,
to protect it was the role of the State Department.
Political expansion with reference to economic expansion
and economic expansion because capital was insufficiently
productive in the United States or less productive
than in Nicaragua.
That is: Imperialism
intervention for investments or vice versa.
Diplomacy subjugated the country via the banks
the banks enriched themselve via diplomacy.
United, in their evening suits, the dark vultures
around the Gross National Product.
Like the shark, once it has smelled the blood.
Foreign intervention was favored by
disorganization and corrupution in the country
thus it happened that intervention favored and promoted
disorganization and corruption (as clearly as a bird's eye)
Thus:
Imperialism as an interference factor, as disorganization,
underdevelopment, corruption in Nicaragua has violated
and desecrated contracts, constitutions, legal rulings
has kindled civil wars, manipulated and bribed elections
has covered up thefts, prostituted politics, impoverished
the people, thwarted unity, left its agents in power
against the will of the people, increased the cost of living,
defended oppression, brought death.
Nicaragua had (When Sandino rose) sold
a part of its territory, had high foreign debts,
its finance under the control of a syndicate
of New York banks
and no progress whatsoever....

Nicaragua without the National Guard, I see the new day.
A country without terror. Without dynastic tyranny.
Zanata Clarinero, the whistler, sings
no beggars, no prostitutes, no politicians
There is no freedom as long as there are the wealthy
as long as the freedom exists to exploit others.
As long as there are classes, there is no freedom

We were neither born to be handymen nor gentlemen,
but instead to be brothers.
We were born to be brothers.
Capitalism -- what else but the purchase and sale
of human beings?
What type of a journey is this, brothers,
to where are we headed with our first and third class tickets?
Our nickel is awaiting the new human being
our mahagony trees are awaiting the new human being
livestock of good breed awaits the new human being
all that is still missing is the new human being....

Ernesto Cardenal
Nationallied für Nicaragua
Peter Hammer Verlag: Wuppertal

(original in Spanish; translated
from German to English by Brigitte
Schulz)

FOOTNOTES

[1]This paper was originally presented at the weekly Walter Rodney African Studies Seminar at the Boston University African Studies Center under the title "Dependency Theory and its Radical Critics." We would like to thank the members of the seminar who made comments on the paper. We would like particularly to thank in this regard Irene Gendzier, Azinna Nwafor, Jordan Gebre-Medhin, Bill Freund, Ishwer Ojha, Edouard Bustin, David Massey, Sara Berry and Bill Graf. It should be noted that, while always appreciated, their advice was only sometimes followed.

[2]"Bourgeois-nationalist" is the term used by Evers and von Wogau to refer to writers such as Sunkel, Jaguaribe, Furtado and Pinto, among others. T.T. Evers and P. von Wogau, "Dependencia: Lateinamerikanische Beiträge zur Theorie der Unterentwicklung," Das Argument, 79 (1973) 415. Also included in this category would be Raul Prebisch and the UN Economic Commission for Latin America. Also see Ian Roxborough, Theories of Underdevelopment, (Atlantic Highlands, N.J., 1979), 27-44.

[3]Dieter Senghaas, "Dissociation and Autocentric Development: An Alternative Development for the Third World," Economics, 18, 7-37. For further references see footnote 67.

[4]Karl W. Deutsch, The Analysis of International Relations, (Englewood Cliffs, 1978), 259. See also Hermann Sautter, "Underdevelopment and Dependence as a Result of Foreign Trade Interdependence: An Economic Evaluation of Dependency Theory." Economics, 18 (Tübingen, FRG, 1978) 136.

[5]The Pol Pot regime in Cambodia is, so far as we know, the only country that has attempted to come close to absolute autarky. Albania, despite its relative isolation, still has significant contacts with the outside world.

[6]Peter T. Bauer, Dissent on Development, (Cambridge, 1972).

[7]We use the terms Marxist, socialist and radical interchangeably throughout this essay. Thus, we are not including in the term "socialist" those many varieties of vague, nationalist dogmas that go under such names as "African Socialism," Arab Socialism," Guided Democracy," Third International Theory," etc. Neither are we referring to those West European governments and parties that are often referred to as socialist but have, in the course of the Twentieth Century, jettisoned most of socialism's essentials and adopted policies indistinguishable in fundamentals from those classically bourgeois parties and governments.

[8]Inter alia see Karl Marx, "The British Rule in India," in Karl Marx on Colonialism and Modernization, Shlomo Avineri, ed., (New York, 1968), 83-89; "Letter to Meyer and Vogt" (1870) and "Letter to Dr. Kugelmann" (1869) in Dynamics of Social Change, Howard Selsam et al, eds., (New York, 1970), 135-138; Capital, I, (Moscow, 1970) 702-716.

[9]Marx in Avineri, op. cit. 83-89.

[10]Karl Marx, The Communist Manifesto, (New York, 1979) 13.

[11]Kenzo Mohri, "Marx and Underdevelopment," Monthly Review, April 1979, 32-42.

[12]V.I. Lenin, Imperialism, The Highest Stage of Capitalism, (Peking, 1970), 123, 125, 128, 152.

[13]Ibid., 129, 131.

[14]Rosa Luxemburg, The Accumulation of Capital, (New York, 1968) 365.

[15]Ibid., 365.

[16]Ibid., 365.

[17]John Foster Dulles, War or Peace (New York: 1950), 76, quoted in Paul Baran, The Political Economy of Growth, (Harmondsworth, 1973), 367.

[18]This kind of analysis could lead to absurd politics were it pushed to its logical conclusion. Thus one could, theoretically at least, conceive of the left aligning itself with a putative slave-owning class when confronted with "primitive communism" on the grounds that the slave mode of production was "historically progressive."

[19]See, for example, Fred Halliday, "Revolution in Afghanistan," New Left Review, 112, (November-December 1978), 20-28.

[20]Samir Amin, Accumulation on a World Scale, (New York, 1974), 8.

[21]A.G. Frank, Capitalism and Underdevelopment in Latin America, (New York, 1967), chs. 1 and 3.

[22]Inter alia, Baran, op. cit.; Amin op. cit.; Frank, op. cit.; Walter Rodney, How Europe Underdeveloped Africa, (London, 1972).

[23]Frank, op. cit., 9.

[24]Immanuel Wallerstein, The Modern World System, (New York, 1976), ch. 2.

[25]Regarding the "articulation debate," for the former position see, Maurice Dobb, "A Reply" and "A Further Comment" and Rodney Hilton, "A Comment" in The Transition from Feudalism to Capitalism, Rodney Hilton, ed., (London, 1978); Robert Brenner, "The Origins of Capitalist Development: A Critique of Neo-Smithian Marxism," New Left Review, 104, (August 1977). For the latter view see, Paul Sweezy, "A Critique" and "A Rejoinder" in Hilton. See also Frank, World Accumulation, 1492-1789, (New York, 1978) and Dependent Accumulation and Underdevelopment, (New York, 1979); Wallerstein, op. cit. and also his The Capitalist World Economy, (Cambridge, 1979); Amin, op. cit.

[26]Marx, Capital, I, 703, 705, 706, 711, 712 and III, 237-239.

[27]Ibid, I, 708.

[28]Ernest Mandel, Marxist Economic Theory, II (New York, 1971) 441.

[29]Rodney, op. cit., passim.

[30]Baran, op. cit. 277-285.

[31]Mandel, op. cit. 446, 447.

[32]Ranjit Sau, Unequal Exchange, Imeprialism and Underdevelopment, (Calcutta, 1978), 38.

[33]Ibid., 38, 40.

[34]For various discussions of the concept of unequal exchange, see Sau, op. cit. ch. 3; Roxborough, op. cit., chs 4 and 5; Samir Amin, op. cit.; Arghiri Emmanuel, Unequal Exchange, (New York, 1972).

[35]This typology follows that specified in Amin, Accumulation on a World Scale, 15-20.

[36]Ibid., 15.

[37]Ibid., 17.

[38]Amilcar Cabral, "The Weapon of Theory" in his Revolution in Guinea, (New York, 1969), 101.

[39]Frantz Fanon, "The Pitfalls of National Consciousness" in his The Wretched of the Earth, (Harmondsworth, 1969) 122, 123.

[40]Frank, Capitalism and Underdevelopment in Latin America, op. cit., 65, 66 and Lumpenbourgeoisie - Lumpendevelopment, (New York, 1972), 51-56, 75-91.

[41]A Sudanese doctoral student, with a Brazilian colleague nodding in aagreement, once emphatically aserted to the authors in all seriousness that Andre Gunder Frank was to be blamed for the 1973 coup in Chile. His argument was that Frank's writings had convinced the Allende government to pay primary attention to American imperialism, thus ignoring Pinochet's thugs who, as it were, sneaked up from behind and overthrew the government. This is not only absurd and slanderous, but also downright stupid.

[42]This typology clearly has its deficiencies. Number 6, for example, is primarily a criticism of a political strategy for bringing about a socialist revolution and subsequent socialist construction. Numbers 2 and 5 do much the same. Similarly, critiques that have been placed in one category most of the time include criticisms that have been placed in the other.

[43]Robert Brenner, "The World Economy: Some Problems," paper presented at the Three Worlds or One? Conference, Berlin, June: 1979, 3.

[44]Ernesto Laclau, "Capitalism and Feudalism in Latin America, " New Left Review, 67, (May-June), 19-38.

[45]Frank, Lumpenbourgeoisie - Lumpendevelopment, op. cit., 1, 3.

[46]Frank, "Who is the Immediate Enemy?" in Latin America: Underdevelopment or Revolution, (New York, 1969), 371-409.

[47]Amilcar Cabral, "Brief Analysis of the Social Structure of Guinea," and "The Weapon of Theory," op. cit. passim, but especially 64, 73, 100, 103.

[48]Robert Brenner, "The Origins of Capitalist Development," 91,92.

[49]Marx, Pre-Capitalist Economic Formations, (New York, 1965), 67.

[50]Ibid., 105. See also The German Ideology, (New York, 1972), 84.

[51]Laclau, op. cit.

[52]James Petras, Critical Perspectives on Imperialism and Social Class in the Third World, (New York, 1978), 10.

[53]Petras, "Class Formation in the Periphery," in Critical Perspectives, 66.

[54]Ibid., 67. This definition by Petras has been criticized on the grounds that it could equally apply to socialist economies. It would seem to us that the use of the term "surplus value" precludes this criticism. Surplus value, in the sense of that term as it is used by Marxists, would not exist in a socialist economy. However, to avoid this criticism we would add to the definition that the surplus value is appropriated privately.

[55]Brenner, NLR, 84.

[56]Marx, Capital, III, 237.

[57]Marx, The German Ideology, 79, 75, 80.

[58]Ibid., 72, 73.

[59]Ibid., 74, 77.

[60]Marx, Pre-Capitalist Economic Formations, 107, 108. See also 109-119.

[61]Ibid., 119.

[62]Capital, III, 238.

[63]Ibid., 238, 239.

[64]Brenner, The World Economy, 2.

[65]Marx, Capital, III, 237-240.

[66]Brenner, "The Origins of Capitalist Development," 92.

[67]Deiter Senghaas, "Friedrich List and the New International Economic Order"; "Dissociation and Autocentric Developemnt: An Alternative Development Policy for the Third World"; with Ulrich Menzel, "Autocentric Development Despite International Competence Differentials: Why Did the Contemporary Metropolitan Economies become Metropolitan and Not Peripheral Ecnonomies?"; in respectively, Economics, 15, 18, 21. (Tübingen, FRG., 1977, 1978, 1980). Also see "Types of Autocentric Development," Three Worlds or One? Conference, Berlin (June, 1979).

[68]Friedrich List, Das Nationale System der Politischen Okonomie (Tübigen, 1841).

[69]Senghaas, "List and the New Economic Order," 81, 82.

[70]Bill Warren, "Imperialism and Capitalist Industrialization," New Left Review, 81, (September-October 1973), 3, 4.

[71]We use the word imperialism here in its broad sense; that is, to describe the relationship - colonial and otherwise - that has existed between the "core" states of Western Europe (and later North America) and the periphery as it has been gradually incorporated into the modern capitalist system. This is to distinguish from the strict Leninist sense of the term, which applies only to the period of monopoly capital characteristic of the last 80-100 years.

[72]Nicola Swainson, "The Rise of a Naitonal Bourgeoisie in Kenya," Review of African Political Economy, 8, (January-April 1977), 39. See also in the same issue, Paul Kennedy, "Indigenous Capitalism in Ghana," 21.

[73]Samir Amin, Unequal Development, 4.

[74]Raul Fernandez, "Third World Industrialization: A New Panacea?," Monthly Review, (May 1980), 16.

[75]Ibid., 16.

[76]Amin, Unequal Development, 349.

[77]Warren, op. cit., 10.

[78]Ibid., 12.

[79]Ibid., 4.

[80]Ibid., 12.

[81]Ibid., 4.

[82]Ibid., 4.

[83]Anne Phillips, "The Concept of Development," RAPE 8, (January-April 1977), 13; James Petras, Critical Perspectives on Imperialism and Social Class in the Third World, (New York, 1979), ch. 4; Raul Fernandez, op. cit., 14.

[84]Fernandez, 14-15.

[85]New York Times, 13 May 1979.

[86]Frank, "Unequal Accumulation: Intermediate, Semi-Peripheral and Sub-Imperialist Economies," in Review, II, 3, (Winter 1979), 293.

[87]World Bank, World Development Report, 1980, (Washington, D.C.), 19.

[88]Folker Fröbel, Jürgen Heinrichs, and Otto Kreye, "Export-Oriented Industrialization of the Underdeveloped Countries," Monthly Review, (November 1978), 23, 24.

[89]A recent study by Ann Seidman and Phil O'Keefe has shown a radical decline in manufacturing employment in New England with many of these industrial jobs being moved to the Third World. General Electric, for example, the largest unionized employer in Massachusetts, by mid-1979 held about 25 percent of its directly-owned assets, hired about 25 percent of its workers, and reaped about 25 percent of its profits overseas. Seidman and O'Keefe, "The U.S. and South Africa in the Changing International Division of Labor," The (now Walter Rodney) African Studies Seminar, 9 April 1980, Boston University, African Studies Center.

[90]World Bank, World Development Report, 1979, (Washington, D.C.), 4.

[91]Abellatif Benachenhou, "For Autonomous Development in the Third World," Monthly Review, (July-August 1980), 45.

[92]Fernandez, 13.

[93]World Development Report, 1979, 65.

[94]New York Times, 8 December 1980.

[95]Ibid.

[96]Between 1974 and 1978 the external debt of Third World countries increased from $142 billion to $376 billion. Similarly, massive balance of payments deficits in 1980 are characteristic of those countries lauded for their "miraculous" growth: Brazil $11 billion; Argentina, $2.7 billion; Turkey, $2.5 billion; Thailand, $2.4 billion; the Phillipines, $2 billion; South Korea $1.7 billion. New York Times, 14 and 20 April 1980 and David Rogers, "IMF: Banker for World's Poor Nations," Boston Globe, (November 1980) 11-13 .

[97]Frank, "Unequal Accumulation," Review, 292.

[98]Warren op. cit. 13.

[99]Business Week, (9 March 1981), 40.

[100]Ibid., 40.

[101]The term "drone capitalism" is that of E.A. Akeredolu-Ale and is quoted in William D. Graf, "Political Economy, Political Class and Political System in Recivilianized Nigeria," paper presented at the Walter Rodney African Studies Seminar, Boston University, December 1980.

[102]Graf, op. cit., 8. Also see Ankie Hoogvelt, "Indigenisation and Foreign Capital: Industrialisation in Nigeria," Review of African Political Economy, 14, (January-April 1979), 56-57.

[103]Swainson, op. cit., 55. Swainson's doctoral dissertation submitted to the London School of Economics in 1977 amplifies this argument quite extensively. It was read by the authors in manuscript form and is to be published shortly.

[104]Ibid., 45.

[105]Ibid., 55.

[106]Ibid., 55.

[107]Lionel Cliffe and Peter Lawrence, "Editorial," RAPE, No. 8, 5.