Leys, Colin, *Underdevelopment and Dependency: Critical Notes,* **Journal of Contemporary Asia,** *7:1 (1977)*
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Underdevelopment and Dependency: Critical Notes

Colin Leys

". . . this concept [dependence] fails to grasp the real nature of the process of underdevelopment. The immediate explanation for this is the theoretical framework employed . . . eclectic combination of orthodox economic theory and revolutionary phraseology . . . " (GeoffreyKay, *Development and Underdevelopment: A Marxist Analysis,* p.103).

It is becoming clear that 'underdevelopment' and 'dependency' theory is no longer serviceable and must now be transcended. The evidence for this is (a) theoretical repetition and stagnation in the literature on underdevelopment and dependency theory (UDT); (b) the existence of fundamental problems of analysis which UDT cannot solve, or even formulate, and central problems of development strategy which are linked with these, and about which UDT is either silent – or ambiguous; (c) an evident lack of practical impact in favour of the popular forces in the struggles in third world countries, but on the contrary, a marked tendency for the underdevelopment/dependency 'perspective' to be co-opted by developmentalists allied to international capital. The present article is an attempt to clarify all this, with the help of several recent sympathetic studies of the genesis of UDT and its variants, and to suggest what needs to be done about it.

UDT and its problems

By 'underdevelopment and dependency theory' I mean the following general theses:

a. The social, economic and political conditions prevailing throughout today's 'third world' ('less developed countries' in UN usage) are not due to the persistence of an 'original' (*un*developed or 'untouched') state of affairs, but are the results of the same world-historical process in which the 'first world' ('developed market economies') became 'developed'; the development of the latter involved a closely associated course of development for the former, a process of subordinate development or *under*development.
b. The prime mover in this combined process was capital seeking profits, i.e. seeking opportunities to accumulate capital; specifically, capitalist merchants, capitalist bankers, capitalist insurers, etc., and finally capitalist manufacturers.
c. Their activities involved accumulating capital where this could be done cheaply, and investing it where the return to investment was highest, and this gave rise to a process of surplus removal from some parts of the world to others, per-

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petuating and rigidifying in new ways the low levels of productivity in the areas from which the surplus was taken; and also a structuring of these economies so as to subordinate them systematically to the structures of the economies where capital was being accumulated. This expressed itself in the 'external orientation' of the subordinate economies (export of primary commodities, import of all manufactures); in monoculture; in dependent industrialisation (dependent on external forces – demand, strategic division of labour, technology, etc. – for its dynamics and structuration).

d. Secondary structural consequences of this served to reproduce the process and constantly block local initiatives to pursue an autonomous development path: e.g. the low incomes of the majority due to the creation of surplus labour and marginalisation imply a generally small domestic market; highly unequal income distribution implies a narrow import-oriented consumer demand; etc.
e. The corresponding emergence and formation of social classes at the capitalist periphery with interests in common with the bourgeoisie of the metropoles made possible the development of colonial, neo-colonial and semi-colonial states representing successive types of such alliances.
f. The term 'underdevelopment' refers to these self-perpetuating processes, these self-reproducing structures, *and* to their results. The term 'dependency' is sometimes used to refer to exactly the same things, and sometimes more specifically to refer to the non-autonomous nature of the laws or tendencies governing change in the social formations of the periphery. In spite of disagreements between the users of the two terms their differences seem less important than their extensive points of general agreement.[1]

Of course this sort of outline misses part of the strength of UDT, which is to have stimulated the empirical study of institutional and structural mechanisms of underdevelopment such as multinational corporations, income distribution, fiscal and taxation policies, capital expenditure and aid programmes, etc. But I think its main thrust is roughly as sketched above. And in the context of the early 1960s, when UDT emerged as a militant critique of the ruling ideas of developmentalism, its thrust was unquestionably a progressive one. O'Brien's comment that "the international economy is likely to prove a more seminal starting point for understanding development and underdevelopment than, e.g., traditional and modern society, stages of growth, achievement motivation, or even Myrdal's causally inter-related conditions of a social system" is an understatement which reminds us of some of the intellectual deserts from which UDT rescued us, along with 'integration', 'nation-building', 'political development', 'modernisation' and much else. These were arid formulations because they started out from the premise (more or less inarticulate) that underdevelopment was a 'primal' or 'original' condition and proceeded to ignore the historical and 'transitive' relationships between development and underdevelopment, and hence the whole phenomenon of imperialism. They nearly all ignored the existence of social classes, and treated the state as an instrument of popular will, or at least of the public interest as interpreted by a minority on behalf of the public. They had in fact a highly ideological character, as we can now easily see in the light cast by UDT. And some of them embodied this in the particularly stultifying forms of abstracted empiricism

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and 'grand theory'. In fact all these features of bourgeois development theory have been made apparent by UDT. The question is, however, whether UDT is free from all of them itself.

As for UDT, then, it is true that the charge that it has tended towards theoretical repetition and stagnation is necessarily subjective; and it is probably more accurate to say that UDT was characterised from the first by a proliferation of attempts to formulate characterisations, models and analyses of underdevelopment or dependency *in general,*[2] it is significant that the few attempts at systematic theorisation – for instance by Amin or Szentes – have been by economists and have not really systematised the kind of total perspective – social, political, ideological and economic – implied in the more general formulations through which UDT is chiefly known. As I will indicate below, this reflects the genesis of UDT as *a criticism of bourgeois development theory* which, while radical in intention, really remains within its problematic, so that the systematisation of UDT could only produce a revision of bourgeois development theory, and an ultimately non-radical one at that. The sense of theoretical repetition and stagnation which the UDT literature eventually conveys (as O'Brien says, "was it really necessary to write so many millions of words to establish just this perspective?") seems to me, then, to be due to the necessity of staying at the level of a general 'perspective' if the fundamental difficulties inherent in that perspective are not to be immediately apparent.[3]

The sort of difficulties involved include the following (the list is not very ordered, let alone comprehensive):

a. *The meaning of 'development'* in UDT is obscure. Insofar as it implies a concept of development it is evidently that of the capitalist development experienced by the capitalist 'metropoles'. But if the study of underdevelopment suggests that the underdeveloped countries in 1977 cannot follow a development path at all similar to that of the 'metropoles', it is a matter of great consequence if the analysis of how they became and are kept underdeveloped does not itself disclose what 'development' can or should mean for them, or how it is to be accomplished. The fact is that this does not seem to be so, and this is shown by the great variety of practical-political positions arrived at (often somewhat independently of their theoretical formulations) by different UD theorists; though UD theorists actually often adopt very *vague* practical-political positions, if any, and largely confine themselves to interpreting and explaining what has happened in the past.
b. *Exploitation* Much UDT is unclear whether the masses in the underdeveloped countries suffer from exploitation or not and if so, to what extent. Most UD theorists imply, at least, that the masses of the third world are exploited as well as oppressed, but do not make it clear how. The issue was posed in the debate between Charles Bettelheim and Arghiri Emmanuel over Emmanuel's *Unequal Exchange* and is raised again in a sharp way by Kay even though his formulation is not perhaps as clear as one would like ("capitalism has created underdevelopment not simply because it has exploited the underdeveloped countries but because it has not exploited them enough").[4]

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c. *Primitive concepts* It is hard to deny that UDT is to say the least very broad-gauged. The centre-periphery metaphor is seldom if ever replaced by a concrete typology of centres and peripheries. The same is true of 'dependence'. It is sometimes said (e.g. by Cardoso) that there are 'different forms' of dependence but unless these are identified and the differences theoretically explained, the question arises whether this perspective is not a fairly arbitrary way of sensitising us to one set of relationships at the cost of anaesthetising us to others – i.e. sensitising us to only one dimension of a more complex *inter*dependency.[5] And it is not really an accident that these simplistic pairings, developed/underdeveloped, centre/periphery, dominant/dependent resemble those of bourgeois development theory (traditional/modern, rich/poor, advanced/backward, etc.); they are basically polemical *inversions* of them. But the result is a very serious weakness: the empirical meaning of 'underdeveloped' has to be pretty slight if it must embrace India and Brazil as well as Haiti and Tanzania. It is also clear that Portugal, Britain, the USA and Japan (not to mention the USSR) are 'developed' in different ways that are seldom if ever clarified in UDT, important though this is. (Before 1974, for example, it was conventional wisdom for some UD theorists that a neo-colonial solution in Africa was 'impossible' for Portugal because of her own underdevelopment; it is clear that the concepts these words denote are far too weak for making the theoretical distinctions needed to analyse the important political questions involved here).

d. *'Economism' and 'mechanicism'* UDT tends to be economistic in the sense that social classes, the state, politics, ideology figure in it very noticeably as derivatives of economic forces, and often get very little attention at all. Classes, for instance, tend to appear as *categories* resulting from the structural evolution of underdevelopment or dependent development; thus landlords are technically backward, domestic bourgeoisies are weak and comprador in outlook, wage labour forces are small and highly differentiated, etc. Classes do not appear as the prime movers of history in this perspective, and a corresponding theoretical eclecticism is apparent ('elite' is often used alongside 'class', for instance). And UDT tends to be mechanical in the sense that processes tend to be presented as resulting from a 'logic' of mechanism, a system of vicious circles reinforcing each other (e.g. low productivity means low real incomes which mean narrow markets which mean high levels of protection for manufacturing which mean high cost production which means lower real incomes – etc., etc.). This results in accounts which appear curiously static; 'underdevelopment' can appear as inescapable (something countries are 'locked into') as the 'breakdown' of capitalism appeared in the marxism of the Second International. Little attention is paid to the struggle against imperialism and the social and political consequences of underdevelopment; still less do most UD theorists concentrate on this struggle as the key to overcoming underdevelopment. A good example of the confusion and vulnerability of UDT on something obviously central is the debate stimulated by Warren, as to whether 'underdevelopment' precludes rapid and 'independent' capitalist industrialisation at the periphery, and if not, whether (as Cardoso implies) the 'dependent capitalist industrialisation' through MNC branch plants is ultimately different from other kinds of capitalist indus-

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trialisation; if not, are we not back with 'late development' and 'catching up'?

e. *Imperialism.* On the whole this concept appears in UDT only as an 'extra', often with a qualifier (such as 'economic imperialism', 'cultural imperialism', etc.) and often meaning no more than the mechanisms and institutions of penetration and control employed by international capital in the third world. There is a certain ambivalence, to say the least, towards the Leninist conception of imperialism as a historical stage of capitalism, an ambivalence which is I think primarily political and only secondarily theoretical; i.e., in the third world context the adoption of such a concept implies a break with the perspective of reform which much UDT has not really made. But avoiding the concept means frequently, avoiding realities which are central to the situations with which UDT is meant to deal.

f. *Units of analysis.* Another area where the conceptual imprecision of UDT is unacceptable concerns the units of analysis which should be central to it – social formations, modes of production, world economy, etc. The positive merits of UDT turn on its insistence on the importance of trans-national or trans-state relationships in explaining the course of events in underdevelopment in third world countries. Yet concepts used to analyse these are often far from clear. For instance Frank's well-known characterisation of the whole Latin American economy as 'capitalist' from the 16th century seems to preclude a systematic analysis of the class forces there (over that time they can't all have been either capitalists, compradors or proletarians – and are they yet?); yet the problematic of the 'articulation' of different modes of production, which is implied by Laclau's equally well-known critique of Frank, presents its own difficulties.

g. *What causes underdevelopment?* Curiously enough, it is not clear that UDT provides any explanation of why more capital did not get invested and accumulated in the third world in the past, or of why it should not now take advantage of cheap labour and soak up the vast pools of unemployed people in the third world today. This is connected, of course, with the failure to be clear about the question of exploitation; it shows again how UDT offers only a general interpretation of a current situation, a system of mechanisms broadly taken as 'given', rather than putting forward a theory of the 'laws' governing the historical appearance and subsequent evolution of those mechanisms.

The list could be extended Booth's remark that Frank's formulations "sensitise us to certain features of economic change and at the same time anaesthetise us to other features" can fairly be applied, it seems, to UDT generally. But the comment does not go far enough. The trouble with UDT is not that it is a theory still at an early stage of development, a theory with various gaps needing to be filled up and ambiguities to be resolved (as I myself used to suppose). The real trouble is that concepts which primarily 'sensitise do not belong to a coherent theoretical system, based on a consistent political standpoint and a consistent method of analysis; they are ideological rather than scientific. This is why UDT is 'stalled', and why its real gains – the detailed analyses of the institutions and structures of underdevelopment – are being appropriated more by the ideologists of international capital than the workers and peasants of the third world.

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UDT as 'marxified structuralism'

In order to understand this better we must look again at the origins of UDT, taking advantage of the excellent recent studies by Foster-Carter, Girvan, O'Brien and Booth.[6] What these all confirm is that the main line of descent of UDT, almost wholly a New World Phenomenon, was a series of revisions of orthodox (bourgeois) economic analysis, beginning with the critique of international trade theory which was the starting-point of the ECLA 'school'. This initial revision explained the failure of Latin American and Caribbean economies to develop by identifying structural obstacles which would have to be overcome by appropriate policies to change the structures – policies summed up in the phrase 'inward-oriented development', and meaning particularly, industrialisation through import substitution. This was followed by a further revision which explained the failure of *this* strategy in terms of a new set of structural barriers, often structures which were introduced in the very process of inward-oriented industrialisation and tended to defeat the object of the original restructuring policy (e.g. the high import-content of MNC branch plant industrialisation); or structural obstacles at another *level,* which were revealed in the course of the initial restructuring effort (e.g. highly unequal income structures, urban-rural imbalances, etc.), structures which in turn often seemed to be aggravated by the new strategies. 'Underdevelopment' and 'dependency' then emerged as concepts embracing all these newly apparent structures and mechanisms. At the same time, as the fresh 'layers' of structural obstacles were identified they came more and more to be seen as part of a long-term process involving successive *stages,* each with its distinctive institutional mechanisms reinforcing or modifying economic and social structures, but always reproducing their fundamentally subordinate character, serving development elsewhere, minimising its benefits and maximising its costs locally. The main stream of UDT can thus be seen as eventuating in *radical structuralism* – i. e. as a structuralist analysis of the obstacles to capitalist development in the third world in which progressively more and more of what were originally seen as means to structural change – international manufacturing companies, third world governments and the interests they mostly represent, etc. – come to be seen as yet further structures which themselves need to be changed.

The central weakness of radical structuralism is obvious. Inverting Cleaver's dictum that "if you're not part of the solution you're part of the problem", radical structuralism cannot escape the difficulty that the solution always turns out to be part of the problem. This is particularly clear in the case of Gunnar Myrdal, who is not a dependency or underdevelopment theorist but who certainly is a structuralist and a social-democrat, and whose *Challenge of World Poverty* identifies as main causes of poverty the very governments and international agencies to whom he also appeals for solutions. In the case of the earlier writings of Best, Girvan and their collaborators in the West Indies, it appears in the shape of a reform programme for an anti-imperialist government based on an alliance of progressive local capitalists with the popular masses – which was, in fact, just what the existing governments of the West Indies generally claimed to be [7] Neither Myrdal nor the New World Economists appear to suggest how the problem is to become the solution; their utopianism is quite clear.

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But in the case of UDT the central weakness is partly concealed, thanks to the convergence of its main stream with another stream – Marxism, and especially neo-Marxism of various kinds. In the case of Frank there was the influence of Paul Baran, whose *Political Economy of Growth* appeared in 1957, and as Frank himself says, the influence of the Cuban revolution. More generally there was the impact of de-Stalinisation and polycentrism on the Latin American communist parties, and the subsequent influence of Maoism added to the already complex pattern of Latin American Marxism, with its strong Trotskyist currents. But whatever the diversity of channels, the Marxist stream certainly mingled with that of structuralism in the 1960s, to the point where O'Brien, for instance, could refer to them as "different *traditions within* the theory of dependency".[8]

The immediate effect of 'marxifying' radical structuralism was to shift the implied solution to the problem of underdevelopment from economic nationalism to *socialism,* and to shift the means from utopian recommendations of radical structural reforms to *revolutionary struggle.* But this was an illusion. It is no less utopian to appeal to 'revolution' and 'socialism' to solve the problem *as radical structuralism formulates it,* than to the existing third world governments or the USAID, since a structuralist analysis doesn't disclose the potential class forces on which a revolutionary struggle can be based, or the contradictions which condition and are developed by the struggle, or a strategy or organisational forms of struggle, or – *a fortiori* – a 'socialist' solution, since a socialist solution must itself be disclosed by the interests and capacities of the revolutionary forces and their strategy, which have not been identified at all. In short the 'marxification' of radical structuralism, or 'left' UDT, does not rescue radical structuralism from its dilemma, for the basic reason that it has been built up through successive revisions of bourgeois economics, and like a Russian doll, the final outer layer has essentially the same shape as the innermost one. It is an analysis whose central concepts and problematic are ultimately still those of bourgeois social science, especially bourgeois economics, in spite of the fact that it uses *words* which denote the concepts of historical materialism; i.e. it understands the relations of production and exploitation in the third world in a way which still idealises and mystifies them.

The converse of this, of course, is that the 'marxism' of the most marxist of UD theorists becomes utopian. This seems to me the main difficulty with Frank's political position, at least as it emerges from his writings. Emphasising revolutionary class struggle for socialism as the only solution to underdevelopment, he rejects dogmatic formulae for this struggle and recognises the great variety of patterns and stages of underdevelopment in the different countries of Latin America. But he does not himself offer much in the way of analysis which would make the reality and meaning of this 'solution' more apparent and concrete. The main thrust of his work is a historical-structural analysis of surplus extraction and transfer, and structural subordination of periphery economies through the mediation of subordinate (or 'lumpen') bourgeoisies; not of the structures of oppression and exploitation, i.e. the modes and relations of production, and the class struggles and class organisations developing within these. Kay's polemical comment cited at the beginning of this paper would be unjust if applied to Frank without qualification, but there would still be an element of truth in it.

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What is more, 'marxist' or 'left' UDT is not merely utopian in its own way, but ultimately cannot escape being ideological. An example of this is my own idea that some of the limitations of UDT of which I had become somewhat aware in my work on Kenya were 'gaps' which could be 'plugged' by grafting on a treatment of what was missing, e.g. an analysis of classes. The result was distinctly lifeless, uninspired by any real concept of class struggle.[9] In order to arrive at an analysis of classes for the purpose of relating class struggle to the problem of development, I needed to break away from the problematic of structuralism itself. So long as I remained within it, I remained a prisoner of its ideological effects, including a concept of social class which is ultimately *residual* and passive. More significantly, I would now say that I think UDT itself is really ahistorical, in the same way that bourgeois development theory is, and for the same reason (i.e. its problematic is the same). It does have a *time dimension,* of course, which some versions of bourgeois development theory conspicuously lacked. But this is not the same thing as history. The mere extension of the model to allow for change, or to see the present as the end of a chain of events extending back into the past, is not to make it *historical;* i.e. does not explain underdevelopment by reference to social forces which have been identified as a result of a coherent and consistent method for sifting out from the complex flow of events the patterns that allow us to make sense of it, now and in the past. The stages familiar from UDT (such as mercantilism, liberalism, neo-mercantilism, etc.) are rather empirical periodisations with at most a good deal of descriptive and heuristic value, not the product of a systematic analysis of the interplay of political and social as well as economic forces which resulted in the geographical extension of the sway of capital, or of the new struggles generated by this process.

Most of the points made above are made, implicitly where not explicitly, in Frank's 'reply to critics', where he also makes the illuminating observation that the concept of 'dependence' can best be understood as the product of a very specific historical period, viz. the long post-war 'boom', or phase of rapid capital accumulation;[10] it refers, in fact, to that boom, seen from Latin America. The end of that phase of the accumulation cycle, he remarks, shifts attention to its cyclical nature, and the concept of 'dependence' necessarily gives way to the concepts needed in order to understand not just one phase, but 'the process of capital accumulation in the world – with special reference to the participation of Asia, the Middle East, Africa and Latin America – from 1500 to the present', a task he has set for himself and which he says is also being undertaken in different ways by others such as Laclau, Hinkelammert, Marini and Torres (and we should presumably add Amin. Wallerstein and Anderson). (I have reservations about this programme, to be mentioned in a moment).

Meantime the ideological character of UDT is best demonstrated by its vulnerability to what Kay calls 'conservative re-absorption' of the kind represented by the World Bank's recent adoption of a 'poverty-oriented' aid philosophy under MacNamara's Presidency, and the corresponding 'reorientation' of bilateral aid doctrines by the USA and other countries. What this comes down to is the adoption of a *non*-radical structuralism. This says, in effect, that *not* all solutions are part of the problem: the World Bank isn't, nor are MNCs (if third world governments pool

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their bargaining knowhow and co-ordinate their collective leverage), nor are *all* third world governments, at least not monolithically. On the other hand, radical structural change is (a) *unlikely,* and (b) usually turns out to be very unpleasant (to whom is not usually made clear) and unpredictable in its outcomes, and (c) who are we (in the bourgeois democracies) to advocate such radical changes for others (etc. etc.), so let us pursue structural reform instead.[11] This position is in my view simply the expression of a political programme of large-scale international capital and the states and international agencies which represent it. The assimilation of structuralism is at best partial in such perspectives, but even if it were more complete, it would still be what it is, i.e. a form of bourgeois ideology, whose character has been very adequately revealed by the critiques of Baran and Amin and the polemics of Frank.[12]

We must therefore go *forward,* not backward; not merely "beyond the sociology of development" (the title of Oxaal, Barnett and Booth's book) but beyond the sociology of *under*development in two ways: not *merely* into a different kind of theory, but into a more clearly defined relation between theory and practice. A genuinely historical theory will allow us to analyse the process of combined and uneven development of capitalism on a world scale, as it has been experienced (or 'participated in' as Frank rightly puts it) in particular countries, and hence as it presents itself to any one of them now, in the form of a class struggle conducted in the framework of a particular inherited structure of productive relations, forms of exploitation and exchange relationships, and a particular structure of relations of political and ideological domination, internal and external, etc. A serious and systematic application of historical materialsm does not mean the application of a ready-made formula taken from the texts of Marx and Engels, or Lenin or Trotsky or Mao Tse-tung, but the application of the method and conclusions to be drawn from such texts *plus the practice* out of which they emerged, and by which they have since been continually revised.

And this is why it is not merely a question of a different kind of theory (i.e. different from UDT or disguised radical structuralism) but also of a more clearly defined relation between theory and practice. The reason I am not too happy about Frank's conclusion that UDT should give way to the analysis of the process of capital accumulation from 1500AD to the present is that it seems even more liable than UDT to be an academic exercise in the literal sense of the term, and hence liable to be still more vaguely related to political practice, and hence, finally, liable to take on an ideological character all over again. It is not that such an analysis is unnecessary; it is very necessary. But what is involved is hardly less than a history of the modern world; and any such product conceived of primarily as a product of scholarship (let alone individual scholarship) or 'social science' (to use Frank's term) rather than as a work of synthesising the experience of the political practice of particular classes on a world scale, and hence proceeding by a process of provisional formulations based on the experience of specific struggles, and so necessarily consisting of a protracted and collective endeavour, seems to me likely to prove essentially ideological. Perhaps Frank himself should not be interpreted too literally when he seems to propose the task in these terms, but without going into detail over the examples we already have (such as Wallerstein's and Anderson's work) I

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think it will be important to envisage the development of an historical context for future theory by way of successive approximations, arising out of studies of historical situations specific enough for the study to be related in a very explicit way to the contemporary class struggles within them.[13]

Some theoretical questions

In conclusion, and in the context of what I have just argued, I wish to raise three theoretical issues from among the many which have to be confronted: the question of exploitation, the question of modes of production and their 'articulation', and the question of the reasons for underdevelopment.

a. *Exploitation.* UDT generally holds or implies that the condition of the people in underdeveloped countries is the result of exploitation, and this certainly appeals to 'common sense' as one contemplates generally the record of colonialism in, say, Peru or the Congo. But Marxist economists such as Bettelheim and Kay rightly question 'common sense'. While there may be 'super-exploitation' in the periphery, i.e. extraction of surplus value from workers through coercive sanctions in pre-capitalist modes of production, or in the course of primitive capital accumulation (forced labour, etc.), the direct exploitation by capital of wage workers at the periphery is typically less than in the capitalist metropoles if the level of exploitation is the proportion of the value of what the workers produce that is not paid to them in wages. In the metropoles wage levels are much higher but productivity is higher still, thanks to the higher organic composition of capital. The problem of the underdeveloped countries is then, Kay argues, that the workers are exploited without being exploited enough – in the sense that they are subject to severe downward pressure on wages, to extract the maximum absolute surplus value, but do not benefit from the higher real wages that they could be paid if capitalists were forced to try to increase relative surplus value by more investment leading to higher productivity. In fact, Kay argues, the value of wages may be lower in the metropoles than at the periphery, even though wages are much higher there in terms of purchasing power; meaning that the labour time necessary to produce the goods their wages buy is probably smaller than the time taken to produce the relatively few goods the third world workers can buy with *their* wages.[14]

Against this Emmanuel argues that it is artificial to treat the metropoles and the periphery countries in isolation from each other in this way.[15] If a pair of shoes can be produced anywhere in the world in ten minutes of labour-time, that is the (world) value of a pair of shoes and the proper measure of the value of real wages everywhere; the tendency of this interpretation is to make the real wages of third world workers seem much lower as a proportion of what they produce, and hence to make their level of exploitation higher. By adopting this general standpoint one can also argue that merely because sufficient capital has not been invested to make workers as productive as workers employed in similar work elsewhere, it does not follow that they are less exploited. If capitalists choose in certain areas not to extract the maximum surplus value from the workers that is possible using the best available equipment and organisation, that is because in those areas political, social and economic conditions permit them to pay such low wages as to make the additional investment unnecessary. This line of argument has, it seems to me, con-

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siderable force, and corresponds to our 'common-sense' feeling that low-paid workers in under-capitalised operations are more exploited than higher paid workers in more efficient plants in the same line of business.

At all events, it is not hard to see that these arguments all have a rather abstract quality and that what is at issue is not so much a 'correct' theorisation of the locus and relative levels of exploitation as between first and third world countries and workers, as certain practical-political implications that have been supposed to follow from one position rather than another. Thus Bettelheim, for instance, was really anxious to show that the exploitation of workers in France or the USA was the source of the economic power behind imperialism and hence of the *oppression* (and hence 'superexploitation') of workers in the third world; and to discourage the idea that third world workers had a common cause with the bourgeoisies and petty-bourgeosies of their own countries against both foreign capital *and* foreign workers (who were considered by Emmanuel to be sharing in the exploitation of third world workers through the operation of the terms of trade).

Perhaps by now we are free to dislodge the discussion from such an abstract and universal plane. Is it really necessary to hold that all workers in all underdeveloped countries are more or less exploited than all workers in all the metropolitan countries? Is it not clear that the technical concept of exploitation, formulated by Marx in the context of the competitive capitalism of a single social formation, cannot be stretched to cover unambiguously all the complex relationships between workers and capitalists and workers and workers throughout a world capitalist economy? So, for instance, when a multinational corporation moves its television manufacturing operation from the USA to Taiwan it does so precisely to reduce the overall level of real wages it pays and so increase absolute surplus value. The Taiwanese workers are evidently more exploited than the US workers whom they replace, using identical equipment. They are also likely to have higher real incomes than Taiwanese workers in plants with much lower organic composition of capital and who as a result produce less per hour of labour. Which of *these* two groups of workers is considered more exploited depends both on relative real wages and relative productivity, but also on the position one takes on the general theoretical issue discussed above. Furthermore, both are directly exploited in a way that the Taiwanese peasant producer selling his crop to realise a still lower real income, is not. All three groups of workers are in differing ways victims of an international and national structure of social relations and political domination which condemns them to (among other things) a level of real incomes which the development of the forces of production on a world-wide basis has long since rendered unnecessary. The practical political implications of these theoretical distinctions are not unimportant, affecting workers' and peasants' solidarity, and the possibilities of international class co-operation too; but they are only part of the ensemble of relations which also affect solidarity, consciousness, organisation, etc. In short the *general* question about exploitation in the third world needs to be dissolved into a series of more particular questions about the forms, degrees and effects of different kinds of exploitation in different national and international contexts, and the way these relate to forms, degrees and effects of domination and oppression and the struggles waged against both.

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b. *Units of analysis : modes of production and their 'articulation'.* As soon as we move beyond the broad perspective of UDT according to which the condition of the 'periphery' is accepted as simply being, as a matter of fact, complementary to the process of capital accumulation at the centre, two questions arise: (i) how; and (ii) why. Frank did not really propose an answer to the second question (nor did Baran). Frank's answer to the first question was that in Latin America, it was done by means of changing forms of monopoly through a hierarchy of centres of surplus expropriation/appropriation (extraction and transfer), the top of which lay in the capitalist metropoles; and that the bottom of the hierarchy consisted of institutions established for this purpose, hence *capitalist* institutions, not feudal institutions (the latifundium was "born as a commercial enterprise").[16] The conditions of servitude on the latifundium were only 'feudal-seeming', for the latifundium was not an institution "beyond the reach of capitalist development". The practical implication of this view seemed to be that the task of the revolution was not one of first overthrowing feudalism in Latin America, and only then going on to overthrow capitalism; and hence it was not a question of the proletariat and pesantry allying with the national bourgeoisie against feudal landlords; on the contrary, the feudal-*seeming* landowners were really capitalist and both they and the so-called 'national' bourgeoisie were playing and had always played a subordinate role in alliance with imperialism, so that the struggle of the workers and peasants must be waged against all of them, and must be a struggle to move from capitalism to socialism.

Laclau in his well known critique points out that (a) this conceptualisation includes in 'capitalism' all productive processes, and the social formations dominated by them, which are in a significant exchange relationship with capitalist social formations (so that e.g. Russia in 1850 would presumably have to be described as 'capitalist'); (b) capital, in the form of merchant capital, was being accumulated long before capital*ism* – i.e. social formations dominated by the capitalist mode of production – was established; in particular, long distance trade and commodity markets existed long before capitalism.[17] The colonisation of Latin America was in fact a *feudal* colonisation, the response of Iberian feudalism to a general feudal economic crisis which could be relieved (though not resolved) by extending the area of land under servile cultivation through overseas expansion. The latifundium was not a 'feudal-seeming' but really a feudal institution. Subsequently, with the establishment of capitalism as a dominant mode of production in parts of Western Europe, there arose a *world capitalist system,* i.e. primarily a system of (unequal) exchange linking social formations dominated by pre-capitalist modes of production, including those of Latin America, to those dominated by the capitalist mode of production. The effect was to consolidate the pre-capitalist modes of production, not to destroy them (for reasons touched on below). This means that the first revolutionary task in such situations is to overthrow the pre-capitalist relations of production, and the corresponding superstructures. Specifically, it means that in some parts of the world the revolution has to accomplish some of the tasks historically undertaken by the bourgeois-democratic revolution in Europe before the task of building socialism can be tackled – liberating servile labour, democratising national and local institutions, abolishing all kinds of privileges, taboos, destroying

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archaic forms of ideological domination, etc. It follows that any call for 'socialist revolution' which ignores this, and the strategy, organisation, programme, alliances, etc. which it implies, will be utopian. At any rate, Laclau argues, such vital issues cannot even be posed in terms of the formulations used by Frank.

This has been endorsed in various forms by writers such as Bettelheim and Rey who can be lumped together as theorists of the problematic of the 'articulation' of different modes of production.[18] According to this the way in which the capitalist mode of production is 'articulated' with precapitalist modes of production which continue to exist in the era of capitalism constitutes, in Rey's terms, the 'field of contradictions' of the class struggles in the social formations where this articulation occurs (above all, in underdeveloped areas). This field is determined by capitalism's need to 'conserve' the prècapitalist modes of production at the same time as it 'dissolves' them (i.e. it transforms them from modes of production subject to their own 'laws of motion' to modes of production whose motion is primarily determined by the laws operating in the capitalist mode of production, and hence also progressively transforms the content, and eventually the form, of their relations of production).

Reacting against this in turn Banaji has recently argued that writers of this school, including Laclau, reduce the meaning of 'mode of production' to that of 'mode of exploitation', or 'form of the labour process', a 'simple category' of analysis, like an ideal type, formed by abstracting a few empirical features from a given situation.[19] On this basis a 'feudal mode of production' is held to exist whenever labour is serf-like, i.e. one slave plantation does not make a slave mode of production, nor yet do quite a number. What constitutes a slave mode of production in the historical sense is a much wider ensemble of relations, including class, state and ideological relations, which together are governed by determinate 'laws of motion' which at the level of any given *enterprise* (in this case, a plantation) is revealed in the logic of its operations, the economic motivation of its owners and managers (production for social consumption not for profit), the specific rationality of its production, consumption, savings and investment decisions, the degree of exploitation of its labour force, etc. On this basis the plantations of the West Indies were capitalist notwithstanding the reality of the slavery on which they rested,[20] the twentieth century plantations established in Peru by large US and British firms using forms of servile labour are capitalist, not feudal; and the peasants of Kenya who produce leaf for capitalist tea companies at a closely controlled price are a kind of wage labourers, not participants in a 'peasant mode of production'. In other words, Banaji agrees with Laclau that the Latin American latifundium was a feudal institution but disagrees with him in thinking that the persistence of its feudal form necessarily implies the continuance of its feudal *content* once the 'laws of motion' of feudalism, to which it was once subject, have been displaced by the 'laws of motion' of the capitalist mode of production, as increasingly occurred from the seventeenth century to the nineteenth. The political implication of this seems to be that the nature of the revolutionary task is different in cases where a pre-capitalist mode of production has really survived, from those where its forms may have survived, and even become more 'highly developed' (as Banaji considers happened in Europe to feudal production precisely when it

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began to be subordinated to capitalism), but where its laws of motion have ceased to be at all autonomous.

These general formulations sometimes have a rather abstract and even scholastic quality, but it seems to me they must be taken seriously. The alternative is only new forms of utopianism. At the same time I think both Laclau and Banaji's presentation of the matter suffers from a neglect of its political aspect, i.e. of class struggle and class domination (including state power). This does not mean that this aspect is 'given' and can be known independently of the determination of the mode(s) of production, forms of labour process, etc.; but just as Banaji thinks that modes of production cannot be determined merely by reference to the mode of exploitation, but must be 'living' ensembles of relationships with a definite 'logic' and historical tendencies, so I do not think they can be determined independently of the determination of the classes, forms of state, etc., which are based on them and which also determine their development. (The same point was made in another context by Bettelheim in his debate with Sweezy).[21] I suspect in fact that the apparent abstractness (and some of the difficulty) of the problem of deciding whether a pre-capitalist mode of production still 'exists' in a particular situation or just how far and in what ways it is being transformed into a mere subordinate form of the capitalist mode, disappears when it is firmly linked to the problem of exploring the past and present course of class formation and class struggles.

c. *Why does capitalism 'underdevelop' some countries?* Laclau pointed out that UDT really sidesteps this issue; Frank, in particular, sees a single contradiction between the bourgeoisie in the metropole and the masses in the periphery from the sixteenth century till today. But if the initial dependency was one within feudalism, the reasons for it cannot be identical with those which explain capitalist dependency. Laclau holds that the initial feudal dependence turned on unequal exchange between Latin America and Europe, made possible by holding down price levels in Latin America by an extremely ruthless use of servile forms of labour, thereby "reducing the economic surplus of the peripheral countries and fixing their relations of production in an archaic mould of extra-economic coercion, which retarded any process of social differentiation and diminished the size of their internal markets".[22] Subsequent *capitalist* underdevelopment (i.e. once the capitalist mode of production had become dominant in Europe in the nineteenth century) was due to a different central cause, the decline in the rate of profit caused by the increasing organic composition of capital. The maintenance of pre-capitalist modes of production in the colonies and semi-colonies, he hypothesises, maintained the average rate of profit by offering opportunities for high rates of return due to the low organic composition of capital and the use of extra-economic coercion of labour in those modes. This hypothesis refers to the competitive phase of capitalism and explains capitalist underdevelopment in that stage only.

Kay, as I understand him, takes a different view. Labour at the periphery may have been (and may still be) subject to extra-economic coercion and also may be paid a much lower real wage than the 'free labour' of the metropoles but it does not follow from this that profit rates are higher; this depends on the relative rates of surplus value and ratios of constant to variable capital at the centre and at the periphery. Part of what seems to be at issue here is an empirical question, which

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Laclau poses: during the nineteenth century was the growth in the organic composition of capital in fact more rapid than the growth in the productivity of labour in the metropoles? If it was, the profit rate would have tended to fall and the maintenance of pre-capitalist modes of production at the periphery would have tended to offset this for the reasons Laclau suggests. If it was not, the rate of profit would have tended to rise, not fall, and the only reason for capital to be invested in the periphery at all would be to secure particular commodities needed for production in the metropole (cotton, minerals, etc.) and cheap foodstuffs (reducing the value of the real wages paid in the metropole). Working on the latter assumption, Kay suggests that the explanation of capitalist underdevelopment is really historical and structural, and is to be sought in the special characteristics of merchant capital. Merchant capital, he argues, deriving its profits entirely from unequal exchange and from maximising the flow of transactions, destroyed the pre-existing social frameworks in the periphery (Kay evidently has Africa particularly in mind); and actually created conditions inimical to the investment of industrial capital which, once it gained supremacy over merchant capital in the metropoles, sought quite limited ends in the periphery (cheap raw materials and food supplies) using merchant capital as its agent. Playing this role of agent, merchant capital was forced to maintain the forms of pre-capitalist modes of production, and social relations of production, in order to maximise the production of commodities for metropolitan markets, and maintain conditions for regular and reliable trading.[23]

Although there seems to be some difficulty with both these views, they have the great merit of being genuine theories, and I suspect that if they are understood as theories applicable to more limited places – i.e. Latin America and Africa respectively – and to specific phases of metropolitan development – they will prove capable of contributing to the sort of general theory that is needed.

Concluding remarks: theory and practice

Consideration of these theoretical questions serves to suggest once more that a large part of the difficulty of resolving many of them is due to the same cause that is ultimately responsible for the ideological nature of UDT itself – a particular form of political practice. In the case of UDT that practice, it is safe to say, was primarily that of planners in the state apparatuses (planning offices) of third world countries, of their advisers and mediators (with international capital) in regional economic policy bureaux, such as ECLA, and of the personnel of the 'aid and trade' network, from UNCTAD to the IBRD/IMF. The underdevelopment and dependency 'perspective' really expressed the 'unhappy consciousness' of progressive intellectuals (including academics) within or close to this set of institutions, on or just over the dividing line between reluctant acceptance and impatient rejection of the structure, but not starting out from or conditioned by involvement in the entirely different practice of a radical working class or peasant party. The ambiguities of UDT reflect the ambiguities of their position.

The work of the critics of UDT, on the other hand, while it may be much less ambiguous, does show a tendency to theoreticism, abstractness and generality, reflecting perhaps the primarily academic practice of most of those concerned. There is, certainly, no uniquely certified correct connection between theory and the

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political practice of the exploited and oppressed classes, and the problem of making any such connection is aggravated by the difficulty, in many parts of the third world, of identifying effective current forms of popular politics, and establishing links with them. Nonetheless it looks as if it will be very important to resolve this question as a condition of useful theoretical advance.

FOOTNOTES

1. Cf. F.H. Cardoso, 'Imperialism and Dependency in Latin America' in Bonilla and Girling (eds.), *Structures of Dependency,* 1973, pp. 15-16.
2. See for instance, 'A Dependency Bibliography' by William C.Smith Jr., in Bonilla and Girling, *op. cit.*
3. Philip J. O'Brien, 'A Critique of Latin American Theories of Dependency', in I. Oxaal T. Barnett and D.Booth (eds.), *Beyond the Sociology of Development,* 1975, p.25.
4. Cf. C.Bettelheim in Appendices I and III to A. Emmanuel, *Unequal Exchange,* 1972, pp. 300-07 and 352-55, and A. Emmanuel, *ibid,* Appendix IV, pp. 380-83; and G.Kay, *Development and Underdevelopment: A Marxist Analysis,* 1975, p.55.
5. D.Booth, 'Andre Gunder Frank: An Introduction and an Appreciation', in Oxaal et al. *op. cit.,* pp.75-76.
6. See notes 3 and 5 above; and A.Foster Carter, 'Neo-Marxist Approaches to Underdevelopment' in E.De Kadt and G.Williams (eds.), *Sociology and Development,* 1973, and N.Girvan, 'The Development of Dependency Economics in the Caribbean and Latin America', *Social and Economic Studies* 22/1, 1973.
7. Cf. Girvan, *op. cit.* and L.Best, 'A Model of Pure Plantation Economy', *Social and Economic Studies* 17/3, 1968.
8. *Loc. cit.,* p.11; italics added.
9. Cf. Leys, *Underdevelopment in Kenya,* 1975, esp. Ch. 6.
10. 'Dependence is Dead, Long Live Dependence and the Class Struggle: An Answer to Critics', *Latin American Perspectives* 1/1, 1974.
11. A study of MacNamara's speeches in the past five years shows that a remarkably large proportion of the main theses of UDT have been incorporated in them, though naturally in skilfully deradicalised versions. For an official systematisation see the IBRD/IDS study, *Redistribution With Growth,* 1975, which is criticised, with replies by some of the authors, in Leys, 'The Politics of Redistribution With Growth', *IDS Bulletin* 7/2, 1975.
12. Cf. S.Amin, *Unequal Development,* 1976; and Frank, 'Sociology of Underdevelopment and Underdevelopment of Sociology', in *Latin America: Reform or Revolution.*
13. I. Wallerstein, *The Modern World System,* 1974; P. Anderson, *Passages from Antiquity to Feudalism,* 1975, and *Lineages of the Absolutist State,* 1975.
14. Kay, *op.cit.,* pp. 50-54 and 115-16.
15. Emmanuel, *loc. cit.,* pp. 382-83.
16. A.G.Frank, *Capitalism and Underdevelopment in Latin America,* 1967
17. E.Laclau, 'Feudalism and Capitalism in Latin America', *New Left Review 67,* 1971.
18. Cf. C. Bettelheim in Appendix I to Emmanuel, *op. cit.,* pp. 293-99; and P-P. Rey, *Les Alliances des Classes,* 1973.
19. J.Banaji, 'Modes of Production in a Materialist Conception of History', *Economy and Society,* forthcoming.
20. An interpretation which seems to have the explicit endorsement of Marx: 'The fact that we now not only call the plantation owners in America capitalists, but that they *are* capitalists, is based on their existence as anomalies within a world market based on free labour' (*Grundrisse,* p.513).
21. Cf. P.Sweezy and C. Bettelheim, *On the Transition to Socialism* 1971, pp. 15-17.
22. Laclau, *op. cit.,* p.35.
23. Kay, *op. cit.,* pp. 105-7.

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