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DEPENDENCIA, UNDERDEVELOPMENT AND THE THIRD WORLD STATE

by

HARTMUT ELSENHANS

Faculty of Social Science, University of Constance

Impediments to economic growth and structural change in society in the form of "structural" heterogeneity are (also) caused by the special conditions under which the developing countries are integrated into the world market. This will only lead to a generalisation of capitalist relations of production and full employment if the developing countries drastically lower their rate of exchange. Due to the resulting losses in income, tendencies towards the centralisation of the ruling classes in Third World countries intensify, with these countries appropriating rents especially through their foreign trade relations. The omnipresence of rent as an important source of income exerts a lasting influence on political and social structures. The verticality of social relations and the structure of political communication prevent social conflicts from leading to economic growth.

It is with good reason that Andreas Boeckh[1] stated not so long ago that dependencia was perhaps dismissed too hastily. To be sure, I myself had initially criticised the dependencia approaches – for instance their contention that development is not possible without breaking away from the capitalist world system –, but it should be held against what has today grown to be fashionable criticism that the followers of the dependencia theories had to a considerable extent nuanced and differentiated their statements as early as in the beginning of the '70s. Terms such as "newly negotiated" dependence[2] and "dependent development"[3] are worthy of mention here. Those who interpret the crisis in which the Theory of Dependency finds itself as a failure of "leftist" theoretical stands[4] should be reminded that Marxism and especially Soviet-Marxian authors[5] were against hasty conclusions being drawn on development

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Author's address: Prof. Dr. H. Elsenhans, Fachgruppe Politikwissenschaft/Verwaltungswissenschaft, Sozialwissenschaftliche Fakultät, Universität Konstanz, Universitätsstrasse 10, D-7550 Konstanz 1.

being impeded as a result of dependence on imperialism. Besides, the crisis of the dependencia schools does not on any account support the contention that developing countries could surmount underdevelopment by merely integrating themselves into the system of the international division of labour along with the capitalist industrialized countries. Similarly, wide-spread criticism of state interventionism in the Third World does not by itself form the basis of the thesis that a market economy alone can overcome underdevelopment. Rather, observable shortcomings of state enterprises and the perversion of state planning into departmental egoism and sectoralism can on the other hand explain the demand for a restriction of state interventionism to certain areas, however ensuring a higher degree of efficiency in these areas[6].

Some critics of the Dependencia Theory, however, somewhat simplify matters for themselves[7]. At least it can be said for the more important authors that they never ascribed underdevelopment solely to unequal specialisation, export goods concentration, large shares of external trade in the social product or a high level of investment by multinational corporations. On the other hand, it had always been emphasised that interaction with Western industrialized countries led to the emergence of social structures in the Third World which strengthened development processes through disparities in income distribution, one-sided distribution of power and the interest of those in power in increased external orientation and lack of interest in the mobilisation of local resources. The way to dependency was never actually looked upon as an expression of economic invariables but always as a process which is transmitted via the sphere of interest of the ruling classes in the Third World[8]. As far as this is concerned, the followers of the dependencia theories however maintained – in a display of hasty sociological deductionism – that these social structures would be created and maintained in the interest of the ruling centre[9]. To be sure, the existence of capitalist industrialized countries with their technological resources (which could be bought or extorted) and repressive potential was to necessarily strengthen the ruling classes in the Third World. It is doubtful whether such more or less repressive structures of rule would have emerged in the Third World even without the availability of these resources. Although it is indeed true that the high income markets of Third World elites utilised the multinational corporations by offering them new avenues for investment and sale, an income distribution of a different type would perhaps have ensured better possibilities for sale through more rapidly expanding markets. The dependencia theoreticians were especially wrong in disregarding the possibility of an internal creation of development-impairing social structures and in expecting from the interaction with the capitalist industrialized countries only a strengthening of these structures but not their disintegration as per the Marxian assumption[10].

In the following I shall attempt to show – not so much in an effort to defend the Dependencia Theory as to relativize the present anti-dependencia mood – that in view of the special conditions of capitalist growth, it is not the social developments historically observable in the capitalist industrialized countries which are created as a result of the penetration of non-capitalist societies and their integration into the system of the international division of labour, but other developments which have to be examined more closely. These "other" developments are certainly based on pre-capitalist structures, but as is to be shown, they nevertheless represent adjustments to contradictions in the Third World created by penetration through capitalism. These "other" developments result in the creation of those obstacles which have been the subject of intense criticism both in the dependencia literature and among the adherents of the Theory of Modernization. It is indeed possible even for national governments to overcome these obstacles while continuing to co-operate with Western industrial countries. Nevertheless, it should be noted that on the one hand the existence of capitalist industrial countries creates incentives for abandoning plans to overcome underdevelopment in the short term and that on the other efforts to overcome underdevelopment in Third World countries are generally criticised by leading economists in the capitalist industrialised countries.

In my opinion, the basic difference in the impact which international competition has on developed capitalist and underdeveloped societies seems to lie in the fact that developed capitalist societies can retain their position – even in the short run – in the world market only through innovation, the individual members of the ruling classes being committed to the necessity of innovation, whereas the ruling classes in underdeveloped societies may not necessarily be able to eliminate internal obstacles to overcoming underdevelopment merely through market orientation. Due to the greater significance assumed by political processes in shaping social structures as compared to development tendencies which are spontaneously created via the market, the ruling classes of the Third World are faced with important tasks involving the shaping of economic and social development; here, a clearer differentiation can be made between short-term advantages and the imperatives of a long-term elimination of underdevelopment than is possible in capitalist industrialized countries. If market orientation by itself is to be ruled out as a strategy, then a mere criticism of the shortcomings of state interventionism and the inefficiency of the ruling classes in the Third World would hardly serve any purpose. On the other hand, what ought to be demonstrated is how a combination of centralisation and decentralisation of market and planned economy, of the centralisation of competencies with simultaneous participation – a combination favourable to the overcoming of underdevelopment – can be brought about through the restriction and effectivisation of state interventionism and a strengthening of the lower classes.

On the Relation between Development and Underdevelopment

The thesis that the development of capitalism in today's Centre cannot be attributed to the exploitation of the Third World does not in any way go to say that this process did not adversely affect the underdeveloped world in its own efforts at development. The emergence of capitalist industrialized countries in Western Europe and North America could very well have led to the establishment of economic relations between the developed and the developing countries which in turn impeded development in the underdeveloped world of today or steered it to such development paths as hindered further economic development or the social structural change conducive to this.

I can only draw on some elements of my explication of the genesis of capitalist economies, to the extent to which they appear significant for explaining the spread of capitalism to non-capitalist areas and the absence of the generalization of capitalist relations of production in areas hitherto not capitalised. Capitalism is not a mode of production which mankind had to necessarily attain on the basis of historical determinism. Rather, the rise of capitalism represented a chance development in world history which came about because resistance from the lower classes rendered impossible the normal increase in surplus product for the ruling classes of North West Europe. I view the emergence of tributary modes of production from disintegrating communitary modes of production as representing a normal development in the course of the social stratification. The stability of tributary modes of production and their insensitivity even to market-conditioned patterns of interaction between economic subjects has been amply substantiated in the literature[11]. Trade and commercial capital have entered into a close symbiosis with the ruling state classes, which appropriate surplus product from contributions made primarily by farmers. All European rulers have tried to develop such bureaucratic systems of rule by endeavouring to put an end to the wide dispersion of power characteristic of the feudal system in favour of centralized rule. This was true not only of the Norman States of England and Sicily (11th/12th centuries)[12] but even of European absolutism in the 18th century[13].

Capitalism is characterised by the rule of a fractionalised class of capital owners. Capitalist entrepreneurs appropriate surplus product as surplus value through market competition and can only ensure their continued membership in the capitalist class by reinvesting their profits. New investments can only be profitable if they reduce unit costs. If capital owners want to accumulate capital, they should create additional production capacities the optimum utilisation of which demands a growing market. At the same time from the material side of the production process investments from profits are only possible when the owners of capital can produce goods with the help of machines. Machine-made goods tended to be of inferior quality at the beginning of the Industrial Revolution. Advancements made in the mastery over nature through the increased employment of machinery served to reduce the financial input for the manufacture of simple standardised products. Recipients of higher incomes want to impress other people more with the uniqueness of the products consumed by them than by their immediate utilitarian value. They therefore could not offer markets for the machine-made products of the Industrial Revolution. The genesis of the capitalist mode of production must therefore be understood as the beginning of a capitalistic growth process which could support itself on expanding mass markets. It is only through expanding mass markets that the employment of capital for competing capitalists could be ensured, since it was only then that capacities for machine-made products created from reinvestments met with an increase in demand. This presupposed a growth in the real incomes of the lower and middle income groups. Capitalism therefore presupposes the existence of social structures in which lower and middle income groups could actually participate in the growth of production capacities through rising real incomes – i.e.: it presupposes, with due consideration of all dissimilarities, relatively egalitarian power and distribution structures (as compared to the tributary modes of production) whose historical role and scope (as a result of the dispersion of power in European feudalism and the long history of social conflicts over the autonomy of cities, rural communities etc.) cannot be further discussed here.

The spread of capitalism to societies which were not characterised by such power and distribution structures emanated from the possibility of producing abroad luxury goods for Europe which were not available in these societies. The history of the forms of labour mobilisation in Latin America, of slavery and the monopolistic practices of trading companies in Asia showed that capital owners made fewer concessions to labour outside Europe than in Europe itself.

Irrespective of the naturally conditioned possibilities for production in the tropical and sub-tropical areas, economic growth in the capitalist industrialized countries had necessarily to lead to the integration of hitherto non-capitalist areas into an uneven international division of labour. In the capitalist industrialized countries, real wages must increase more or less on a par with the average growth in labour productivity. The inability of the entrepreneurs to realise this functional condition under competition remains insignificant so long as there exist sufficiently strong counter-forces by way of a proletarian movement. Branches with below average productivity increase have rising labour costs, branches with above average increases in labour productivity on the other hand have declining costs. Within a private market economy, varying degrees of growth in productivity are balanced out by a change in the price relationship of goods in that there is an increase in the prices of goods from branches with a below average growth in productivity. As compared to an economy which hardly knows any technical progress there is an increase in the comparative cost advantages of branches with above average productivity increases. It would be in the interests of the developed countries to concentrate on those branches with an above average growth in productivity and relocate those with a below average productivity growth.

Undoubtedly, the export-oriented capitalist sectors of the Third World which emerged in this manner were hitherto not large enough to mobilise the entire work-force in the underdeveloped countries, either for export production or for the production of goods satisfying the demand of those drawing incomes from export production. It was under this precondition that export production provided the ruling elites of the Third World the opportunity to appropriate rents – especially in view of the initial concentration on raw material production –, in other words, the opportunity to draw high incomes which were then spent on consumption goods, generally to a large extent on imported goods[14]. Furthermore, the ruling elites could also buy technically advanced military equipment from the industrial countries, thereby giving an added boost to their positions of strength within their societies.

The extension of the capitalist world system to the Third World of today therefore gives rise to non-capitalist economies participating in the international division of labour, even to an expansion of market-conditioned forms of intercourse, but not however to a transference of the capitalist growth mechanism, namely a strengthening of the social and political position of the lower income groups through which the latter could participate in the growth of productive forces through rising real incomes.

The Nature of Technical Progress

Specialisation in technically backward countries, in keeping with the degree of comparative cost advantages, reduces the flexibility of the productive apparatuses in these countries. This line of argument can on the one hand be explained on the basis of the conditions for the introduction of new machinery and on the other hand on the basis of the development of the ratio between capital and labour employment.

Generally, technical progress presupposes the availability of new machinery. New products, inputs and production processes are all linked with the employment of new machinery. A new machine can be introduced if its cost-efficiency ratio is more favourable than the cost-efficiency ratio of the machinery hitherto employed. Performance is increased through larger quantities and/ or better quality and/or type of product; costs are reduced through lower

machinery costs, savings in labour costs (lesser number of workers employed, lower qualification requirements, cheaper enforcement of work discipline) and also savings in raw material employment. Advances in machinery production lead to productivity increases for the users of the new machines, even for those employing these machines in the Third World.

Participation in technical progress by way of acquiring new knowledge on production processes is however limited to the producer of machinery who can finance even further innovation from the proceeds of the sale of the new machinery[15]. The transfer of technological progress to the user of machinery by way of productivity increases gives rise to the fact that especially in the case of successful technology transfer the developing country gains a comparative advantage in the use of imported machinery at the expense of indigenous technology production.

Since the employment of new technology should necessarily bring about a reduction in unit costs, capitalistic growth cannot possibly be capital-intensive. To be sure, the volume of fixed capital invested per job increases. Since fixed capital is nothing but value produced by labour, the value of fixed capital should increase with rising real wages. Therefore in order to determine whether production is effected through an increasing ratio of "dead" labour to "living" labour it is necessary to compare the value of fixed capital with that of the gross amount wages and salaries. At a constant macroeconomic wage ratio, the capital-output ratio provides a reliable indicator. Empirical research and theoretical reflections have arrived at the conclusion that the capital-output ratio within a certain range in a capitalist economy must remain steady in the long term[16].

If there is no lasting change in the process of development in the ratio between the amount of fixed capital employed and the gross amount of wages and salaries, then an explanation of specialisation on the basis of the availability of the factors of production can only be a mere tautological one. The industrial countries have a competitive advantage in the case of capital-intensive products only if labour productivity is clearly higher than in the developing countries, thereby offsetting capital costs which are likely to be higher. They will have a cost advantage in the case of labour-intensive products if the productivity lead enjoyed here can be attributed to labour skills.

Developing countries derive comparative advantages in those branches in which rise in labour productivity in the industrial countries is below average or in which labour productivity in the developing countries can tendentially be brought upto the level of labour productivity in the industrial countries through the import of machinery. In the first case, it is a question of employing relatively simple modes of production, generally with only low machinery employment; the second case deals with relatively capital-intensive branches of production of the assembly-line type.

As long as there is not necessarily a link between productivity growth and capital employment in the industrial countries and the degree of transferability of technological progress does not decrease with rising capital employment but rather increases with higher capital employment[17], the comparative cost advantages enjoyed by developing countries cannot be explained on the basis of their factor endowment. Rather, it is the consequence of branch-to-branch differences in the productivity lag level as compared to the industrial countries.

Branch-to-branch differences in the productivity level can only be determined in relation to another economy. In a developed economy, factor productivity does indeed rise in varying degrees, measured in tangible quantities produced. Even with high entry barriers to the "highly productive" branches, the development in the relationship between the prices of goods leads to an adjustment of factor productivities measured in monetary terms since, at high profit rates, enterprises in the highly productive branches would only receive lower returns on their investments outside of their own branches. If this price system is transferred to the Third World through the world market, then price systems would be created there which would reflect the branch-to-branch differences in productivity growth as prevalent in the industrial countries.

Due to branch-to-branch differences in the transferability of technological progress to developing countries, the factor productivities observable there at world market prices vary from branch to branch. This finding exactly corresponds with my definition of structural heterogeneity. Since the cost-efficiency ratio in machinery production increases more quickly than in the other branches of production (and the introduction of new innovations which as defensive investments bring down the level of capital productivity can only be explained as a reaction to rising labour costs for the users of machinery and not as a performance set-back in machinery production), structural heterogeneity is linked with a comparative cost disadvantage for the development of indigenous machinery. As a result, local machinery production is discouraged if not necessarily impeded.

Structural heterogeneity as a divergence of factor productivities makes Third World economies inflexible, since changes in relative prices do not give rise to the usual foreseeable reactions from the enterprises. For instance, an increase in demand for investment goods does not result in their local production, since the costs involved in starting production would appear prohibitive as against imports from industrial countries, due to the lack of experience and skills within the work-force. Structural heterogeneity can therefore only exist as long as a price system alien to underdeveloped economies serves as a measure of comparison.

The Omnipresence of Rent in Developing Countries

Differences in productivity growth exist not only between the industrial and the developing countries but even amongst the various industrialized countries themselves. Yet they do not lead to structural heterogeneity. The standard balancing mechanism lies in the industrial countries expanding those branches of production in which they have comparative advantages. With an increase in production, there is a gradual increase in the marginal costs as well; a decrease in production leads to a decline in marginal costs, so that there is a branch-to-branch adjustment in productivity levels. Such a balancing mechanism presupposes that branch-to-branch differences in productivity are not too vast and that there is a relatively large market for export products. This process is accelerated when there is an expansion in export production with investment goods being produced indigenously. There is no additional burden on the balance of trade due to specialisation. High multiplier effects of export production help ensure employment. It therefore has to be examined why Third World countries do not enter into an all-out specialisation, in keeping with their comparative cost advantages. Like the developed industrial countries, they could gradually lower their exchange rates to such an extent that their entire work force is employed in turning out increasing quantities of exportable goods and there is a uniformity in factor productivities measured in the national currency.

My thesis contends that such a devaluation of national factors of production is prohibitive in view of structural heterogeneity and the price and income elasticities in the export markets of underdeveloped countries, since these can give rise to real losses in foreign exchange. Generally, a devaluation leads to a quantitative growth in exports; the extent of their growth and thus also the increase in the level of proceeds depends on the price elasticity of demand. If external markets are too small to generate full employment through an increase in the export of marketable products, then further devaluation should be effected until the national factors of production are competitive even in those branches which reveal a slightly lower productivity lag vis-a-vis the leading industrial countries etc. It goes without saying that in the process prices for export products which were already competitive decline under conditions of perfect competition. Depending on differences in factor productivities and on the price elasticity of demand for products from developing countries, the rates of devaluation which would effect full employment through export and through the secondary employment effects created by it can be very high. They could be so high that foreign exchange revenue under conditions of increased imployment could even drop.

While increasing their raw material exports, developing countries are faced with a decrease in the consumption of raw materials in relation to the volume of production in the Western industrial countries. A growth in quantity over declining prices is therefore only possible to a limited extent. In the case of manufactured goods, developing countries are competitive only for products which do not demand such a high level of technology. Even here, the market is restricted. The productivity lag in the case of more demanding products is great. Productivity differences of over 1:10[18] have been observed in developing countries. Starting out on the production of such demanding products would, under competitive conditions, necessitate the lowering of the value of the national factors of production to 1/10. The theory of the product cycle shows us that the most advanced countries have comparative cost advantages for new products with rapidly expanding markets. It also demonstrates how the relocation of production units to less developed countries only takes place when markets in the industrial countries are more or less saturated[19]. Under these conditions, the control of foreign trade relations can be an important instrument for optimising foreign exchange earnings. Restricting the supply of mineral raw materials (oil) enables the appropriation of a differential rent. Restricting the supply of agricultural products through export duties and state marketing boards enables the appropriation of consumer rents. The imposition of duties on finished products which have already proved to be competitive on the world market – e.g. in those branches of production with a low degree of skill – constitutes yet another form of rent appropriation[20], just like the auctioning of export licences for products which are sold in the industrial countries in fixed quotas (Hongkong)[21].

The tendency towards rent appropriation sets in when differences in productivity lag (bis-a-vis the industrial countries) surface in the developing countries and when higher aggregate earnings cannot be expected from a depreciation of the value of the national factors of production to that of their marginal product – i.e. to their income in the least productive branches necessary for full employment.

Rent as a form of revenue in the Third World is an expression of restricted competition. This restriction is the outcome of the specialisation in products with a low price elasticity of demand as well as of the divergence in factor productivities, as compared to price relationships on the world market. Rents therefore can not only be appropriated from raw material export but also from the export of finished products. Rents can be appropriated because a few production branches in the Third World attain the level of productivity in the industrial countries or even surpass this, whereas others lag behind to such an extent that a corresponding lowering of the exchange rate would result in falling export earnings without these being outweighed by high, additional economic growth. Whilst increased exports in developed countries coupled with the rise in mass incomes and the demand for locally produced investment goods contribute to long-term economic growth even at declining terms-of-trade, the absence of local investment goods production in underdeveloped countries results in the revenue aspect of export trade coming to the forefront rather than its long-term multiplier effect. This is especially so since, due to the comparative disadvantage in investment goods production, economic growth depends on the import of investment goods and with that on foreign exchange earnings rather than on the vitalisation of the local investment goods production.

Rents can only be appropriated from export. Without the rise in real wages in the North, the developing countries could not become competitive in the production of labour-intensive products. The possibility of rent appropriation in the South is the outcome of productivity growth in the North as a result of which there is a shift in the demand curve for products from the South and the supply curve of labour in the North. Rent is that income through which the South partakes of the productivity increase in the North.

The Possibility of Rent Appropriation Favours the Centralisation of the Ruling Classes

The possibility of appropriating rent incomes first and foremost appears as an important, available source for financing investment goods imports. A counter-argument to this would be that higher foreign exchange earnings can lead to growth only if they are in turn invested. Benachenhou[22] and Kaplan[23] have indicated as a point of criticism against rents that an increase in rent would only serve to discourage incentives for a transformation in the production structure. Through his criticism of price formation on the world market both for industrial and developing countries H. W. Singer[24], the oft-quoted father of the theory of deteriorating conditions of exchange in the Third World, drew attention to the paradox inherent in the situation that good prices for developing countries would on the one hand create the possibility of financing the diversification of production, but would, on the other, diminish the interest in performing this.

Uneven economic development at the international level is accompanied by uneven social and political development between the industrialized countries on the one hand and the developing countries on the other. The effects of the international division of labour on employment in the Third World are inconsequential. Markets which would support private accumulation by competing enterprises are restricted. Entrepreneurs could not then assert themselves either politically or economically against those classes which expect economic growth to result primarily from rent appropriation. Integration into the international division of labour will then be accompanied by the sustained effort to utilise rent as the base for the creation of a centralised ruling class which need not necessarily face up to untoward eventualities arising from market competition.

The significance of rent in the Third World cannot be drawn from an especially pronounced predilection of the ruling classes of the South for this type of income. All economic subjects, including entrepreneurs in Western industrialized countries, tend to withdraw from competition. As opposed to the Western indujstrialized countries, underdeveloped countries are characterised by structural heterogeneity which, on account of low marginal productivity of labour, yet high productivity in the individual economic sectors, makes rent appropriation appear inevitable. However, the distribution of this revenue amongst those employed in the export sectors by way of higher wages is not development-stimulating since the highly productive sectors employ a smaller number of workers. Rent appropriation therefore necessitates state intervention, which should result in the creation of a non-capitalist ruling class. The outcome of this possibility of appropriating rent is that a non-capitalist centralized ruling class in the underdeveloped countries controls considerable portions of the financial reserves. Due to the existence of such non-capitalist classes, the struggle for rent becomes the crucial issue in the conflict between the North and the South. The centralized ruling classes in the South are dependent on rent incomes from export and other financial transfers from the North. Uneven development within the capitalist world system serves as basis for the emergence of strong incentives for the creation of centralized ruling classes in the South, which are in turn dependent on continued co-operation with the Western industrialized countries in order to protect their inflow of rent.

The oligarchies of Latin America in the 19th and early 20th centuries represent for me centralized classes held together by family ties and agreements, the function of these classes being to prevent competition in export trade. The significance of the conflict between the European mercantile houses and the centralized trading communities of West Africa for the expansion of the colonial system is well known, likewise the demand for free trade during the opening up of the Asiatic tributary kingdoms (for instance China, Burma, Persia, Turkey) in the 19th century.

The economic and social consequences of a limited spread of capitalism to the Third World lent abiding strength to the anti-colonial nationalist forces of the South in the 30s. Led by these forces, the Latin American countries took to state-promoted import substitution. In Africa and Asia these forces procured or fought their way to political independence after the Second World War. Despite all differences, the common factor in their social goals was that they

tried to stabilise their societies through economic development, which was defined as industrialisation. Here, the State was assigned a decisive role. Alongside the expansion of state interventionism and that of the public sector in the economy, state classes came to be formed.

State classes represent the modern version of centralized ruling classes in the Third World of today. Political orientation, the relative level of development and the significance of foreign trade for the social product of different developing countries may lead to varying types of such bureaucratic development societies. Basically, all Third World countries in which national private enterpreneurs have not ascended to form part of the ruling class and in which the state, with a large share of the industrial sector and investments, plays a crucial role in the appropriation and distribution of the surplus product, are to be regarded as bureaucratic development societies.

Against criticism directed at the blatantly exploitative character of state classes, it should be noted that they did succeed in attaining economic growth. They play a historically progressive role due to the following reasons: the system of relative prices does not create any incentives for the mobilisation of the workforce and for the investment of foreign exchange earnings and labour in the context of a liberal global economy. State classes can mobilise investments contrary to short-term considerations of profitability. Even though state classes influenced by their own interest in objects of prestige and luxury goods consumption had hitherto often adopted strategies of industrialisation which did not help overcome underdevelopment, they could, under growing pressure from the bottom and with increasing rivalry between segments within the state classes themselves, even adopt development strategies which lead to the restructuring of the productive apparatus in a manner which satisfies mass consumption needs. If they could in the process boost the initially unprofitable local production of machinery, then economic growth and growth in employment could be delinked from rising imports of investment goods and with that from the growth in export earnings. Furthermore, state classes could increase the volume of rent income from export through the control they exercise over foreign trade.

Due to the deformation of Third World economies, self-sustained growth cannot be attained through the redistribution of incomes alone[25]. In order to effect the mechanism vital for overcoming underdevelopment – namely rendering investment more profitable through expanding mass markets and with indigenous machine production – it is necessary to restructure the productive apparatus. State classes do not have to respect short-term profitability while making investment decisions and can (but are not compelled to) finance such a restructuring from rent incomes.

The discussion on the subsequent development of some initially raw material-exporting countries of the 19th century (e. g. Sweden, Finland, Norway, Denmark, Australia, Canada) serves as a basis for the theory that an equal distribution of rent and finally an egalitarian income distribution led to development in these countries through their raw material exports[25]. However, it must be noted that in the 19th century the technological gap between the leading industrial nations and the less industrialized ones was still small and that even in these countries local industrial production generally had to be protected against comparative cost advantage. Besides, the particular nature of the raw materials exported paved the way for machinery production. However, today finished products which prove competitive on the world market are generally manufactured only with modern technology; with individual exceptions, the production/extraction of raw materials in the Third World – especially in the case of mineral raw materials – is mostly only possible with modern technological methods today[26]. Due to a greater technological lag, underdeveloped countries of the 20th century cannot adopt the strategy resorted to by the raw-material producing, developing countries of the 19th century[27].

Thus it is but an illusion to expect underdevelopment to be overcome through the dissolution of the state classes. Even "market economy"[28] countries successful in the export of manufactured goods (especially those in East Asia) are characterised by a high degree of state interventionism, particularly by the domination of state classes. An aspect to be examined is how and by what means the efficiency of state classes in utilising rents from export and in employing the internally appropriated surplus product can be enhanced.

State Classes Destroy the Economic and Administrative Rationality of Their Own Plans

State classes consist of segments which compete with each other for influence, power and prestige. Rent creates one section of society which must be structured independently of the conflict between entrepreneurs and workers. It goes without saying that non-economic relations play an important role in such an area involving the political appropriation of resources and fringed by the mechanism of competition. Since the time of Riggs[29], this network of political ties has been viewed as an obstacle to the transition from traditional to modern societies. But as long as rent remains an important source of income and state classes control the major portion of the externally or internally appropriated surplus product, this network of political alliances continues to exist.

The rivalry between segments of state classes has an abiding influence on the economic policy of state class-dominated bureaucratic development societies.

Every ministry wants to expand the production capacities under its control. Every public enterprise wants to procure maximum investment fund from the state budget. Due to the scarcity of some strategic factors of production, especially of highly qualified and skilled labour and some inputs, all centres of decision-making (e. g. authorities, state enterprises) want to enhance their scope for action in crisis situations by stockpiling reserves. In this way, they can make themselves independent of regular supplies through their own suboptimal production units for inputs.

Since the ideology of economic development serves as a basis of legitimation, these segments try to create a "good impression". When there is a scarcity of individual inputs and equipment goods, then it is no longer an issue of importance for distribution to determine where losses are greatest. Rather, the managements of different production units will use their political connections to bring off decisions favourable to them. The distribution of scarce goods is not based on the criterion of loss minimisation but on the necessity of preserving alliances within and between the various segments. One would not expose a likely ally to the risk of losing face just to ensure high productivity increases in another unit of production where one does not know anybody.

As a matter of fact, central economic programming does not in reality constitute an instrument for micro-economic control. Such a programming presupposes that all complementary interconnections between the production units can be realised. Such complementarities do not however actually exist in underdeveloped uneconomies. How is one then to decide how scarce steel is to be distributed amongst the various units? How can enterprises indicate the benefits accruing from such supplies without expressing their willingness to pay a higher price, the very thing they would be prevenred from doing within the sphere of this programming? If price and profit expectations are foreclosed as instruments of concerted action among the individual units of production and scarcity continues to prevail, then enterprises can only come to an understanding over the political, social and family ties existing between the managements. However, it is obvious that the linkage of production units envisaged in planning cannot be realised through such connections.

As a result of their inner structure, state classes also eliminate administrative rationality, and this is to be especially noted since they seek to replace economic rationality through administrative rationality. State classes are not bureaucracies in the Weberian sense of the word, employing general rules and having to justify themselves in the eyes of other classes. State classes combine in themselves the political functions of management, selection and control with administrative functions. Administrative set-ups can only apply general rules when there are other similar cases. Where the administrative control of a process as complicated as that of the economic development of a country is concerned, several individual cases have to be dealt with and resolved for which there are no general rules. If the administrative set-ups are granted a great measure of organisational freedom through decentralisation, they will have to take on the full force of the rivalry between the segments. If one seeks to insulate the administrative machinery from these rivalries through strict regulations, there emerges immense bureaucratic red-tape, especially when the scope for control is limited because, for instance, no external controls from other classes are permitted. External controls presuppose a certain degree of autonomy for a civil society vis-à-vis the state. This possibility is however ruled out by the rise of state classes in the Third World. There exist two methods for enforcing the strict application of rules: On the one hand, a medley of responsible hands can ensure adherence to these rules. For example, a customs administration can be prevented from turning corrupt by stipulating that several officers who are not in communication with each other participate in every decision-making process. On the other hand, channels of communication and interrelationships of accountability can be more rigidly hierarchised. Every unforeseen incident will then grow into an important issue. Even in those cases where horizontal coordination would be necessary or is even prescribed, difficulties in establishing horizontal contacts and the concentration of responsibility at the top see to it that there is no veritable agreement. Perhaps rent in the meantime especially serves to finance administrative control measures in individual underdeveloped countries, since these control measures raise production costs to such an extent that rent ceases to exist as an additional income in the economy as a whole. An effective development administration should be guided by planned objectives rather than by general rules and regulations. The authority to make decisions should be shifted to subordinate bodies. But who should be in control here? If those affected by state decisions are not able to organise themselves outside of the state class, then protest assumes the form of clandestine mediation with highly placed persons rather than of a public discussion. The decision-makers tend to gravitate between conformity to the law and the criterion of performance as a safeguard through flawless acts of administration, whilst the affected persons seek to persuade the decision-makers through external pressure to exploit their action leeway to the fullest possible extent.

The final outcome of the attempt to frame rules for as many areas as possible is the necessity to decide against these rules due to obvious problems in hand. Whether the import of screws vital for the continued operation of an enterprise is granted depends on the attitude of the official in charge. Consequently, as a result of over-regimentation, decisions finally come to depend on private connections, since all the agents are aware of the fact that the development process cannot make any strides if all the rules and regulations are to be met.

The administrative structures are divested of their instrumental character on account of this over-burdening.

Verticality of Social Connections and the Restriction of the Autonomy of Social Groups

Control over considerable financial reserves by the state classes and the fact that all economic subjects depend on state decisions lead to a high degree of verticality in social relations.

Public and private concerns are often dependent on imports and markets for their products which in turn are controlled by state decisions. An automobile assembly plant in Nigeria is – as a result of low productivity – only competitive if Nigeria reserves the domestic market. Good contacts in the Ministry of Economics are more important than efficient management. In order to procure foreign exchange for the import of machinery or inputs, one has to convince the state planners that these imports are in the national interest. If not, the entrepreneurs would be forced to buy foreign exchange on the black market at considerably higher rates. Good contacts with members of the state class occupying vital positions create long-term competitive advantages over other competitors. Often the outcome of technology imports is that some highly productive enterprises compete with other lower productive ones. Such highly productive enterprises can pay higher wages than their competitors. Especially when state classes try to check such inequality by framing uniform regulations, managements of highly-productive concerns will try to procure scarce skilled labour through other advantages and establish harmony within the unit. Even in the Western industrial countries, workers probably never fought solely for wage increments and shorter working hours. However, only such measurable cost increases could be implemented in the face of such atomized competition between concerns. The conflict between wage labour and capital in the capitalist industrialized countries actually promoted economic growth through expanding markets and the necessity of offsetting rising labour costs through technological progress. Enterprises with competitive leads accruing from advantages granted by the state will make concessions in other areas: for instance, in work discipline, in effectively employed work-time, in social institutions etc., which neither promote the sale of industrial finished products nor further technological progress. Neither market expansion nor the resistance to cost increases create incentives for innovations.

Since economic subjects depend on the ability of their respective enterprise or managements to pass on the cost burden to the state exchequer, there is hardly any incentive for the horizontal organisation of class interests. Entrepreneurs stand more to gain from their individual contacts with members of the state class than from the establishment of a powerful employer's association. Workers often stand more to gain from settlements reached with the management than from national organisations or even mass strikes.

State classes render the verticality of social relations more pronounced through their clientele systems. They set up organisations to cater for all interests. Politically reliable staff could be engaged to head compulsory trade unions, farmers' co-operatives, employers' associations and women's and youth organisations. They also serve to channel protest but their main purpose lies in isolating likely opposition groups through limited material advantages and the adoption of state repressive measures and also to prevent the emergence of those cores in organisations which could mobilise the underprivileged classes to offer collective resistance. The establishment of mass organisations and the curbing of all opposition which is not controlled by the state is similar to the recommendations made by the tacticians of anti-subversive warfare.

The establishment of clientele systems with the help of such organisations and the wrecking of solidarity explain the splitting up of social conflicts into a series of miniconflicts over particularistic interests, the repressed sections being unable to develop an alternative social model claiming universal validity. State classes can always reduce discontentment by granting generous favours to small individual groups. Especially in cases where state classes grant a series of such favours under the banner of social justice, every discontented person feels that there are after all other people who are worse off than him and that he will find himself in their situation if he does not conduct himself in an appropriate manner.

Rent and structural heterogeneity do not bring uniformity to the social situation of the ruled. The situation of each individual depends on the opportunity open to him to participate in the vertically controlled distribution of rent. Wage labour and capitalists do not constitute individual classes for themselves and cannot therefore shake off the domination of the state classes.

Technology and Marginality

History reveals that all class societies were characterised by the fact that the privileged classes needed the underprivileged classes in order to maintain their standard of living or even to raise it. To be sure, there were societies in which monopolistic overseas trade was the main source of high income. But even in the medieval Italian City Republics or the ancient Greek City States, participation in trade depended on labour mobilisation.

It goes without saying that even state classes in the Third World of today should mobilise labour. Due to the existence of rent and the possibility of importing technology, the restriction of labour mobilisation to only particular

types of labour could be of interest. At a high rate of exchange (one form of rent appropriation) or at high levels of foreign exchange earnings, the cost-benefit ratio for modern technology is often more favourable than for traditional technology. The employment of imported production processes while at the same time dispensing with full employment can yield higher profits than the mobilisation of labour with more expensive and less efficient technology. For instance, agriculture in the Third World is often neglected because higher necessary for total production are a heavier cost burden than imports. Without productivity differences between the export and the agricultural sectors – in other words, without a rent – governments would not have access to income which would enable them to import foodstuffs.

Without the high productivity attained in a few export sectors with restricted markets – this high level of productivity having been made possible only through the world market – the maximisation of the state classes' scope for distribution would depend on their capacity to mobilise as many workers as possible. High increases in labour productivity effected through the employment of modern, imported technology allow for an exchange relationship between products of the exports sector and imported products through which those employed in the modern sector gain access to a higher standard of goods than if they were to substitute the goods hitherto imported for indigenously produced ones and utilise their foreign exchange earnings to modernise backward sectors or to create greater material incentives for producers in the backward sectors. They use up the rent and marginalise labour.

Rents create a high degree of verticality and marginality and limit the possibilities of resistance open to the lower classes. The basic form of resistance in developed countries, namely strikes, is a possibility which is not open to the marginalised sections. Efforts at collective organisation in self-help groups can be undermined by state classes through limited material grants and clientalist bonds, as in the case of resistance from those provided for by the employment system; this would be at higher income levels.

Inadequate Communication in Bureaucratic Development Societies

As a consequence of the orientation towards material gains, the evaluation of job performance on the basis of income and the relative non-interference of others' judgement of human qualities in social life (at least so long as the social dictates of considerateness, honesty and discretion are accepted), people in Western industrialized countries interact with each other with a certain degree of openness in their socio-economic spheres of life. Competition in the most diverse of social spheres compels every member of society to experience failure time and again. Many goals remain unachieved, others are achieved. This trends offers sufficient ground for the conviction that individual failures should not be regarded as the definite collapse of one's plan of life. In a competitive society, there is a strengthening of those modes of behaviour in which individuals recognise that others can fare better in some things without going down in their own estimation in the process.

The moment resource allocation in a society becomes dependent on personal relations, such open communication is endangered. The moment access to further power is based on an insight into relationships of alliance and rivalry within state classes, only such information will be sought which would promote one's own power. The manipulation of information becomes a part of the political process. There is growing speculation over what has been presumed. A press which is hardly free does not go in search of news. There is even a growing furtiveness with the objective of disinforming the ruled. Information on investment, production reserves, stocks and the financial situation of enterprises is often even withheld from the planning bodies in order to ward off any additional demands[30].

The sluggish vertical flow of information which results from marked hierarchisation becomes even more pronounced due to other obstacles. Every contact established with sections of society hitherto unknown bears an inherent risk to the extent that one does not know what possible influence the newcomer may wield. One discloses as little as possible to him, presents a rosy picture of one's own situation and exercises the utmost caution in eliciting information on the other's situation and desires. Since a considerable portion of communication takes place with partners who are difficult to size up – both as a result of the secrecy underlying the politically significant relations between segments of the state class and the importance of informal influences which cannot be divined from the official status of the partner in the course of communication – the aim of not hurting the partner very often takes precedence over the aim of eliciting information during communication. The outcome is a lack of clean, extensive and reliable information.

The fact that the individual economic situation depends on situations specific to the enterprise, on connections at every possible level, even on relationships with friends and relatives necessarily gives rise to a mode of behaviour which guards over the entire economic and social situation as a private sphere even while communicating with others of the same status. This makes the formation of an alliance based on similar economic and social situations difficult, since the aim is not to seek communication on this aspect.

Since good connections are necessary for furthering one's own cause, one does not spread the word about the innumerable cases of minor racketeering. What is more, with the help of such information one would make that which would prove to be disadvantageous if one were to succeed in partaking of such

advantages oneself appear unreliable. Since the fruits of procuring a share of rent through contacts far exceed any possible advantages accruing from one's own performance or property holdings, the nurturing of contacts, which often proves exacting, assumes prime significance. Respect for the sensitivities of the partners in communication becomes the most important rule in communication. One hardly gathers any information but at the same time assures each other of respect.

With such a degree of obscurity one cultivates a fear of losing face. Since all those participating in communication spare themselves from the humiliation of losing face, only a few experience a feeling of failure. One therefore does not learn to cope with failure. The outcome is that one views all involvements which appear risky with great caution. Criticism of the state of affairs, as far as possible within the context of far-reaching theories which ascribe failures to external forces, is less risky than embarking on action oneself. The tremendous display of enthusiasm for theorizing on imperialism and dependency which has characterised the intellectual climate in many Third World countries has a firm base here. Hammed Ammar speaks of a "fahlawi" personality structure in the Arab world "which is characterised by the constant search for short cuts in place of hard work in order to realize the desired goal. Sudden enthusiasm, foolhardiness and underestimating obstacles are features of the fahlawi personality as are their corollaries: quickly receding interest, discouragement by obstacles and lack of consistent and organized effort. Another feature is the burning preoccupation with surface impressions: thus the fahlawi worries more about getting things done than about how they are done. He is interested not in true accomplishment that comes only through hard and sustained work, but rather in avoiding the impression that he is incapable of accomplishing things. He will not admit failure and will always look for some excuse or scapegoat to cover up his lack of accomplishment"[31].

The immense admiration with which "civilisation-weary" Westerners view the cautious exchanges between people in Third World societies goes to prove that clarity, comprehensiveness and correctness of information are purchased with a number of minor and major injuries to sensitivities in Western societies – injuries which people are ready to accept only due to the constraints of competition to which they are exposed. No sooner is the exchange of goods under competitive conditions replaced by contacts than considerateness is accorded higher priority than the information content in communication. Since the standard case of social differentiation does not lead to capitalism but to tributary modes of production in which there are reciprocal ties between the rulers and the ruled and political and social relations of respect, solidarity and even of rivalry amongst the rulers themselves, it is self-evident that rituals to mitigate insults and injuries must have been developed at an early stage in social relations. They can very well be looked upon as the outcome of a process of civilisation. Here, Western civilisation appears to be inferior, often even devoid of culture. It was not without reason that the trade-oriented English nobility of the 17th and 18th centuries was looked upon by its European counterpart as being uncultured. It is again not without reason that American businessmen are considered uneducated and boorish. Nevertheless, the form of communication described here may prove to be an obstacle to development in underdeveloped societies because innovative behaviour which is detrimental to the interests of others in that they are compelled to face new, unexpected influences is proscribed and censured as a violation of law. Individuals and even workers clamouring for their rights are criticised of violating the principles of "suum cuique" and cautious communication with others – principles which are still widely upheld by the majority of people of all classes in many Third World countries.

Types and Perspectives

The classification of bureaucratic development societies which I suggested in 1981 starts out from the economic policy orientation and the level of available resources[32]. Even at that stage I drew attention to the paradox that inegalitarian modernisation states, due to the low level of legitimacy enjoyed by their state classes and the greater opportunities available for the development of a bureaucratic society, are in the long run more likely to get an opportunity for self-sustained growth than egalitarian modernisation states in which, after great initial successes, the further development of the productive forces is impaired by an increasingly dysfunctional state interventionism. The economic crisis prevailing today has shown that the scarcity of financial resources is rapidly teaching even state classes of egalitarian modernisation states to restrict state interventionism. The capacity to adjust appears to be relatively great. The fall in export earnings induces the mobilisation of national resources and the freeing of productive forces from bureaucratic clutches both in the public and the private sectors. There have as yet been no studies conducted on the volume of production reserves which are released in Third World countries especially in periods of crisis. Greater effectiveness of state interventionism and a curtailment of consumption and prestige-oriented capital expenditure on the part of state classes can indeed be expected here; meanwhile those segments occupying a central position within the state classes enforce greater financial discipline on the more peripheral segments.

In the process, the central segments of state classes could even induce greater participation from the lower classes to serve this purpose.

However, the type formation suggested by me in 1981 does not specify the adjustment strategy to be followed by a particular type of state class. Its basic shortcoming, as far as systems with a clear domination of the political realm over the economic are concerned, is that it focusses too strongly on economic factors at the expense of political factors. However, it must be said that, then as now, I came across very few useful studies to help draw a comparison of the differences in the evaluation of state classes and their interaction with dependent classes clientistically bound to them. As of today, I would regard the following as relevant factors:

1. Acceptance of failure, willingness to experiment and the capacity for self-critical appraisal.
2. Organisational sociology and socio-psychological factors for the stability of clientalist relations.
3. Readiness on the part of the lower classes to represent their collective interests through a conflict.

The adjustive and innovative capacity of state classes depends on the extent to which they learn from their failures. This presupposes a willingness to experiment with "trial and error" processes. Presumably, there is a growing willingness when the feeling of ineptitude vis-à-vis the West becomes less pronounced and there is a growing awareness of one's own avenues for success. A question which arises here is to what extent success achieved in the past bolsters this willingness. The willingness to appraise oneself critically does not mean the ritualisation of self-indictment such as is known in "socialist" countries, but rather the capacity to view mistakes as being necessary without feeling constrained to question the development model opted for. It remains to be examined whether a relative openness of state classes towards the lower echelons or their recruitment from within their own ranks or from previously privileged classes (landed aristocracy, oligarchy) promotes such behaviour. I further dismiss the notion that a recruitment of state classes primarily from underprivileged sections – for instance, following the triumph of a revolutionary movement – inevitably promotes the orientation of economic policies towards the satisfaction of mass interests. However, I would neither dismiss the hypothesis that state classes recruited from the lower strata are more inclined to experiment nor that maintaining that those members of state classes recruited from the establishment are more willing to concede failure. Probably, such a pairing off of variables is much too vague when we are seeking reasons for prominent posts in the government, in administration, mass organisations and in the public sector being occupied by pragmatic, goal-oriented people rather than by those setting their sights on the power of office and seeking legitimation through conformity to the law.

The capacity to adjust and innovate is not demanded of the state classes when, as a result of the clientelist integration of the underprivileged classes, the well-known aspects of underdevelopment such as poverty, unemployment etc. are prevented from developing into pressure exerted from the bottom. When the lower classes are willing to be a party to clientelist assimilation, then state classes can to a large extent dispense with innovation. The various types of organisational assimilation and the socio-psychological mechanisms underlying the recognition of hierarchical social structures would therefore constitute yet another area of study.

The willingness to represent interests collectively will be negatively linked with the inclination to enter into clientelist relations. There have been no useful studies conducted in this area either. It appears, on taking a look at the history of the industrial countries and the situation in Third World countries today, that entrepreneurs have hardly developed an inclination towards the representation of a collective interest in opposition to pre-capitalist or non-capitalist ruling classes. The temptation to enter into a deal with the establishment is too great. Even in the Marxist theory of revolution, the bourgeois revolution has in the meantime come to be ascribed not to the efforts of the bourgeoisie but to the struggle of the lower classes, which has been supported and carried on by sections of the bourgeoisie and those sections of the nobility adversely affected by the centralisation tendencies of absolutism. Industrial workers in the industrialized countries were people who had to relinquish all the protective mechanisms of traditional social structures. They therefore fully correspond with the Marxian definition of the proletariat in that they at the same time work towards the liberation of the entire society through their very solidarity. Especially since industrial workers in developing countries are privileged at least when compared to farmers and those engaged in the small-scale sector[33], the collective representation of their interests would lead to an increase in mass incomes only when the large-scale sector has already reached vast proportions[34]. Boeckh has rightly pointed out that this privileging set in as early as towards the end of the 19th century in the rent-financed spontaneous processes of industrialization in some Latin American countries. The innumerable producers of the informal sector hardly appear open to organisation. The "bazaar economy" of the Islamic countries[35] does, however, give rise to a collective awareness which induces collective action. Even the notion largely prevalent in the European social sciences and history, namely that the farmers cannot be organised, must be revised. Fuhr[36] demonstrates in the case of Peru that farmers can indeed organise themselves into unions to create better conditions for the utilisation of their marketable surplus product, as was also demonstrated by the boycott of sales launched in the 1930s in Black Africa[37].

State classes react to the reduction of their financial leeway through two

clearly defined, cyclically intensifying avenues of development. They can on the one hand try to expand the modern sector with the help of foreign enterprises by liberalizing the regulations for direct investments, by which they are likely to reduce the size of the public sector and make it more efficient in the process. Rents hitherto distributed here will disappear. The discrepancy between private enterprises and the state on the one hand and the workers and technical experts on the other will only grow more pronounced. Or they can try to shift responsibility for assuring supplies and employment on to the small-scale and agricultural sectors. This presupposes a considerable degree of debureaucratisation. It is improbable that one of the two tendencies will lead to a developed form of capitalism and to a withdrawal of the state in the near future. However, the available resources will probably be invested more prudently. Such tendencies will be encouraged if futile controversies over market and planning are dispensed with in development-theory literature and models which can be debated on presented instead. Within the framework of such models, it is possible to analyse the interplay between the opening up of the domestic market through rising mass incomes and the development of an initially backward local machinery production with a view to improving productivity in the small scale and agricultural sectors[38]. This can be used to deduce the level of planning required, from which in turn the question of the effectivisation of the national and international administrations of developing countries can be derived[39].

Since even in this case one may proceed on the assumption that rent can be appropriated over a long span of time due to structural heterogeneity prevailing over a long period, it is necessary to conduct studies on the state classes of individual countries, their clientelist systems and the possibilities open to the lower classes to represent their interests autonomously. The concept of the state class suggested by me could serve as a point of departure for comparative socio-psychological studies which aim at examining factors for growing capacities to learn, undergo change, innovate and criticise, while in the process dealing primarily with the socio-cultural heritage and the obstacles to communication which are influenced by it and at the same time constantly reproduced through rent. As opposed to the more widespread criticism of corruption, findings of greater significance may be expected here in the long run, since development losses through inefficiency may well be greater than losses in investible resources through corruption. With the help of such studies, it may be possible to develop an interdisciplinary approach as has been attempted in this paper: rent as income accruing from uneven international economic development which leads to uneven social development, possibly even exacerbating economic underdevelopment and at the same time serving as a financial source for overcoming underdevelopment. This, however, takes place only under certain preconditions for the political options of state classes which are rendered more difficult by the form of communication adopted by these state classes, so that specific, development-impeding socio-psychological factors are accentuated.

NOTES

[1] A. Boekh, "Dependencia oder kapitalistisches Weltsystem, oder: Die Grenzen globaler Entwicklungstheorien", in: F. Nuscheler (ed.), Dritte-Welt-Forschung, Entwicklungstheorie und Entwicklungspolitik, Politische Vierteljahresschrift, Sonderheft 16 (special issue), 1985, p. 5.

[2] A. Quijano Obregón, Nacionalismo, Neoimperialismo y Militarismo en el Peru, Ediciones Pereferia, Buenos Aires 1971, p. 90.

[3] F. H. Cardoso, "Associated – Dependent Development: Theoretical and Practical Implications, in: A. Stepan (ed.), Authoritarian Brazil. Origins, Policies and Future, Yale University Press, New Haven/London, 1973, pp. 142–176. P. B. Evans, Dependent Development, The Alliance of Multinational, State and Local Capital in Brazil, Princeton University Press, Princeton 1979.

[4] E.g. E. Weede, "Warum bleiben arme Leute arm? Rent-seeking und Dependenz als Erklärungsansätze für die Armut in der Dritten Welt", in: Politische Vierteljahresschrift, 26–3, pp. 270–286.

[5] G. Rubinstein/G. Smirnov/K. Solodovnikov, "A propos de quelques affirmations de Amir Amin", in: L'homme et la société, No. 39/40, January/June 1976, pp. 23–27. T. Szentes, The TNC Issue: Naïve Illusions or Exorcism and Lip-Service, EADI, Budapest, General Conference 11–14 November, Budapest 1981, p. 26. B. Warren, "Imperialism and Capitalist Industrialization", in: New Left Review, No. 81, September/October 1973, pp. 3–44. B. Warren, Imperialism: Pioneer of Capitalism, New Left Books, London 1980. G. Kück, "Zu einigen Zusammenhängen zwischen politischen und ökonomischen Faktoren bei der Gestaltung der Aussenwirtschaftsbeziehungen der Länder auf nichtkapitalistischem Entwicklungsweg, in: G. Hahn/L. Rathmann, Nichtkapitalistischer Entwicklungsweg. Aktuelle Probleme in Theorie und Praxis. Protokoll einer Konferenz des Zentralen Rates für Asien-, Afrika- und Lateinamerikawissenschaften in der DDR, die in Verbindung mit der Sektion Afrika- und Nahostwissenschaften der Karl-Marx-Universität Leipzig vom 20. bis 22. Mai 1971 in Leipzig veranstaltet wurde, Akademie-Verlag, Berlin 1972, pp. 297.

[6] Here, mention must be made of the following, more from the Marxist point of view: T. Szentes, The Political Economy of Underdevelopment, Akadémiai Kiadó, Budapest 1971, p. 318 ff. J. Zylberberg, "Nationalisme – Intégration – Dépendance – Introduction dialectique au cas Latino-américain", in: Revue d'intégration européenne 2, 1979, pp. 251–298.

[7] E. Weede, Warum bleiben arme Leute arm? Rent-seeking und Dependenz als Erklärungsansätze für die Armut in der Dritten Welt, in: Politische Vierteljahresschrift 26–3, 1985, pp. 271–274.

[8] I give the following selection of authors: F. H.: Cardoso/E. Faletto, Dependencia y desarollo en América Latina, Instituto de Estudios Peruanos. Serie: Documentos Teóricos No. 1, Lima 1967, pp. 25–36. T. Dos Santos, Dependencia y cambio social, Cuadernos de estudios socioeconomicos, Universidad de Chile, Santiago de Chile 1970, pp. 59–77. T. Dos Santos, Socialismo o fascismo. El nuevo caracter de la dependencia y el dilema latinoamericano, Prensa Latinoamericana, Santiago de Chile 1972, p. 108. Octávio Ianni, Imperialismo na América Latina, Rio de Janeiro 1974, pp. 185–200. Osvaldo Sunkel, "Politique nationale de développement et dépendance de l'extérieur", in: Economie Appliquée, 22–1, January/March 1969, pp. 5–44.

[9] The most extreme version being the thesis maintaining that the ruling class is to be found abroad: M. von Freyhold, "The Post Colonial State and its Tanzanian Vision", in: Review of African Political Economy, No. 8, January/April 1977, pp. 83–85. I. G.: Shiviji, Class Struggles in Tanzania, Heinemann, London 1976, p. 22.

[10] Marx on India as quoted from the German edition: Marx-Engels-Werke, Dietz, Berlin, various issues, vol. 9, p. 223.

[11] For example: I. Khaldûn, Discours sur l'Histoire universelle, Al-Muqaddima, Traduction nouvelle, préface et notes par Vincent Monteil, Sindbad, Paris 1967/68, Vol. 2, pp. 570–572. E. O. Reischauer/J. K. Fairbanks, East Asia, The Great Tradition, Boston 1960, p. 117. K. A. Wittvogel, Die orientalische Despotie, Eine vergleichende Untersuchung totaler Macht, Cologne/Berlin 1962, p. 333. S. Divitçioglu, "Modèle économique de la société ottomane, Les XIVe et XVe siècles", in: La Pensée, No. 44, April 1969, p. 51. F. Tökei, Zur Frage der asiatischen Produktionsweise. Luchterhand, Neuwied 1969, p. 80.

[12] On this, see H. Delbrück, Geschichte der Kriegskunst im Rahmen der politischen Geschichte. Vol. 3: Das Mittelalter, Georg Stilke, Berlin 1923, pp. 174–194. A. Marongiu, "A Model State in the Middle Ages, The Norman and Swabian Kingdom of Sicily", in: Contemporary Studies in Society and History, 6–3, April 1964, pp. 307–320. C. H. Haskins, The Normans in European History, Houghton Mifflin, London 1915, p. 227. D. C. Douglas, The Norman Fate 1100–1154. University of California Press, Berkeley/Los Angeles 1974, p. 120.

[13] This renders the discussion on the feudalist or capitalist character of the absolute State almost futile. Dermigny (L. Dermigny, Le commerce de la Chine au XVIIIe siècle, 1719–1833, SEVPEN, Paris 1964, Vol. 2, p. 454) describes the extent to which the tributary mode of production prevalent in China was taken note of even by absolutist rulers: "Il est significatif que ce soient les hommes qui poussent le plus loin la recherche d'une solution aux problèmes économiques et sociaux de leur temps de l'exemple chinois. Mieux que ce soit la Chine qui de l'autre extrémité du monde nourrisse ce qui est à la fois la dernière grande manifestation et la doctrine du bien commun et la dernière idéologie cohérente de l'Ancien Régime."

[14] J. V. Levin, The Export Economies, Their Patterns of Development in Historical Perspective, Harvard University Press, Cambridge 1960.

[15] M. V. Posner, "International Trade and Technical Change", in: Oxford Economic Papers, 13–3, October 1961, pp. 323–342.

[16] For an empirical viewpoint on this, see: E. Helmstädter, Der Kapitalkoeffizient. Eine kapitaltheoretische Untersuchung, G. Fischer, Stuttgart

1969, p. 51 ff. and appendices. For a theoretical viewpoint, see: L. L. Pasinetti, Growth and Income Distribution. Cambridge University Press, Cambridge 1974, p. 138.

[17] For an example: C. Clague, "The Determinants of Efficiency in Manufacturing in an Underdeveloped Country", in: Economic Development and Cultural Change, 18–2, 1970, pp. 188–205. R. W. Boatler, "Comparative Advantage, A division Among Developing Countries", in: Inter-American Economic Affairs, 32–2, Automn 1978, pp. 59–66. R. W. Boatler, "Trade Theory Predictions and the Growth of Mexico's Manufactured Exports", in: Economic Development and Cultural Change", 23–4, July 1975, pp. 491–506.

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[19] R. Vernon, „International Investment and International Trade in the Product Cycle", in: Quarterly Journal of Economics, 80–3, February 1966, p. 202. R. Vernon, "The Product Cycle Hypothesis in a New International Environment", in: Oxford Bulletin of the Oxford University Institute of Economics and Statistics, 41–4, November 1979, p. 266.

[20] W. Holtgrave, Industrialisierung in Singapur: Chancen und Risiken industrieorientierter Industrialisierung, Campus, Frankfurt 1987, pp. 70–81.

[21] M. E. Morkre, "Rent-Seeking and Hongkong's Textile Quota System", in: The Developing Economies, 17–2, March 1979, pp. 110–118.

[22] A. Benachenhou, "Le renversement de la problématique ricardienne des coûts comparés dans la théorie économique moderne", in: Revue algérienne des sciences juridiques, économiques et politiques, 8–4, December 1971, pp. 925–929.

[23] M. Kaplan, "Petróleo y desarrollo: El impacto interno", in: Foro Internacional, 21–1, July–September 1980, p. 89.

[24] H. W. Singer, "US Foreign Investment in Underdeveloped Areas. The Distribution of Gains between Investing and Borrowing Countries", in: American Economic Review, 40–5, May 1950, pp. 482–484.

[25] See for example: S. Bitar, Transición, socialismo y democracia, La experiencia chilena, Siglo Veintiuno, Mexico 1979, p. 259. As for example: W. P. Strassmann, "Economic Growth and Income Distribution", in: Quarterly Journal of Economics, 70–3, August 1956, p. 437. K. E. Berrill, "International Trade and the Rate of Economic Growth", in: Economic History Review, 12–3, pp. 351–359. E. Jutikalla, "Industrial Take-Off in an Underdeveloped Country: The Case of Finland", in: Weltwirtschaftliches Archiv, 88–1, 1962, pp. 53–67. T. H. Moran, "The 'Development' of Argentina and

Australia: The Radical Party of Argentina and the Labour Party of Australia in the Process of Economic and Political Development", in: Comparative Politics, 3–1, October 1970, pp. 71–92. H. H. Habakkuk, American and British Technology in the Nineteenth Century, The Search for Labour Saving Inventions, Cambridge University Press, Cambridge 1962, p. 35 ff.

[26] J. Thoburn, Multinationals, Mining and Development: A Case Study of the Tin Industry, Gower, Westmead 1981, p. 59, reveals possibilities for the employment of indigenous technology in Malaysia's tin industry as a result of which raw material export even gives rise to inter-linkage effects.

[27] I do not see how Uruguay could have supplied butter, eggs and cheese like Denmark as Senghaas (D. Senghaas, Von Europa lernen, Suhrkamp, Frankfurt 1982, p. 147) suggests, since Uruguay is too far off from markets which can absorb such exports. As a matter of fact, even the USA did not diversify agrarian exports which were important for its trade balance till the beginning of the 20th century.

[28] They are indeed export-oriented though characterized by a high level of state interventionism. South Korea: U. Menzel, In der Nachfolge Europas. Autozentrierte Entwicklung in den ostasiatischen Schwellenländern Südkorea und Taiwan, Simon & Magiera, München 1985, p. 86. Taiwan: A. H. Amsden, "Taiwan's Economic History. A Case of Etatisme and a Challenge to Dependency Theory", in: China Quarterly, 5–3, July 1979, pp. 365–369. Singapore: W. H. Holtgrave, 1987, op. cit., p. 340 ff. Hongkong: Morkre, 1979, art. cit., pp. 110–118.

[29] F. W. Riggs, Administration in Developing Countries. The Theory of Prismatic Society, Houghton Mifflin, Boston 1964.

[30] The following serves as a particularly striking example: "A circular despatched by the former Ministry for Industry and Energy (of Algeria, H. E.) to the socialist enterprises under his jurisdiction gives a very clear insight into the degree of discipline prevalent in planning: I have found that the industrial projects enunciated and decided on by the Ministry of Industry and Energy have not been implemented by certain concerns under the pretext that they do not form part of the list of projects drawn up by the State Secretariat for Planning. Disciplinary action will be taken against those who abandon a project because it has not been included in the list of the State Secretariat for Planning. Circular of the Ministry for Industry and Energy, No. 13/CAB/DSM, 12th October 1974," quoted from A. Bouzidi, "L'entreprise publique et l'Etat en Algérie", in: Revue du CE.N.E.A.P., No. 1, p. 6.

[31] A. Dessouki/E. Hillal, "Arab Intellectuals and Al-Nahba: The Search for Fundamentalism", in: Middle Eastern Studies, 9–2, 1973, pp. 187–195.

[32] H. Elsenhans, Abhängiger Kapitalismus oder bürokratische Entwicklungsgesellschaft. Versuch über den Staat in der Dritten Welt, Campus, Frankfurt 1981, pp. 256–273.

[33] On the theory of a labour aristocracy, see: P. Waterman, "Workers in the Third World", in: Monthly Review, 29–4, September 1977, p. 57. M. Domitra, Die Rolle der Gewerkschaften im mexikanischen Herrschaftssystem. Ein Beitrag zur Theorie der Gewerkschaften in Entwicklungsländern, Neue Gesellschaft, Bonn 1975, p. 261. Andreas Boekh, Interne Konsequenzen externer Abhängigkeit. Eine vergleichende empirische Analyse der Dependenz am Beispiel der Industriearbeiterschaften Venezuelas, Kolumbiens und

Perus, Anton Hain, Meisenheim 1979, p. 351. Counter-thesis: J. F. Petras, Politics and Social Forces in Chilean Development, University of California Press, Stanford 1969, p. 283. R. D. Jeffries, "Populist Tendencies in the Ghanaian Trade Union Movement", in: R. Sandbrook/R. Cohen, The Development of an African Working Class: *Studies in Class Formation and* Action, Longman, London 1975, p., 272. On the revisal of the accusation of the labour aristocracy, see: J. S. Saul, The State and Revolution in Eastern Africa, Heinemann, London/Ibadan/Nairobi 1979, p. 339 ff.

[34] A. Boekh, "Staatliche Gewerkschaftspolitik und abhängige Entwicklung", in: Verfassung und Recht in Übersee, 11–3, pp. 261–281.

[35] Peter van Sivers, Work, "Leisure and Religion: The Social Roots of the Revival of Fundamentalist Islam in North Africa", in: E. Gellner/J. C. Vatin, Editors, Islam et politique au Maghreb, CNRS, Paris 1979, pp. 355–367.

[36] H. Fuhr, Bauern und Parteifunktionäre – eine Untersuchung zur politischen Dynamik des peruanischen Agrarsektors 1969–1981, Doctoral Dissertation, Constance 1985, p. 260 ff.

[37] M. H. Y. Kaniki, The Colonial Economy: The Former British Zones, in: A. Adu Boahen (ed.), Africa under Colonial Domination, Heinemann, UNESCO, Paris/London/Ibadan/Nairobi 1985, p. 407.

[38] I am at present conducting a similar study together with Elmar Kleiner in collaboration with the CE.N.E.A.P. for the entire area comprising Algiers and its environs.

[39] I am at present undertaking such a study in Senegal, Zambia, Peru and Ecuador together with Brigitte Späth, Pedro Assuncao and Harald Fuhr as part of a special research field "Administration in Change" currently under study at the University of Constance.