Peripheral Capitalist Development Revisited

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Introduction The effect of imperialism on the economic development of Third World countries has long been a subject of interest to Marxist scholars. The international expansion of capitalist states, which led to the creation of a world market and the integration of pre-capitalist countries into this market, heralded a new phase of capitalism the implications of which are still being debated. The dominant view of post-war Marxists has been that imperialism created and perpetuated underdevelopment in the Third World. These countries, conceptually located in the periphery of the world capitalist system, have had their development blocked as a result of their economic relations with the imperialist countries. Capitalism, while successful in developing the productive forces in the countries now at the centre of the capitalist world market, is not capable of performing the same role in the periphery. The solution for the Third World involves 'delinking' from the world economy, self-reliance and socialism. While this has been, and probably still is, the dominant view in post-war Marxist analysis, it has not gone unchallenged. Some scholars, working within the Marxist tradition, have argued that imperialism has, in fact, had a very favourable impact on the Third World in terms of stimulating the development of the productive forces. Furthermore, these scholars argue that the end of direct colonial rule in many parts of the world has
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provided significant new opportunities for capitalist development.

What follows is a review of these competing analyses. An overview of the 'Development of Underdevelopment' (DOU) thesis is provided, using the work of several writers for the purposes of illustration. This discussion is relatively brief in view of the fact that much of this work is already well known. In the following section surveys the work of writers such as Warren and Sender and Smith, who have challenged the DOU position and suggested that peripheral capitalist development is possible. Crucial theoretical differences between the two positions are identified, along with areas where new research is needed. Finally, the importance of the issues at stake are assessed.

The 'Development of Underdevelopment' Thesis

According to the DOU thesis, imperialism is the mechanism whereby capitalist states have made the undeveloped countries of the periphery underdeveloped. While this conclusion is common to all writers, there is considerable diversity in the explanations of how this process occurs. To highlight some of the variations in this approach three writers are considered here. They are Baran, one of the pioneers of this approach, Frank, perhaps its best known exponent, and Emmanuel, a representative of the 'unequal exchange' school.

Baran's The Political Economy of Growth, published in 1957, represents an important point of departure. While this book dealt mainly with conditions in advanced capitalist countries, it also considered the situation of peripheral countries in a section entitled 'Towards a Morphology of Backwardness'. Here Baran argued that a country's growth rate depended on its rate of investment. Investment in turn depended upon the existence of an economic surplus. He argued that the surplus in Third World countries was either appropriated and transferred to the capitalist states or used by 'anti-development' classes internally. An indigenous capitalist class, capable of performing the same historic role of developing the productive forces which it had played in the now advanced capitalist countries, was prevented from emerging.

The methods which Baran identified for the appropriation and transfer of surplus from the periphery to the centre were
dividend payments, royalties and remitted profits of multinational corporations. Baran approvingly quoted Indian statisticians who argued that Britain, by these methods, annually appropriated over 10% of India's GNP during the early part of the 20th century. Thus, resources potentially available for accumulation in the periphery were transferred to the centre and used for the latter's benefit. The remaining surplus was appropriated by 'non productive' classes, primarily landlords and merchant capitalists, and by the state. Landlords appropriated surplus through rents, sharecropping and other tenurial arrangements and were viewed as a parasitic class uninterested in capital accumulation. The merchant class, composed of a large number of rural traders and moneylenders, appropriated surplus through usurious interest payments. The state, the other major surplus appropriator, accomplished this through various forms of taxation and corruption. While state expenditure was a potential source for industrial development, Baran argued that this seldom occurred. All of these deprived potential industrial capitalists of resources and continued to block their emergence and development as a class.

Baran classified states into three types: colonial, comprador and 'New Deal'. The colonial state was directly administered by the imperialist powers and its functions were to provide a favourable environment for private accumulation by foreign capital. The comprador state, while technically independent, was a puppet or client state run by local ruling elites installed and supported by the imperialist countries. These elites had no interest in supporting the development of an indigenous capitalist class which would challenge foreign monopoly capital. The 'New Deal' governments, such as that in India, were generally brought to power by some kind of popular nationalism during the transition to formal independence. These regimes, Baran argued, often had some interest in supporting the development of a national bourgeoisie. But, all too often, when conflicts arose between the new indigenous populist forces on one hand and foreign capital and their domestic supporters on the other, they sided with the latter.

Baran's analysis provided the background for much of the subsequent research. His discussion also pointed to some of the issues which have occupied a central place in the on-going debate. He stressed the stagnation of the periphery and the
coincidence of interests between the peripheral ruling elites and foreign capital in maintaining underdevelopment. This paved the way for a fuller examination and more detailed study of the political and economic links between classes in the centre and periphery. Yet, at the same time, Baran pointed to the need to differentiate between types of state power and at least raised the possibility that post-colonial states might have more sympathy than colonial administrations with the aspirations of a national bourgeoisie. As we shall see below, this possibility has been given considerable weight by those challenging the DOU thesis.

Frank became a major explorer of the DOU theme, paying particular attention to the process of underdevelopment in Latin America. However, while Baran considered remitted profits to be the main form of surplus appropriation (i.e. the appropriation of surplus labour in the production process by foreign firms) Frank focussed on another quite different form of surplus appropriation occurring through exchange. Imperialism, in his view, opened new channels for, and permitted a new type of, surplus appropriation.

For Frank, the world capitalist system was characterised by a series of exchange relationships in which agents of different bargaining strengths confronted each other. This enabled him to further characterise the system as a hierarchy of metropolis-satellite relationships. Each link in the chain was a link through which surplus was appropriated by a metropolis taking advantage of its monopoly position over a satellite. In Frank's words,

the metropolis expropriates economic surplus from its satellites and appropriates it for its own economic development. The satellites remain underdeveloped for their lack of access to their own surplus and as a consequence of the same polarization and exploitative contradictions which the metropolis introduced and maintained in the satellite's domestic economic structure. The combination of these contradictions, once firmly implanted, reinforces the processes of development in the increasingly dominant metropolis and underdevelopment in the ever more dependent satellites until they are resolved through the abandonment of capitalism by one or both interdependent parts.

The characterisation of the world capitalist system as a system of exchange enabled Frank to argue that non-capitalist prod-
ucers e.g. peasants, could still be exploited through trading links. Thus, metropolis-satellite relations were commercial relations. This formulation also allowed Frank to argue that the origins of Latin American underdevelopment were to be found in the Spanish conquest rather than in the emergence of the capitalist mode of production. Thus, Latin American underdevelopment began in the 16th century and although the imperialist powers involved and the intensity of exploitation both changed, the history of Latin America for the past 400 years was one of underdevelopment.

The identification of this metropolis-satellite relationship also allowed Frank to expand on the theme of the common interests of the capitalist class in the imperialist countries and the ruling class in the Third World. The various components of the local ruling class constituted a local metropolis living off taxes, bribes and the (mainly export) earnings of their firms. This class thus had an intermediate position in the appropriation chain — a position from which they benefitted and which tied their interests to the preservation of that chain. The Third World ruling classes were, therefore, committed to the world capitalist order.

The existence of these local metropolises did allow some development in the periphery. Primary product exporters and industrial capitalists supplying the domestic luxury/consumption goods market or those servicing foreign firms could flourish. This 'enclave' was largely foreign owned, however, and employed only a few relatively well-paid local workers. Accumulation was, thus, conditioned by the world market and 'dependent' upon foreign ownership and foreign technology. Such 'enclaves' did not offer the possibility of genuine capitalist development in the periphery. As Frank states, "the development of the national metropolis necessarily suffers from limitations, stultification, or underdevelopment unknown in the world capitalist metropolis — because the national metropolis is simultaneously also a satellite itself, while the world metropolis is not." Only socialism and a 'delinking' from the world capitalist system could provide the basis for a new era of accumulation for underdeveloped countries.

Frank's use of the concept 'dependence' provided an important link between his work and that of other writers of the 'Dependency School'. However, differences between these ap-
proaches should also be noted. Frank's analysis of dependency arose within the context of a wider analysis of imperialism and the nature of surplus appropriation. Many non-Marxists also used the idea of dependence but did so as a response to perceived structural and empirical differences between First and Third World countries, such as differing income elasticities for imports and exports which led Third World countries to experience continual balance of payments deficits and hence become 'dependent' upon external financial inflows.

Works in the dependency tradition, it has been argued, provided useful tools for analysing conditions in particular countries but did not provide a systematic framework capable of analysing the development process on a global scale. As such, much 'dependency theory' lacked a firm theoretical basis and proceeded in an *ad hoc* way. This was in large part responsible for the crisis in dependency theory of the late 1970s and the subsequent attempts to 'critically reassess' or 'move beyond' dependency theory in the 1980s. These developments, however, fall beyond the scope of this paper.

The notion of exploitation through exchange advanced by Frank was further developed and extended in the 1970s by writers such as Amin and Emmanuel who analysed the workings of the international economy. These writers used countries as their basic units of analysis and sought to show how international exchange resulted in the transfer of surplus from underdeveloped to imperialist countries. Emmanuel's *Unequal Exchange*, published in 1972, provides an illustration.

Emmanuel's basic thesis is that the determination of prices within the international market results in the transfer of surplus from periphery to centre. The key to understanding this process is to be found, not in monopoly power as Frank would maintain, but in differences in wage determination between the centre and periphery. Profits could be equalised internationally because of capital mobility. Wages, however, could not. Emmanuel, following Marx, argued that wages incorporated 'an historical and moral element'. The existence of trade unions and the history of organised labour struggles in the advanced capitalist countries resulted in the 'historical and moral element' being much greater in the centre than in the periphery. Thus, wage discrepancies at the international level did not
simply reflect productivity differences as neoclassical economists argue.

Given that commodities were mobile internationally, their prices were also equalised. Commodities could be traded internationally, despite the fact that prices and profits were equalised while wages were not because, Emmanuel maintained, countries in the centre and periphery specialised in the production of different commodities. Thus, the same commodity was not produced under different wage costs. Emmanuel argued that unequal exchange took place in the sense that the prices of commodities produced in the periphery were lower relative to prices of commodities produced in the centre, lower than they would be if wages were equalised everywhere. By trading at such prices, peripheral countries were, in effect, transferring surplus labour to the centre.

Emmanuel's theory has since become incorporated into the formal model building approaches to international trade and has fostered an important dialogue with neo-Ricardian trade theorists. These theorists, using mathematical model building techniques, show how trade based upon comparative advantage can lead to the relative impoverishment of Third World countries. This has been taken a step further by the 'Analytical Marxists' who use these models to analyse class relations and 'exploitation' within the international economy. This approach, although somewhat esoteric, has generated considerable controversy since it abandons the labour theory of value and proposes a new definition of exploitation based upon differing factor endowments. However, this approach is still in its infancy and its importance for Marxists concerned with global capitalist development has yet to be established.

While Emmanuel's conclusion is similar to that of Baran and Frank, namely that integration into the world capitalist market leads to the underdevelopment of the periphery through the appropriation of surplus by the centre, there are nevertheless some important differences. First, the analysis is at a higher level of abstraction which gives less weight to history. Second, the units of analysis are countries not classes. International exchange relationships are the focus of attention and their is little analysis of class relationships within or between countries. This tends to minimise the differences between peripheral countries, types of states and periods of history.
The argument is also essentially static in the sense that it allows for no change in the relationship between advanced and peripheral capitalist countries.\textsuperscript{14} It has also led to the promotion of 'nationalism', self-reliance and south-south trade as the ways forward rather than to the promotion of 'socialism.' The emphasis on countries rather than classes has led to support for 'national action' but with little analysis of the class basis of this 'nationalism'. These weaknesses have been exploited by those seeking to challenge the DOU position\textsuperscript{15} and it is to these, relatively recent, works that we now turn.

The 'Development of Capitalism' Thesis The 'Development of Underdevelopment' thesis went essentially unchallenged within Marxist circles for two decades. However, the long post-war economic boom, the formal independence given to many colonial states, and the examples of Third World countries experiencing rapid and sustained rates of growth\textsuperscript{16} provided the historical background for a challenge to the view that Third World countries were doomed to perpetual underdevelopment while they remained tied to the capitalist world market.

The idea that imperialism acted as a progressive force which laid the foundation for capitalist development in the Third World, while running against much of post-war Marxist thought, was put forward by Marx himself. It is clear from Marx's writings that he viewed the expansion of capitalist countries into the periphery as a progressive force in the sense that it would lead to the replacement of pre-capitalist modes of production by capitalist social relations and provide the conditions necessary for capital accumulation in the periphery.\textsuperscript{17} Such a course would not, of course, be without its contradictions. It would involve the destruction of local handicraft industries in the periphery, the eviction of tenants and the creation of a proletariat often by brutal means — just as the emergence of capitalism had done in advanced capitalist countries.

This basic theme was reformulated by Warren in a 1973 article entitled "Imperialism and Capitalist Industrialisation."\textsuperscript{18} Warren argued that successful capitalist development (by which he meant industrialisation) had occurred during the previous decade and that the prospects for the future for a significant number of underdeveloped countries were good. He used
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evidence on Third World manufacturing growth rates for the 1960s to support this assessment.

Warren identified the transition to the post-colonial era as the crucial factor. For writers in the 'world system' school, such as Emmanuel, it mattered very little whether an underdeveloped country involved in international trade was formally independent or not; it was the exchange relationship which was important not the political nature of the state. For Warren, however, political independence did make a significant difference because the ending of formal colonial rule increased the bargaining strength of Third World governments and enabled them to exploit inter-imperialist and East-West rivalries. The popular pressure for rising living standards which accompanied independence and the reduced influence of the imperialist countries provided an environment within which a national bourgeoisie could emerge and capitalist development could occur fostered by the newly independent state. Thus, Warren believed that the opportunities available to the 'New Deal' governments of Baran's analysis were much greater than Baran himself considered. Or, to use Frank's terminology, he maintained that independence significantly weakened the metropolis-satellite relationship by reducing the monopoly power of the metropolis and that the post-colonial state was willing and able to follow policies to promote 'genuine' capitalist industrialisation. This, of course, would be denied by Frank.

Although 'stagnationist' to some extent, the DOU thesis allowed for accumulation in the periphery but argued that it was limited and 'dependent'. One problem with the argument was the concept of 'dependence' which, while much used, was seldom well-defined. An attempt was made by Sutcliffe, however, to define 'independent industrialisation'. According to him industrialisation had to meet four criteria before it could be classified as 'independent.' It should: (a) be based on the home market; (b) encompass a wide range of industries; (c) only use foreign finance where it could be indigenously controlled; and (d) be based on independent (i.e. indigenous) technological progress. Whether these criteria are, in fact, appropriate is debatable given that they are simply an attempt to describe the industrialisation experience of (mainly) Western Europe. In any case, Warren argued that the Third World industrialisation of the 1960s did in fact meet these criteria.
Warren's thesis did not go unchallenged; many writers took exception to both his data and his theory. Much criticism was directed at Warren's failure to look behind the figures and analyse the type of growth which was taking place which, it was argued, could be accommodated within the DOU position. While some of this was undoubtedly valid, much of the argument took the form of setting up conditions for 'true development' and then illustrating that Third World countries had failed to achieve this. As Bernstein has pointed out, such an exercise "virtually excludes capitalist development by definition."22

Warren's thesis was given greater detail in his 1980 book *Imperialism: Pioneer of Capitalism.*23 In this work, as the title suggests, Warren argued that imperialism and the expansion of capitalist states into the periphery had a profound effect — transforming social relations and creating the conditions for capitalist accumulation. As a result of this he argued that substantial, accelerating, and even historically unprecedented improvements in the growth of productive capacity and the material welfare of the mass of the population have occurred in the Third World in the post-war period. Moreover, the developing capitalist societies of Asia, Africa and Latin America have proved themselves increasingly capable of generating powerful internal sources of economic expansion and of achieving an ever more independent economic and political status.24

This assessment strikes at the foundations of the DOU case. On Warren's reading of the evidence, Third World countries had achieved high rates of economic growth which were the result, at least in part, of significant changes in the internal structures of their economies. This growth had substantially raised the standards of living of the mass of the population. Moreover it had been achieved within the context of increasing political and economic independence. While Warren argued that this was the general case, he did not argue that all countries had shared equally in the process. In fact, he argued, "development has been highly uneven, as is entirely characteristic of capitalism."25

In light of the undeniably successful capitalist development experienced by the Newly Industrialising Countries (NICs) particularly in South-East Asia, Warren's thesis is appealing.
Here, the last 20 years have witnessed the development of a large industrially-based working class, a vigorous indigenous capitalist class capable of competing in world markets, sustained high growth rates and rising living standards together with (limited) indigenous technological development.

The experience of the NICs has posed fundamental questions for our understanding of development in the periphery. To neoclassical economists and the World Bank, the NICs prove that 'free markets' are the single most important factor in stimulating development. The message for other Third World countries is clear: liberalise and 'get prices right'. However, the argument that the success of the NICs has been due to their free market orientation has been effectively countered by studies which show that economic growth has, in fact, been heavily reliant on government intervention particularly in the markets for agricultural products, technology, and labour. Thus, Singapore has used Malaysian immigrants to regulate its labour force in much the same way as West Germany used Turkish immigrants in the 1960s and 1970s; in all of the NICs trade unions operate, if at all, under severe legal restrictions (the average working week in South Korea's manufacturing sector is 59 hours, 51 in Taiwan); and the government in South Korea has played a major role in ensuring the rapid transfer of technology to its industries.

While much of the work on NICs has been aimed at the 'intervention versus the market' policy debate, it also has important implications for the theoretical issues under discussion here. The ability of the state in the NICs, and elsewhere, to promote industrialisation provides powerful support for the 'Development of Capitalism' (DOC) thesis and has been the subject of several case studies. These studies, especially those by Hamilton for the South-East Asian NICs and by Robison for Indonesia, are particularly valuable because they focus on the role played by the post-colonial state in transforming social relations and in fostering the development of an indigenous capitalist industrial class. The relationship between the state and the new capitalist class is not perceived in static terms. It is an evolving one which contains some important contradictions. While initially indigenous industrialists are dependent upon governments, both to provide financial support and in fostering new social relations, the continued growth
of the new class brings with it the confidence to demand a more prominent voice and less government control of the economy.

Harris has interpreted recent events in South Korea in this light. He concludes that demands made there "sound like some of the issues of 1848, the demands of the bourgeois revolution." Far from the development of a large national bourgeoisie being an impossibility, as Frank et al. would argue, the experience of the NICs and other South-East Asian countries provides evidence that the post-colonial state can foster development and that the emerging bourgeoisie can become strong enough to demand economic, and perhaps political, reform in the line with its own evolving interests.

If the recent experience of the NICs offer support for the 'Development of Capitalism' thesis, what of other countries? Has the development of capitalism in the NICs been an exception, the result of unique characteristics or circumstances (i.e., the result of former status as a city state; or geostrategic importance to the U.S.)? What of Africa, a continent periodically ravaged by famines and civil wars, and heavily reliant on food imports and primary product exports? Can the DOC thesis be applied here?

It is interesting to find a new book, The Development of Capitalism in Africa by Sender and Smith, which attempts to do just this. Sender and Smith focus on the changes which have occurred in eleven black African countries during the past century. In their words, "the most significant of the long term changes in sub-Saharan Africa ... are the emergence of capitalist social relations of production and the development of the productive forces." Imperialism is identified as the key stimulus to these changes. Trading relations with imperial powers transformed economic production in the colonies by allowing the market to penetrate. This in turn led to the development of commodity production, changes in tenurial relationships and the emergence of a market in land. It is argued that these changes were widespread and the authors take issue with the view that "no such linkages have existed because primary export production always took place in an enclave."

Particular emphasis is placed on the emergence of wage labour as a crucial development in, and an indicator of, the
transformation in the social relations of production. Concern about the type of development, that is the extent to which it is 'dependent' as indicated by the use of foreign technology and finance and the reliance of the economy on foreign firms and external markets, is entirely absent. For Sender and Smith, the proof of capitalist development is the expansion of wage labour. They see no need to inquire whether that development meets some criteria of 'independence' however specified. Thus, they argue that there have been "extremely rapid rates of growth of female and male wage employment" and they devote a chapter of the book to documenting this for selected countries. To give but one example from the statistics which they have compiled, in Nigeria there were approximately 77,000 wage workers in 1926. By 1959 this had risen to 800,000 and to 2.76 million by 1980. The authors argue that the first half of this century was characterised by one of labour shortage and that in order for the colonial state to attract labour to complete infrastructure projects it introduced wages as the incentive to entice labour from other uses. Thus the development of a wage labour force came about not only because of the extension of market forces, which weakened pre-capitalist ruling classes and their methods of surplus labour appropriation, but also as a direct result of the actions of the colonial state.

Sender and Smith argue, along lines similar to Warren, that the rapid expansion of wage employment and the transition to capitalist social relations was accompanied by rising living standards. The benefits of economic growth, in other words, did 'trickle down'. In support of this contention they provided data on increasing life expectancy, adult literacy and falling child mortality rates. These trends have been impressive. They argue, for example, that "the health gains, expressed in terms of life expectancy [for the II countries] . . . compare favourably with the rates of improvement in life expectancy achieved during the period of the Industrial Revolution in England." It would not be going too far to suggest that the authors argue that colonialism in Africa stimulated an 'Industrial Revolution' bringing with it dramatic increases in wage labour, industrial development and export earnings. These changes also led to the formation of trade unions, the emergence of an indigenous
African capitalist class and improvements in the social indicators of development.

However, while the colonial state spurred the development of wage labour and of the productive forces, it also placed constraints on the further development of the African economies. Sender and Smith argue that "the constraints on the degree of colonial state intervention included the desire of metropolitan manufacturers to restrict the establishment of competing industries. Also ... colonial states were at best ambiguous towards manifestations of the development of capitalism and, in particular, were often hostile to the rising African bourgeoisie."39 However, in line with the Warren thesis, they argue that "a decisive quantitative and qualitative shift occurred in the possibilities for state intervention after Independence."40

In the latter part of their book, Sender and Smith argue that the potential for capitalist development was greatly enhanced by the opportunities given to the post-colonial African state. It is taken for granted by the authors that for 'late industrialisers' the state will play a key economic role. The basis for this view is not examined in any detail, but they argue that the state is in a critical position to foster industrialisation, particularly of the import substituting kind, through its control of credit allocation, tax revenue and expenditure. It is argued that where the state responded positively to these new opportunities there were continued advances in the development of the productive forces, the expansion of wage labour and increases in living standards.

However, in many African countries the period since Independence has been one of stagnation and even retrogression. These failures are attributed to the mistaken policies of the state — to its inadequate responses to available opportunities rather than to the absence of such opportunities. Sender and Smith argue that the villains which are usually identified, namely, the IMF and the declining terms of trade, have not been nearly as important in explaining the sorry state of some African economies as many commentators have argued. The poor performance of these economies is due, rather, to the failure of the state to achieve macro-economic balance by following policies which have been unfavourable to exports. This has led to foreign exchange crises, interruptions in the
flow of imported capital goods and technology which are necessary for industrialisation, and hence to low growth. Thus, they argue that the failure of some African states to realise the opportunities presented by Independence is due to incorrect macro-economic policies. Indeed, they argue that “these policies provide the most important general explanation of poor economic performance and retrogression.”

While it is certainly true that macroeconomic policy has been important (as even a cursory examination of Tanzania, for example, would show), the basis of this policy is not explored in any detail. State economic policy is not simply devised in a vacuum but will be influenced by the class composition of the state. Sender and Smith do not explain why some countries adopted ‘correct’ policies while others did not. Strangely, for a thesis which places so much emphasis on the role of the state, there is virtually no analysis of what the state is or whose interests it serves. While the book takes pains to detail class formation it pays little attention to state formation.

Although it is unreasonable to expect Sender and Smith to have examined the nature of the post-colonial state in Africa in the same depth as Hamilton and Robison have done in their studies of particular countries, their failure to discuss this issue at any level is a serious weakness in their analysis. By suggesting that the success or otherwise of industrialisation efforts in African countries over the last 30 years can be explained in purely technocratic terms, Sender and Smith have missed a good opportunity to examine the evolving relationship between the post-colonial state, the emerging capitalist class and the growing working class. This also explains why their analysis has been labelled ‘reactionary’ by some. Sender and Smith use the evidence of the growth of some African countries in the post-colonial period to suggest that all countries could share in this prosperity if only they adopted the right macroeconomic policies. This is similar to the World Bank line and indeed Sender and Smith suggest many policies which the World Bank has been advocating — devaluation, the promotion of the export of primary commodities and reductions in real wages. While it may be that some of these measures are necessary in particular instances, economic crises cannot be analysed in isolation from their causes. Nor should the analysis ignore the effect of class antagonism over the
distribution of national income, or the differences between countries in terms of history and the balance of class forces. Sender and Smith express solidarity with the working classes of Africa but it is difficult to see why the latter would support most of the policies which Sender and Smith propose.

There is an underlying tension in the Warren thesis in that proof of successful capitalist industrialisation in the periphery can be used in support of a policy analysis which suggests methods of securing further capitalist accumulation. This tension is evident in the work of Sender and Smith. It leads them to argue for an 'economics of effective reality' rather than for an examination of the causes of economic crises, the contradictions and the class relations which form the basis of such crises. While some readers may find Sender and Smith's analysis of the development of capitalist social relations of production compelling, their failure to deal adequately with the class basis of the state and the causes of economic crises will doubtless be seen as problematic by others.

**Conclusion** The perspectives surveyed in this paper raise a number of important and unresolved questions concerning Third World development. While a number of these are empirical, involving an analysis of the historical record of Third World countries, there are also important theoretical issues.

Perhaps the most basic issue concerns what constitutes 'capitalist development'. The DOU thesis argues that capitalist development in the periphery is blocked by international capitalist relations and surplus appropriation allowing only 'distorted' or 'dependent' accumulation to take place. This leads to an emphasis on issues such as the use of foreign technology (particularly in the producer goods industries), and the share of exports accounted for by multinational firms. This said, it is still not clear what criteria are being used to establish 'independent industrialisation' or what, if any, they should be. It is still unclear what type or level of capitalist industrialisation in the Third World is consistent with the orthodox position. Unsatisfactory as his definition may be, Sutcliffe at least attempted to provide criteria for 'independent industrialisation' to which Warren was able to respond. However, this was a brief sharing of common debating ground, which has not been occupied by others.
For Sender and Smith, 'dependence' has little meaning and even less use. They consider the development of markets for the means of production, particularly labour, and the commoditisation of the economy as the relevant criteria to establish the fact of capitalist development and judge imperialism by its impact on these variables. The nationality of the owners of the means of the production and their role in surplus appropriation is of no importance. In fact, although Sender and Smith discuss the methods used to appropriate surplus labour in pre-colonial Africa, they pay little attention to the process of surplus appropriation under capitalism. In stressing the dynamic benefits of imperialism in developing the productive forces, and attacking the notion of dependence, they place little emphasis on the exploitative nature of capitalism. Of course, recognizing capitalism as a system of exploitation does not necessarily deny its ability to develop the productive forces, but it does open up a more critical perspective for government policy and a recognition of possible contradictory processes.

Thus, the supporters of the DOU position and those challenging it, approach the issue of 'capitalist development' from quite different angles and we should not expect the debate on the effect of imperialism on the periphery to be resolved while there is so little agreement as to what constitutes 'capitalist development.'

Further issues concern the process of exploitation and the implications that this has for an analysis of the state in Third World in the post-colonial period. If, as Emmanuel argues, we are witnessing the 'imperialism of trade' then the formal independence of peripheral states is of little relevance since the process of exploitation is through international exchange. If, as Frank suggests, exploitation occurs through the monopoly power of metropolis over satellite then the post-colonial period may, as Warren argued, lead to a significant weakening of the bargaining power of the capitalist centre. This suggests that an analysis of the post-colonial state is crucial. Essentially, Frank's analysis of Latin America suggests that the post-colonial period is analytically the same as the colonial period with the state remaining an agent for continued imperial domination, an analysis which stresses the links between the metropolitan ruling classes and their Third World counterparts. For Sender and Smith, however, all post-colonial states in Africa
have been capable of promoting capitalist development with their new found independence.

What is required is acceptance that some states have managed to successfully promote capitalist industrialisation in the post-colonial period. This should not, of course, be used to minimise the gains of countries such as China and Cuba which have followed a socialist road. Rather it should form the starting point for an analysis of why some states have been more successful than others in promoting capitalist industrialisation. This requires an examination not only of economic policies but also an understanding of the class nature of the state at independence and its evolving relationship with the imperialist powers, and the indigenous capitalist and working classes. This will enable us to better understand the basis of the 'national development strategies' which have proved so successful in the countries of South East Asia, the class basis of this 'nationalism' and the tensions which it creates. An analysis of countries whose record is one of economic failure will similarly inform us as to the necessary preconditions for, and limits to, capitalist development. Detailed studies of this type have begun to appear (see the work of Hamilton mentioned above) and this needs to be extended to other countries. At the same time, individual country studies should be used to throw more light on the global development of the capitalist system.

The importance of these issues for our understanding of the place of the Third World in the capitalist world economy is clear. These issues also raise fundamental questions about the path of development itself. The 'Development of Under-development' thesis suggests that the transition to socialism in underdeveloped countries is essential for rising living standards to be realised. Such analysis stresses the absence of capitalist development in the periphery and suggests, therefore, that the agents of change will not be an organised working class but, more likely, a coalition of peasants and the urban poor. However, writers in this tradition have argued more for the necessity of revolutionary change rather than demonstrating the possibility of such change through an analysis of class relations in peripheral countries. The 'Development of Capitalism' thesis suggests that the development of the productive forces has occurred in the periphery. This process
has produced an organised working class, a class which Sender and Smith argue "has historically represented the central and most consistent progressive political force." This process has also led to the development of an organised capitalist class, however, and whether the working class is able to independently advance its political and economic interests in this climate is an open question. Further analysis of the development of capitalism in the periphery is crucial, therefore, for the political agenda.

Notes

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1. For an introduction to this literature see A. Brewer, Marxist Theories of Imperialism, London: 1980.
3. Baran's influence on post-war Marxist analysis is enormous. In fact, his work is still often regarded as the starting point for the Marxist analysis of imperialism. For a recent example of this see S. Chakravarty, "Marxist economics and contemporary developing economies" Cambridge Journal of Economics, 11, (March 1987).
6. Baran did also discuss transfers of surplus through movements in the terms of trade.
8. Ibid., p. 11.
11. See S. Amin, Unequal Development, (Brighton, 1976); Imperialism and Unequal Development, (Brighton, 1977); and A. Emmanuel, Unequal Exchange: A Study of the Imperialism of Trade, (New York, 1972). Whilst Amin and Emmanuel have been identified here as sharing a common approach, there are some differences between them. See Brewer, Marxist Theories of Imperialism, p. 235 for a discussion of these differences.
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15. For a critique of Amin's approach on these grounds see S. Smith, "The Ideas of Samir Amin: theory or tautology?" Journal of Development Studies, 17, (January, 1980); "Class analysis versus world systems: critique of Samir Amin's typology of underdevelopment" Journal of Contemporary Asia, 12, (1982).


19. The meaning of 'dependence' is discussed in S. Lall, "Is dependence a useful concept in analysing underdevelopment?" World Development, 3, (November/December, 1975).


24. Ibid., p. 189.

25. Ibid., p. 252.


27. See the papers by R. Luedde-North and J. Enos in R. Wade and G. White (eds.) Ibid.


29. For a useful summary of this debate see M. Bienefeld, "The Significance of the Newly Industrialising Countries for the Development Debate" Studies in Political Economy, 25 (Spring 1988).


34. Ibid., p. 1.
35. Ibid., p. 10.
36. Ibid., p. 66.
37. See ibid., p. 53.
38. Ibid., p. 62.
39. Ibid., p. 34.
40. Ibid., p. 67.
41. Ibid., pp. 112-113.
42. See, for example, the review of Sender and Smith's book by H. Bernstein in Capital and Class, 33, (Autumn 1987).
43. Sender and Smith, The Development of Capitalism in Africa, p. 133.
44. This question is raised by Harris who suggests that "an important factor in the return of the bourgeois revolution, if such it be, is the disappearance of an independent workers' movement." (Harris, "New Bourgeoisies?" p. 248).