Dependency: A Formal Theory of Underdevelopment or a Methodology for the Analysis of Concrete Situations of Underdevelopment?

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1. INTRODUCTION

May one talk of a 'theory of dependency'? If so, what general implications does it have for contemporary development strategy? Do we find under the 'dependency' label theories of such a diverse nature that it would be more appropriate to speak of a 'school of dependency'? Is it even correct to describe as theories the different approaches within that school? And if so, what general implications might each one have for contemporary development strategy?

Some writers within the dependency school argue that it is misleading to look at dependency as a formal theory, and that no general implications for development can be abstracted from its analyses. Some of those who argue that there is such a theory flatly assert that it leads inescapably to the conclusion that development is impossible within the world capitalist system, thus making development strategies irrelevant, at least within that system. Others, on the other hand, who speak in terms of a theory of dependency, argue that it can be operationalized into a practical development strategy for dependent countries.

If the problem of extracting direct lessons from the dependency analyses is a difficult one, it is no less difficult to survey what has been a diffuse and at times contradictory movement, inextricably a part of the recent history of Latin America itself, of individual nations, and of the post-war development of international capitalism, and drawing its inspiration from such diverse intellectual traditions as the long and involved Marxist debate concerning the development of capitalism in backward nations, and the post-1948 ECLA critique of the conventional theory of international trade and economic development.

The complex roots of the dependency analyses and the variety of intellectual traditions on which they draw make any attempt at a comprehensive survey difficult. The difficulty is further compounded by the fact that in one way or another the dependency perspective has so dominated work in the social sciences in Latin America and elsewhere in recent years that it would be literally impossible to review the overwhelming mass of writing that has appeared, aimed at either supporting or refuting

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its major theses, or simply reflecting its sudden ascendancy in academic and institutional circles hitherto relatively closed to radical critiques of current orthodoxy. Added to this is the fact that in one way or another those who have contributed to the dependency school have been directly and actively involved in the major political struggles and controversies of post-war Latin America. Not only has this left an indelible mark on their own work, but it has often led their opponents to cloud the issues by carrying the debate to purely ideological terrain, thus adding to the confusion surrounding the dependency analysis itself by promoting an increasingly sterile discussion with little thorough consideration of its theoretical and historical roots.

I believe that previous surveys of dependency writings have in particular failed to clarify sufficiently its roots in the tradition of Marxist thought on the development of capitalism in backward nations, thus giving rise to a great deal of misunderstanding. I have therefore attempted particularly to place it within this tradition; Marxism is a highly complex subject, and its contribution to the analysis of the development of capitalism in backward nations is no less so: an attempt to incorporate it into the analysis here is however essential, in order to

1. clarify the conceptual issues around which the debate revolves,
2. show how many of the debates among dependency writers echo similar debates which took place earlier within the Marxist tradition, although in some cases their relevance has not been duly appreciated, and
3. show the problems involved in seeking ‘implications for contemporary development strategy’ from the dependency writers.

I complement this analysis with a discussion of the other major source of inspiration behind dependency, the ECLA (United Nations Economic Commission for Latin America) school and the attempts to reformulate its thinking which followed the apparent failure of ECLA-inspired policies of import-substituting industrialization.

I distinguish three approaches within the dependency school, and conclude that the most successful analyses are those which resist the temptation to build a formal theory, and focus on ‘concrete situations of dependency’; in general terms I have elected to stress that the contribution of dependency has been up to now more a critique of development strategies in general than an attempt to make practical contributions to them.

2. SALIENT FEATURES OF THE MARXIST DEBATE ON CAPITALIST DEVELOPMENT IN BACKWARD NATIONS

The Marxist debate on capitalist development in backward nations is located in the broader theoretical context of the debate on imperialism. At a first level of approximation, close to its etymological meaning, imperialism denotes a particular relationship, a relationship of a hegemonical state to people or nations under its control (Lichtheim, 1971, p. 10). At this level the essence of imperialism is domination and subordination, and the concrete ways in which the sovereignty of lesser political bodies can be infringed may be manifested in very dissimilar manners, as direct and visible as in colonialism, or as complex and diffuse as in a system of international relations of dependency which distorts the economic development of nations.

From this point of view imperialism neither is nor has to be a phenomenon exclusive to capitalism, for close and asymmetric relationships are not peculiar to capitalism; what is peculiar to it is the form in which this type of relationship is developed and made manifest. Even more, the concrete ways in which the backward countries have furnished the needs of the advanced countries within the system also vary, in accordance with the changing necessities of the latter in their different stages of development. For this reason it is not very useful to remain at this first level; we must progress further, and analyse the way in which these relations of domination and subjection are situated in the context in which they develop; if not, we shall find ourselves making only general disquisitions on imperialism, which ignore, or put into the background, the fundamental difference between socio-economic systems, and which inevitably degenerate into the most vapid banality or bragging, like the comparison: ‘Greater Rome or Greater Britain’ (Lenin, 1916, p. 97).

a. The Marxist concept of imperialism

The essential characteristic which distinguishes the way in which Marxism places this relationship of domination and subjection within the context in which it develops (as it does in all other social activities and historical developments) is its basis in the material conditions of production, while non-Marxist interpretations may be based equally, and at times jointly, on ideological, political, economic, social or cultural factors. Nevertheless, the Marxist analysis
The Mensheviks think that history is the product of material forces acting through the processes of evolution. I think, with Marx, that man makes his own history, but within the conditions, and with the materials, given by the corresponding period of civilization. And man can be a tremendous social force (quoted in Horowitz, 1969, p. 10).

The importance of the material conditions of the process of production, which leads Marx to make of this aspect of human activity the cornerstone of social activity and historical development (and hence of imperialism) relates back to the fact that for him labour is the fundamental human activity. Through it man not only satisfies the primordial need to subsist, but also develops his potential: this activity, which consists of an interaction with nature and with one's fellow men, contributes an essential element to Marx's understanding of man and his history, and it is this which leads Engels to call this approach 'Historical Materialism'.

The essence of Marx's analysis of the process of labour is to be found in Capital (1867, pp. 130-138); once he had demonstrated the impossibility of explaining the process of extraction of surplus value at the level of the circulation of capital, he decided to take the analysis to a deeper level, to that of production. Making this transition, he develops the concept of labour first at an abstract level (that is, independent of any historical process), and later in the particular forms in which it develops in the capitalist mode of production:

Labour is a process in which both man and nature participate, and in which man of his own accord starts, regulates and controls the material reactions between himself and nature. By thus acting on the external world and changing it, he at the same time changes his own nature. He develops his slumbering powers and compels them to act in obedience to his sway (1867, p. 130).

The clearest statement of the importance which Marx attached to the material conditions of the productive process is found in the preface to A Contribution to the Critique of Political Economy (1859):

In the social production of their life, men enter into definite relations that are indispensable and independent of their will, relations of production which correspond to a definite stage of development of their material productive forces. The sum total of these relations of production constitutes the economic structure of society, the real foundation, on which rises a legal and political superstructure and to which correspond definite forms of social consciousness. The mode of production of material life conditions the social, political and intellectual life process in general. It is not the consciousness of men that determines their being, but, on the contrary, their social being that determines their consciousness.

It is important to stress that from this method of historical analysis it cannot be deduced that man is simply a product of material conditions; Marx criticizes Feuerbach for adopting this view, which leaves out the subjective, creative side of man's interaction with nature. What Marx wishes to stress is that...
to understand man, we must begin with the material conditions of the productive process; this does not imply economic determinism, although Engels later recognized some responsibility for the diffusion of this view:

Marx and I are ourselves partly to blame for the fact that the younger people sometimes lay more stress on the economic side than is due to it. We had to emphasize the main principle vis-à-vis our adversaries, who denied it, and we had not always the time, the place, or the opportunity to give their due to other elements involved in the interaction (quoted in McLellan, 1975, p. 41).

As regards Marx's method of analysis, he emphasized that any science had to penetrate from the apparent movement of things to their real underlying causes. This involved a distinction between appearance and essence, going back a long way from Hegel through Spinoza and Aristotle. As regards economics, he conceives it as the core of any scientific view of society, and criticizes those economists who dealt only with the market system (appearance) without considering the social foundation (essence) in which the market is based (McLellan, 1975, p. 58).

The essential elements of Marx's view of the capitalist system are found in Capital, but it is studied there only from the point of view of the mode of production, without relating it to any social formation in which it develops. This part of Marx's work was incomplete at his death. It is generally argued that the fundamental elements of the methodology of Marx's economic doctrines are found in the general introduction to his Grundrisse (1859, pp. 100–108), and in the preface to the second edition of Capital (1867, pp. xvii–xxiv), and that the methodology relates to Hegel, the economic analysis to Smith and Ricardo. Nevertheless, a recent study of Marx's method of analysis in Capital has contributed new ideas to the debate (Echeverria, forthcoming).

The fundamental theoretical nucleus of Marx's analysis is the labour theory of value; from this it follows that the capitalist mode of production is governed by the drive to extract surplus value from a class of wage labourers, to realize this surplus value by finding a market for the commodities in which it is embodied, and to turn this surplus value into capital for investment in new means of production to maintain and expand the process.

From the point of view of our analysis, the principal implications of the labour theory of value for the long-term future of capitalism are that (i) the rate of profits for capitalists would tend to decrease, thus forcing them to engage in a continual struggle to avoid this fall, marked among other things by the need for the geographic expansion of their economies; (ii) the working class would be totally excluded from 'objective wealth'; (iii) the system as a whole would be shaken as a result of these and other factors by a series of crises that would culminate in a transition to a higher system.

The development of this system of production first in the United Kingdom and later in other countries led them to develop between themselves and with the rest of the world relationships different from those which had prevailed before, and dictated primarily by their particular economic needs. These relationships in turn tend to evolve in accordance with the transformation of the economies of these countries and of those in the rest of the world. The relationships among the advanced countries in the system, and those between the advanced countries and the backward countries (the forms in which the latter furnish the needs of the former) are not static, but evolve through history.

Within the Marxist tradition the term 'imperialism' was initially applied to the relations between advanced and backward countries within the capitalist system, and later to the totality of a particular phase (the monopoly phase) in the development of that system, characterized by a particular form of relationships among the advanced countries, and between them and the backward countries. The fact that the concept has been used to define both those aspects of capitalist development which have related the fortunes of advanced and backward areas, and the monopoly phase of the development of that system, has produced a certain degree of confusion regarding the provenance of the concept and its proper concerns. This confusion is also related to the fact that if one of the fundamental tenets of Marxism is that different aspects of the theory of capitalist society and development are indivisible strictu sensu, it may appear to be impossible to speak of a Marxist theory of imperialism; we could only look at it as an aspect of the theory of capitalism. In that case, imperialism could be referred to as a theory only in Lenin's sense of the term — a stage in the development of capitalism. Despite this, I believe that it is absolutely legitimate to use the concept of imperialism to designate only those aspects of capitalist development which have
related the fortunes of the advanced and backward areas within the world capitalist system, and even to speak of a 'theory of imperialism' in this sense, so long as we accept that different theories can have different status. In this case the theory of imperialism would be part of a wider theoretical field, that of the Marxist theory of capitalism, and, in the end, the problem would simply be one of specifying with clarity whether the term 'imperialism' is used and understood in its wider or more restricted sense, and whether it is understood as a theory in both cases, or only in the first.

b. The field of study of the Marxist theory of capitalism

For analytical purposes we may distinguish between three concerns in the Marxist theory of capitalism; according to the form in which imperialism is understood it will cover one or all of these concerns:  

(i) the development and the economic and class structure of advanced capitalist societies (especially the factors which drive them to geographical expansion of their economies), and the relations between them; 
(ii) the economic and political relations between advanced nations and backward or colonial nations within the world capitalist system; 
(iii) the development and economic and class structure in the more backward nations of the capitalist system (particularly the way in which their dynamic is generated through their particular modes of articulation with the advanced countries).

The Marxist analysis of the capitalist system attempts to take these three concerns together, and build with them a theory of its development. If one uses the concept of imperialism in its widest sense, the theories of capitalism and imperialism become identical; if one uses it in its more restricted sense, its analysis relates primarily to the historical development of the second concern. From this last point of view we can distinguish in the theory of imperialism, with Sutcliffe, three quite distinct phases (defined logically rather than temporarily) in the relations between capitalism and the peripheral countries and areas of the world. One (prominent in Marx's and Engels's writings) involves plunder (of wealth and slaves) and exports of capitalist manufactures to the peripheral countries. The second (uppermost in Lenin's writing) involves the export of capital, competition for supplies of raw materials and the growth of monopoly. The third involves a more complex, post-colonial dependency of the peripheral countries, in which foreign capital (international corporations), profit repatriation, adverse changes in the terms of trade (unequal exchange) all play a role in confining, distorting or halting economic development and industrialisation (1972a, p. 172). (The emphasis is mine.)

In each of these phases of imperialist relations the peripheral areas would have furnished the needs, in different ways, of the advanced capitalist nations: in the first, by assisting primary accumulation and allowing those nations to carve out their essential initial markets; in the second, by playing a role in the partial 'escape' of a more mature capitalism from the consequences of its contradictions (as analysed by Luxemburg, 1913; Bukharn, 1915; and Lenin, 1916); and in the third, the least well-defined, advanced mature capitalism appears to attempt to secure itself against the emergence of competition which could threaten its stability, organization and growth.

I shall attempt to demonstrate that to the analysis of each of these three phases in the relationships between the advanced and peripheral countries in the capitalist world postulated above there corresponds a particular analysis of the development of capitalism in backward nations. The first, essentially that of Marx and Engels, analyses capitalism as a historically progressive system, which will be transmitted from the advanced countries (through colonialism, free trade, etc.) and which will spread through the backward nations by a continual process of destruction and replacement of pre-capitalist structures. As a result of this process a series of new capitalist societies would arise, whose development would be similar, in the post-colonial period, to that of the advanced countries themselves; this, then, would be followed by the development of the series of contradictions inherent to the capitalist system, which would tend to lead to a higher system of development.

The second approach to the development of capitalism in backward nations, found primarily in the writings of the so-called 'classics of imperialism', concerned itself first with the peculiarities of the development of Russian capitalism, and afterwards with that of other more backward areas of the world in the 'monopolistic' phase of the world capitalist system. As regards the development of Russian capitalism, (as we shall see in detail below) its historically progressive character is stressed, but this development is no longer analysed simply
as a process of destruction and replacement of its pre-capitalist structures, but as a far more complex process of interplay between its internal and external structures. These analyses stress the difficulties resulting from 'late' industrialization, the ambiguous role of foreign capital (from Western Europe), and the great capacity for survival of pre-capitalist structures. As regards capitalist development in other more backward regions of the world, we may distinguish two major historical stages in the analyses of the 'classics of imperialism'. The first was characterized by its analysis (following Marx) of capitalist development in the colonies as historically progressive, but (qualifying Marx's analysis) limited by the new imperatives of the advanced economies in their monopoly phase. Faced with these imperatives the advanced nations were, in the view of these writers, succeeding in restricting modern industrialization in the colonies. Nevertheless, they stress that once the colonial bonds are broken modern industrialization could eventually take place. Thus the capitalist development of backward nations would take on a similar character to that of the advanced nations. At the same time they insist that this process of post-colonial industrialization would in no way be free from political and economic difficulties and contradictions; on the contrary, the emerging national bourgeoisies would face the difficult but by no means impossible political task of developing their own bourgeois revolutions, and the no less difficult but equally possible task of 'late' industrialization.

It was at the beginning of the 1920s that this approach was transformed as emphasis was placed on a different set of difficulties (particularly of a political nature) hindering the process of post-colonial industrialization. The third approach was first developed in the 1950s, and 'took off' with the publication in 1957 of Baran's The Political Economy of Growth; it is characterized by the acceptance, almost as an axiomatic truth, of the argument that no Third World country can now expect to break out of a state of economic dependency and advance to an economic position beside the major capitalist industrial powers. This is a very important proposition since it not only establishes the extent to which capitalism remains historically progressive in the modern world, but also thereby defines the economic background to political action. Yet, too often, the question is ill-defined; it is not self-evident; its intellectual origins are obscure; and its actual foundations are in need of a fuller analysis. It is in this third phase that the analyses of the dependency school emerge, although they are not confined to this phase, but relate to the forms of articulation of the economies and politics of the Latin American nations with the advanced nations throughout the whole period covered by the three phases I have enumerated.

The core of these analyses is the study of the dynamics of individual Latin American societies through the concrete forms of articulation between 'external factors' (the general determinants of the capitalist system) and 'internal factors' (the specific determinants of each of these societies). They are therefore a part of the theory of imperialism, if this is understood as the study of the capitalist system as a whole, or complementary to it, if it is understood as concerning itself with the political and economic relations between advanced and backward areas of the capitalist world. In both cases it is intimately connected with the theory of imperialism, and in no way intended as an alternative to it, as some of its critics have wrongly argued.13

As the majority of dependency studies are intimately connected with the development of Marxist thought in regard to the development of capitalism in backward nations, and as these analyses refer to the development of Latin America throughout the whole period covered by the three phases we have discussed, we shall begin by examining the first two phases of discussion concerning capitalist development in backward countries.

c. Marx and Engels on the development of capitalism in backward nations

It is not easy to analyse Marx's and Engels's approach to the development of capitalism in the backward regions of the world, as their remarks on the subject are scattered throughout their respective works. In Marx's case, although the analysis of the capitalist mode of production in Capital is a work of profound and systematic brilliance, his specific references to the concrete forms in which this mode of production is developed in backward regions are not found there, but in various of his other works. Of relevance among his political writings is the Communist Manifesto (1848); among his theoretical writings, the preface to A Contribution to the Critique of Political Economy (1859); among his correspondence, that with his contacts among the Russian left; and among his articles to newspapers, those in the New York Daily Tribune between 1853 and 1859. Unfortunately, his concrete references are al-
most all concerned with India and China, with only superficial references made to Latin America. This is unfortunate not only because we are ourselves interested in Latin America, but more significantly because the subcontinent would have provided Marx with a backward region already developing in a way which would be typical of post-colonial societies in later years, with the exception of those of European settlement. While formally free, the countries of Latin America were economically backward and dependent.

In a letter written in the closing years of his life, Marx stressed that in *Capital* he had studied only the genesis of capitalism in Western Europe (Marx, 1877, p. 253). Nevertheless, it is from that same work that we can deduce with clarity his analysis of the tendencies which would guide the expansion of the capitalist economies towards the backward regions of the world. The most relevant chapters are those concerning primary accumulation (1867, Ch. XXIV) and foreign trade (1894, Ch. XIV).

The central element behind the need of the advanced capitalist economies to expand is the need to develop an effective means of countering the tendency for the rate of profit to fall: such expansion makes it possible to expand the scale of production, to lower the costs of raw materials and of the products needed to maintain and reproduce the labour force at home (making it possible to keep salaries low), and thus to increase the surplus by helping to preserve the low organic composition of capital. Furthermore, for a period of time the capitalist in an advanced country can gain a higher rate of profits by selling in competition with commodity producers in other countries with lesser facilities for production . . . in the same way that a manufacturer exploits a new invention before it has become general (1894, Section 5).14

Nevertheless, Marx did not confine himself to the analysis of the driving forces which lead to the expansion of capitalism. In his analysis of the effect of this upon the backward regions, following the Hegelian tradition, he distinguishes between the subjective motivations for this expansion and its objective historical results. On the one hand he condemns this expansion as the most brutalizing and de-humanizing that history has ever known, but on the other he argues that it is necessary if the backward societies are to develop. Only capitalism, he argues, can provide the necessary economic and technological infrastructure which will enable society to allow for the free development of every member according to his capacity; and capitalism can only develop in them through its penetration and imposition from abroad. Only on the basis of this dialectical understanding of capitalism can we understand the famous affirmation in the preface to the first edition of *Capital* that

the backward country suffers not only from the development of capitalist production, but also from the incompleteness of that development (1867, p. xiv).

In general terms we may say that it is analytically convenient to distinguish two intimately connected levels in Marx's analysis of the development of capitalism in backward nations. One relates to the necessity (both political and economic) of capitalism as an essential step towards higher forms of development of productive forces, the other to the possibility and viability (both political and economic) of its development. These two levels of analysis are present in the Marxist tradition with differing degrees of emphasis. In Marx's writings on the subject the central concern is with the necessity for capitalist development, with its feasibility taken completely for granted. In the present day however the emphasis is placed more on the second level of analysis, that of the feasibility of capitalist development in the periphery.15

As regards the first aspect, the necessity of capitalist development, Marx states very clearly, at least until the important change which comes towards the end of his life, that socialism can only be attained through capitalist development, and that this will not be produced in the backward regions of the world by the development of their own productive forces, as was the case in Western Europe, but by the impact upon them of the capitalism of Western Europe itself.

Marx is overtly hostile to the modes of production in existence in non-European societies, chiefly on the grounds of their unchanging nature, which he saw as a drag on the process of history, and thus a serious threat to socialism. This led him, while condemning the brutality and hypocrisy of colonialism, to regard it as historically necessary. Initially, in the *Communist Manifesto* Marx and Engels appear to refer to the backward nations en masse as 'barbarians', 'semi-barbarians', 'nations of peasants', and 'the East', in a manner which contrasts strikingly with their meticulous study of European society and history, and is particularly unsatis-
factory in a work which makes the strongest possible claim to be based upon a universally applicable scientific interpretation of history. However, 11 years later, in the preface to *A Contribution to the Critique of Political Economy*, Marx made a more serious attempt to relate the socio-economic conditions of the non-European world to his general theory of history, but he did so elliptically, and in a way that has bedevilled Marxism ever since. Discussing the stages of economic development, he strongly brings out the dialectical tensions inherent in every period, saying, in a passage that has become classic:

> no social order ever disappears before all the productive forces for which there is room in it have been developed; and new, higher relations of production never appear before the material conditions of their existence have matured in the womb of the old society (1859, p. 337).

Proceeding to analyse the four modes of production, Asiatic, Ancient, Feudal and Capitalist, he leaves the Asiatic mode in a form which is difficult to understand. There is a clear perception of a kind of continuity (its movement produced by the development of contradictions) between the Ancient, Feudal, Capitalist and Socialist modes of production, but the Asiatic mode is left disconnected, as if it had neither past nor future.16

If Marx never directly discusses this problem in his work he does so indirectly, stressing time and again that it should not be forgotten that the horizon of his work on the discussion of historical development is essentially European. In a letter written to a Russian Socialist journal in 1877, and already mentioned on page 887, he warns his readers not to

> metamorphose [his] historical sketch of the genesis of capital in Western Europe into a historical-philosophical theory, the supreme virtue of which consists in being supra-historical.

and goes on to criticize any approach which seeks to understand history

> by using as one’s master-key a general historical-philosophical theory, the supreme virtue of which consists in being supra-historical.

The problem of the Asiatic mode of production is not merely the academic one of establishing how far Marx’s theory of history is consistent and universal: it is that as it does not possess a dialectic of internal development it can only evolve through the penetration of European capitalism. For this reason Marx analyses European expansion in India as brutal, but ‘a necessary step towards Socialism’ (1853). Such an expansion would have a destabilizing and disintegrating effect on the Asiatic mode of production, re-stabilizing and re-integrating such societies in a capitalist mode of development which would bring with it the development of productive forces and generate an internal dynamic which would lead such societies towards higher stages of development.

It is essential to note here that Marx makes no distinction between endogenous capitalist development (such as occurred in Western Europe) and that which is introduced from outside. Irrespective of its origins, capitalism once implanted in a society will develop in a certain way. If one of its central characteristics is to develop both objective wealth and poverty, this would exist within each society, rather than between societies.

Only fleetingly in the case of China and with much greater clarity, towards the end of his life, in the case of Russia, does Marx recognize the possibility that different traditional structures could be capable of serving as a starting-point for movement towards more advanced stages of development; in the first case he speaks ironically of the possibility of a bourgeois revolution, in the second of a socialist revolution.

In February 1850 there was a wave of agrarian unrest in China, and Marx wrote:

> when our European reactionaries, on their next flight through Asia will have finally reached the Chinese Wall, the gates that lead to the seat of primeval reaction and conservatism — who knows, perhaps they will read the following inscription on the Wall: République Chinoise — Liberté, Égalité, Fraternité! (quoted in Averini, 1976, p. 251).

Regarding the Russian case, in reply to a letter from the Russian Marxist, Vera Sassoulitch, in February 1881 (to which we shall return later) Marx stresses the possibility that the particular traditional agrarian structures of Russia could serve as a starting-point for socialist development. He reaffirms this point of view together with Engels, in the preface to a new Russian edition of the *Communist Manifesto* in 1882.17

Passing now to the analysis of Marx’s attitude regarding the possibility of capitalist development in the non-European world, it must be stated that Marx leaves no room for misinterpretation; the dynamism and capacity for expansion of the youthful capitalism of his period would be reproduced in any society which it penetrated; furthermore, he seemed to expect a proliferation of autonomous capitalist societies, fundamentally similar to those in Western Europe. There are three particular
excerpts which have become obligatory points of reference, and to which we need refer only briefly. In the Communist Manifesto Marx and Engels argue that the development of capitalism in Western Europe will compel all nations, on pain of extinction, to adopt the bourgeois mode of production, and 5 years later, in his article on the Future Results of British Rule in India (1853), Marx argues that English imperialism will not be able to avoid the industrialization of India: when you have once introduced machinery into the locomotion of a country which possesses iron and coals you are unable to withhold it from its fabrications (the emphasis is mine). Finally, 14 years later, in the preface to the first edition of Capital we find his famous statement: the country that is more developed industrially only shows, to the less developed, the image of its own future.

We may then conclude, with Kierman, that the attitude of some dependency writers today that capitalist industrialization in the periphery is no longer feasible goes against the spirit and letter of Marx's writings. What is important, as Sutcliffe has argued, is to ask whether the difference is one of circumstance or diagnosis (1972a, p. 180): that is to say, whether capitalism has been transformed in such a way that the industrialization of the periphery cannot take place within the capitalist system, or whether it is that Marx's analysis is itself over-optimistic regarding the possibilities of industrialisation in the backward areas of the world. We shall return to this point as the analysis proceeds.

d. Discussions on the development of capitalism in backward nations by the 'classic writers' on imperialism

If Hilferding (1910) had already provided an important Marxist study of imperialism, it is in Luxemburg (1913), Bukharin (1915) and Lenin (1916) that we find the most important contributions from the period in which capitalism was moving through its monopoly phase. I shall refer only briefly to the works of Luxemburg and Bukharin; as regards Lenin's work, I shall concentrate on those aspects which are most relevant to the issues under discussion.

Rosa Luxemburg's The Accumulation of Capital (1913) was the first Marxist analysis of the world capitalist economy in the light of the three concerns outlined earlier in this paper, and remains among the most complete: it is certainly the only one of the classic writings on imperialism which sets out to provide a systematic analysis of the effect which imperialism would have on the backward countries. Unfortunately, the rigour, profundity and creativity of the analysis are limited by the fact that, following the Marxist tradition of the period, she underestimates both the increase in real wages which takes place as capitalism develops in the advanced countries, and the internal inducement to invest provided by technological progress. Consequently she overplays and misunderstands the role of the periphery in the process of accumulation of capital in the developed countries, for these two factors have played a vital role in rescuing capitalism from the difficulties and contradictions which it creates for itself. Thus the periphery has played a role both qualitatively different and quantitatively less important than that which her analysis depicts.

Nikolai Ivanovitch Bukharin contributed to the analysis of imperialism principally in his works of 1915 and 1926. In the first he analyses the two most important tendencies in the world economy of the time, tendencies which were made manifest jointly and in contradiction to each other. These were the rapid process of internationalization of economic life (the integration of the different national economies into a world economy) and the process of 'nationalization' of capital (the withdrawing of the interests of the national bourgeoisie within their respective frontiers). The most interesting feature of the second work is its polemic against Luxemburg's The Accumulation of Capital. From the point of view of our interest, it is unfortunate that although Bukharin stresses continually throughout the course of his work that imperialism is a phenomenon which connects the advanced and the backward economies, and criticizes Luxemburg's views on the subject, in no part of his work does he analyse in concrete terms the effect of imperialism upon the backward countries.

When one is analysing Lenin's work it is particularly important to bear in mind (as with the work of any political leader who is not writing for purely academic reasons, but with specific and concrete political ends in view), the
political context in which the works were written. In fact it is necessary not only to consider the usual problems concerning the separation of 'history' and 'concept', 'theory' and 'practice', and the 'role' of ideology, but also to be aware that the relative emphases in these works are frequently functions of tactical moves related to factional disputes. Furthermore, in the case of Lenin's Imperialism, The Highest Stage of Capitalism (1916) he himself was careful to point out that he wrote it

with an eye to the Tsarist censorship,... with extreme caution, by hints, in an allegorical language (1916, p. 1).

The political situation within which and as a contribution to which Lenin wrote his analysis of imperialism was characterized by the outbreak of the First World War and the subsequent collapse of the Second International.

Within a week of Austria's declaration of war on Serbia on 28 July 1914, the whole of Europe was at war. Lenin himself arrived in Switzerland on 5 September after a long odyssey, and set himself up in Berne. He was faced with a difficult double task — firstly to explain to the international socialist movement the nature of the forces which had unleashed the war, and secondly to account for the position adopted by the working class parties of the advanced capitalist countries (which had led to the collapse of the Second International). If for the first of these tasks he could avail himself of the analysis provided by Marx of the tendencies of capitalist development, and the later contributions of Marxists such as Hilferding, for the second he could draw on no previous analyses, and he was faced with a complex task. Traditional Marxist analysis could not be applied simply and directly to explain why the proletariat of the advanced capitalist countries in general, and the social-democratic parties of the left in particular, had placed themselves alongside their respective bourgeoisies and against one another when the war broke out.¹¹

It was no easy task to explain the capacity, unforeseen by Marx, of capitalism to extend to important sectors of the working classes some of the benefits of its development; nor was it simple to derive the relevant political conclusions. This would in fact be the most important contribution of Imperialism, The Highest Stage of Capitalism, and would make of it Lenin’s most important theoretical work, just as the Development of Capitalism in Russia (1899) is his most important study of the development of capitalism in a backward nation, and is in my view the pioneering classic of dependency studies.

To prepare himself for his difficult task Lenin re-read Marx and Hegel with great care, and produced his Philosophical Notebook (1915) as a result. In it he stresses the necessity to understand Hegel’s logic (and to give due importance to the subjective element of the dialectic) in order to understand the development of capitalism in advanced countries. After this, now settled in Zurich, he wrote, between January and July 1916, his own study of imperialism, emphasizing in the 1917 preface to the Russian edition and the 1920 prefaces to the French and German editions the dual political purpose I have mentioned above. He thus makes it clear that his purpose in writing the work is different to that of Bukharin or Luxemburg.²²

For analytical purposes we may distinguish three major themes in Lenin’s work.²³ The first is the description of the most important political and economic changes in the advanced countries of the capitalist system, the second the analysis of the changes in international relations which had resulted, and particularly the role played by international capital, and the third the discussion of the future tendencies of the capitalist system in its monopoly or imperialist phase, and above all the effect these would have on its historical progressiveness. There is no systematic analysis of the effect that this phase of the development of capitalism will have on the backward regions of the world (the third concern to which I referred earlier). However, as we shall see later, it is possible to deduce from the analysis of the development of capitalism in the advanced countries in the system an implicit account of the effects it will tend to have in those backward regions. Nevertheless, in order to understand this implicit account it is necessary to go back 17 years to the Development of Capitalism in Russia, which is intimately connected with the analysis in the later work.²⁴

e. Lenin’s ‘Development of Capitalism in Russia’

Within the Marxist tradition it is in Lenin’s work that we find the first systematic attempt to provide a concrete analysis of the development of capitalism in a backward nation. In his analysis he

formulated with simplicity what would be the core of the dependency analyses: the forms of articulation between the two parts of a single mode of production, and the subordination of one mode of production to another (Cardoso, 1974a, p. 325).
In this work then, we find a detailed and profound study of the forms in which developing capitalism in Russia is articulated both to the economies of Western Europe and to the other existing modes of production in Russia itself. That is to say, the way in which Russia - its classes, state and economy - is articulated to the corresponding elements in the countries of Western Europe. The essay was written as part of a profound controversy in Russia itself regarding the necessity and the feasibility of capitalist development there. Discussion of this controversy is particularly relevant, as it was in the context of an identical controversy in Latin America in the 1950s and 1960s that the contribution of the dependency studies was made.

Given that Russia was the first backward country in which Marxism developed, it is not surprising that it should have been the setting for the first Marxist debates regarding the feasibility of capitalist development, and as I have stated, Lenin's Development of Capitalism in Russia was part of this debate and of his constant polemic with the Narodniki. The central argument of the Narodniki was that capitalist development was not necessary for the attainment of socialism in Russia, and that from an economic point of view it was by no means clear that capitalism was a viable system for a backward country such as Russia. They laid great stress upon the problems created by 'late' entry into the process of capitalist industrialization.

Regarding the necessity for capitalist development in Russia, the Narodniki were convinced that the Russian peasant commune was an essential socialist, and capable of forming the basis of a future socialist order; hence Russia might indeed lead the rest of Europe on the road to socialism.

From what Marx and Engels had written before they became interested in the Russian case it is possible to deduce a priori their disagreement with the Narodniki. It was a central point of their analysis that the peasantry, fundamentally on account of its feudal origins, was a backward element in European society, in relation to the capitalist bourgeoisie and, a fortiori, in relation to the proletariat. Wherever capitalism was advanced, the peasantry was a decadent class. On this account it is placed in the Communist Manifesto alongside a number of petty bourgeois groups, as Marx and Engels speak of the small manufacturers, the shopkeepers, the artisan and the peasant. Only when the bourgeoisie and the proletariat, together or apart, are incapable of carrying out the bourgeois revolution and the overthrow of feudalism would it be permissible to support the peasantry and its political organizations, let alone to fight for its interest in individual ownership of the land.

At the end of the 1860s, attracted by the development of the left in Russia, Marx and Engels learnt Russian and threw themselves into the current debates there. In 1875 Engels was stressing the necessity for capitalist development, though less as a necessity of an absolute nature than as a result of the fact that the Russian system of communal property was already decadent. For this reason it was impossible to 'leap over' the capitalist stage through the transformation of the communal institutions of the feudal past into the fundamental bases of the socialist future. On the other hand, he argued, the triumph of the socialist revolution in the advanced capitalist countries would help Russia itself to advance rapidly towards socialism (see Carr, Vol. 2, 1966, p. 385).

Two years later Marx entered the debate with the letter I have already discussed (page 887). In it he expresses a position similar to that of Engels, arguing that the possibility that a different transition to socialism might take place in Russia no longer appeared to exist:

If Russia continues on the path which she has been following since 1861 [the emancipation of the serfs] she will be deprived of the finest chance ever offered by history to a nation of avoiding all the ups and downs of the capitalist order.

In the following year a group of young Narodniki led by Plekhanov broke with the rest and headed for Switzerland; their differences were both political and theoretical, in that they opposed the use of terrorism and embraced the spirit and letter of the Communist Manifesto. Nevertheless, they came to adopt positions 'more Marxist than those of Marx himself, and in 1881 Vera Sassouitch wrote to Marx seeking a clarification of his views regarding the peasant commune. After composing three long drafts which are among his papers he contented himself with a brief response. His analysis of Capital, he stated, was based upon conditions in Western Europe, where communal property had long since disappeared; this analysis was by no means mechanically applicable to Russia, where such forms of property still survived in the peasant communes. Nevertheless, for these to serve as a starting-point for a 'socialist regeneration of Russia' they would require a series of conditions which allowed them to develop freely. Nowhere in his reply does Marx express
any doubt that capitalist development is possible in Russia; his argument is that perhaps – given the specificity of the Russian situation – the price of capitalist development in human terms would be too high for it to be counted as a progressive development.28

Regarding the other facet of the controversy with the Narodniks, that of the possibility of capitalist development in Russia, it is in the writings of the Narodniks that it is first suggested that capitalism may not be viable in a backward nation. Thus the Narodnik writer Vorontsov argued that

the more belated is the process of industrialization, the more difficult it is to carry it on along the capitalist lines (quoted in Walicki, 1969, p. 121).

For the Narodniks, furthermore,

backwardness provided an advantage in that the technological benefits of modern capitalism could be used, while its structure rejected (Sutcliffe, 1974a, p. 182).

For these reasons then, for the Narodniks it was not only possible but economically imperative to escape from the capitalist stage and move directly towards socialism. This same position will be found, as we shall see, in the 1960s in Latin America in the writings of one group of dependency writers.

In the last decade of the 19th century, along with the first industrial strikes in Russia, there appeared a number of Marxist groups, while the Narodniks, caught in the blind alley of terrorism, were beginning to lose influence. One of these was the 'League of Struggle for the Liberation of the Working Class', which appeared in Petrograd in 1895; among its members was a disciple of Plekhanov, who wrote successively under the pseudonyms of 'Petrov', 'Frei' and Lenin', the latter after 1902. The young Lenin entered vigorously into the debate with the Narodniks, writing his major contribution towards it, the Development of Capitalism in Russia, between 1896 and 1899.

Lenin agreed with the Narodniks only in one respect – that capitalism was a brutalizing and degrading economic system. Nevertheless, like Marx, he distinguished clearly between this aspect of capitalism and the historical role which it played in Russia:

Recognition of the progressiveness of capitalism is quite compatible... with the full recognition of its negative and dark sides..., with the full recognition of the profound and all around social contradictions which are inevitably inherent in capitalism, and which reveal the historically transient nature of this economic regime. It is the Narodniks who exert every effort to show that an admission of the historically progressive nature of capitalism means an apology for capitalism... The progressive historical role of capitalism may be summed up in two brief propositions: increase in the productive forces of social labour, and the socialization of that labour (1899, pp. 602–603). (The emphasis is mine.)

Their differences were not only at a theoretical level however; for Lenin the Narodniks were in error over basic matters of fact. Lenin shows, after a long and detailed study of the labour market in Russia, that capitalism was already developing rapidly, and that it should already be considered as essentially a capitalist country, although

very backward as compared with other capitalist countries in her economic development (1899, p. 507).

Furthermore, regarding the 'obstacles' to the development of capitalism in Russia identified by the Narodniks, such as unemployment and underemployment, he states that these are the characteristics of capitalist development, and that the Narodniks are guilty of transforming the basic conditions for the development of capitalism into proof that capitalism is impossible (1899, pp. 589–590).

For Lenin what was indispensable was the profound study of why the development of capitalism in Russia, while rapid in relation to development in the pre-capitalist period, was slow in comparison to the development of other capitalist nations. It is in his approach to this question that, in my opinion, we find his most important contribution to the study of the development of capitalism in backward nations.

His analysis of the slowness of capitalist development in Russia (which some dependency writers would still insist on describing as 'the development of Russian underdevelopment') has three inter-related themes:

(i) the weakness of the Russian bourgeoisie as an agent for the furthering of capitalist development;
(ii) the effect of competition from Western Europe in slowing the growth of modern industry in Russia; and
(iii) the great and unexpected capacity for survival of the traditional structures of Russian society.

Regarding the weakness of the Russian bourgeoisie, Lenin was taking up a theme already discussed by the Russian left.29 The interesting feature of his analysis is that he relates this weakness to the ambiguous role
played by foreign capital (from Western Europe) in the development of Russian capitalism. On the one hand it accelerates the process of industrialization, while on the other it lies behind the weak and dependent nature of the small Russian bourgeoisie.

In what he says in relation to the second factor which explains the slower pace of Russian capitalist development, Lenin stresses that as Russia was industrializing 'late', the development of its modern industry had to compete not only with the production of traditional artisanal industry (as the first countries to industrialize had had to do) but also with the far more efficient industrial production of advanced countries within the capitalist system.

Finally, Lenin places great emphasis and explanatory value upon the great capacity for survival of traditional structures in Russia:

In no single capitalist country has there been such an abundant survival of ancient institutions that are incompatible with capitalism, producers who [quoting Marx] 'suffer not only from the development of capitalist production, but also from the incompleteness of that development' (1899, p. 607).

An important aspect of Lenin's analysis of the survival of traditional structures—and one that is particularly relevant to the present situation in Latin America—is his treatment of the interconnections which develop between the different modes of production which existed in Russia:

the facts utterly refute the view widespread here in Russia that 'factory' and 'handicraft' industry are isolated from one another. On the contrary, such a division is purely artificial (1899, p. 547).

Lenin's view of capitalist development in Russia can be summarized as follows:

(i) in conformity with the central tradition of classical Marxist analysis he sees it as politically necessary and economically feasible;
(ii) through a concrete analysis he shows that its development is fully underway;
(iii) the development of capitalism in backward nations is seen for the first time not simply as a process of destruction and replacement of pre-capitalist structures, but as a more complex process of interplay between internal and external structures; in this interplay, the traditional structures play an important role, and their replacement will be slower and more difficult than previously supposed; and
(iv) despite the complexity of Russian capitalist development, both it and the bourgeois revolution which would accompany it would eventually develop and become relatively similar to that of Western Europe. (The development of capitalism in Russia would therefore be a kind of 'slow-motion replay' of the same development in Western Europe.)

I shall now go on to examine the relationship between this analysis of Russian capitalism and Lenin's theory of imperialism.

1. The later development of Lenin's thought regarding the development of capitalism in backward nations

The two historical events which had a profound influence upon the future development of Lenin's thought in all its aspects were the revolution of 1905 and the collapse of the Second International. If the second of these showed that it was by no means clear that the development of capitalism led necessarily and 'inevitably' to socialism, the first had shown the concrete possibility of interrupting capitalist development, avoiding its potential risks, and transferring to the proletariat the task of completing the democratic-bourgeois revolution.

The collapse of the Second International showed that as it developed, capitalism also created an unforeseen capacity to assimilate important sectors of the proletariat, and that therefore the development of its internal contradictions would take a more complex path than had hitherto been realized.

Marx had emphasized that capitalist development was condemned by its own nature to resolve its difficulties and contradictions through transformations which would necessarily lead to the creation of others even greater. Nevertheless, there seemed to be one aspect of capitalist development which at least in the medium term was acting in the opposite direction: rising real wages. These, essentially a result of the organization and struggle of the working class, played a crucial role in the development of capitalism, both from the point of view of its political stability, and of the increase in effective demand, so essential for the realization of surplus value.

In explaining both this capacity of capitalism to increase real wages much more than had been foreseen, and the political effect which it had upon the working class in the advanced capitalist countries, Lenin placed great emphasis upon the 'superprofits of im-
social order would disappear before having
earlier (pp. 887), Marx had stated that no
manner the necessity of continu-
Parvus and later in Lenin, there began a change
that it was possible, though by no
necessarily economically feasible.

The train of history was not going to drop
its passengers off at the station of their choice,
socialism, unless they took charge of it at an
earlier stage. The contribution of the events of
1905 in Russia was precisely that it showed
that it was possible, though by no means
necessarily economically feasible.

From 1905 onwards, first in Trotsky and
Parvus and later in Lenin, there began a change
of position regarding the necessity of continu-
ing with capitalist development. As we saw
earlier (pp. 887), Marx had stated that no
social order would disappear before having
developed all the productive forces it could
contain, and that higher relationships of pro-
duction would not appear until the old order
had run its full course. The events of 1905
showed both the limitations of the develop-
ment of capitalism in Russia and the concrete
possibility of interrupting it, transferring to
the proletariat the task of completing the
democratic-bourgeois revolution. Nevertheless,
Engels had argued (see p. 891) that for this to
happen there would have to be a revolution in
Western Europe. Russia could play the role of
the weakest link in the capitalist chain, and
with the help of more developed socialist
societies could follow the path towards socia-
lism more rapidly. Therefore the socialist revo-

olution could begin in a country such as Russia,
but it could not be completed there.30

However, the events of 1905 did not only
show Lenin and the Bolsheviks the path to
follow; they also showed Nicolas II and his
brilliant Minister, Stolypin, the need to embark
upon a rapid process of social, economic and
political restructuring if revolution was to be
avoided. Of the transformations which they
initiated Lenin said:

our reactionaries are distinguished by the extreme
clarity of their class consciousness. They know
very well what they want, where they are going,
and on what forces they can count (quoted in
Conquest, 1972, p. 61).

By this time Lenin's attitude towards the
necessity for capitalist development was dif-
ferent than it had been in 1899. Should the
policies of Stolypin succeed, and Russia enter
definitively onto the capitalist path, the revolu-
tion would have to be postponed for a long
time. As early as 1908 Lenin saw the dangers of
Stolypin's policies:

the Stolypin constitution and the Stolypin agrarian
policy mark a new phase in the breakdown of the
old semi-patriarchal and semi-feudal system of
Tsarism, a new movement towards its transforma-
tion into a middle-class monarchy... It would be
empty and stupid democratic (sic) phrase-
mongering to say that the success of such a policy
is 'impossible' in Russia... It is possible! If Stoly-
pin's policy continues, Russia's agrarian structure
will become completely bourgeois (quoted in
Laclau, 1972, p. 69, my translation).

The events of the subsequent period, which
ended with the assumption of power by the
Bolsheviks in October 1917, are the subject of
one of the great controversies of modern
history. On the one hand the policies initiated
by Stolypin showed clearly that Lenin's analy-
sis of the potential of capitalist development
was correct; during that period Russia enjoyed
a considerable industrial boom; and by 1917
the peasants were owners of more than three-
quarters of Russian farmland. Perhaps it was
factors such as these which led Lenin to
conclude a lecture given in Zurich on 9 January
1917, only months before he was to come to
power, with the words

we of the old generation will perhaps not live to
see the decisive battles of our own revolution
(1917, p. 158, my translation). But

But on the other hand it was precisely that
industrial boom which strengthened the left in
general and the Bolsheviks in particular. As the
Mensheviks exercised political control over the
older proletariat, the Bolsheviks needed a new
proletariat to strengthen them — the industrial
boom supplied them with it.

This already lengthy analysis can be pursued
no further here. I have tried to extract from it
its most important contributions to the debate
which would later develop concerning the
development of capitalism in other backward
nations.

Russia then had a series of characteristics in
common with countries which would later
attempt capitalist development, such as those
related to 'late' industrialization, and to the
leading role played by foreign capitalism and
technology, and those linked to the emergence
of a social class structure somewhat different
from that resulting from capitalist development
in Western Europe, and more complex in its
composition, with a relatively weak and depend-
dent bourgeoisie, a small but strong proletariat,
and a relatively large 'sub-proletariat' which is
its potential ally.

Equally however, there are also significant
differences: Russia was never the colony of a
Western European power; late industrialization
is not always the same if it occurs at different
stages of development of the world capitalist
system; and as Lenin demonstrates brilliantly
for the Russian case, the particular features of
the development of capitalism in any backward
region will depend significantly on the charac-
teristics of the pre-capitalist mode of produc-
tion. In the case of Latin America for example,
if there were countries (such as Brazil, Mexico,
Chile and Argentina) which were attempting to
industrialize in the same period as industriali-
ization was taking place in Russia, the social
formations of those countries, inherited from
Portuguese and Spanish colonization, were very
different to those of Russia itself. In any case,
if it is clear that the analyses of Lenin and his
contemporaries cannot be applied mechanically
to the development of capitalism in other
periods and in other backward regions of the
world, it remains true that in Lenin's analysis
especially we find the essential road to follow;
this is the study of the concrete forms of
articulation between the capitalist sectors of
the backward nations and the advanced nations
in the system, and of the concrete forms taken
by the subordination of pre-capitalist forms of
production to the former, and to the rest of the
system. It is essentially the study of the
dynamic of the backward nations as a synthesis
of the general determinants of the capitalist
system (external factors) and the specific deter-
minants of each (internal factors).

But if neither Lenin, Bukharin nor Luxem-
burg studied the concrete development of
capitalism in other backward regions of the
world, it is possible to derive from their
analyses of imperialism the 'general deter-
minants of the capitalist system' or the 'exter-
nal factors' as they are generally labelled, which
those regions will confront in their attempts to
pursue capitalist development. These are essen-
tially the driving forces which impelled the
advanced capitalist countries towards the
domination and control of the backward
regions of the world: the specific determin-
ants, or 'internal factors' as they are generally
called, will depend upon the characteristics of
the particular backward societies.

The driving forces behind the economic
expansion of the advanced capitalist countries
are identified, with differences of emphasis in
each analysis, in the financial and in the
productive spheres. The two are intimately
connected, and are the result of a single process
of transformation in the advanced capitalist
countries. The financial driving forces are re-
lated to the need to find new opportunities for
investment, due to the fact that their own
economies are incapable of generating them at
the same rate as they generate capital; those of
the productive sphere are related to the neces-
sity of ensuring a supply of raw materials, and
continued markets for manufactured products. Thus it is that Bukharin and Preobrazhensky
define imperialism as:

the policy of conquest which financial capital
pursues in the struggle for markets, for the sources
of raw material, and for places in which capital
can be invested (1919, p. 155).

The result of this would be a tendency
towards a greater integration of the world
economy, a considerable degree of capital
movement, and an international division of
labour which would restrict the growth of
backward economies to the production of
mineral and agricultural primary products. For these primary products to be supplied cheaply, the labour force in the backward countries would have to be kept at subsistence level.

As a result of the effects of the expansion of the advanced capitalist economies as they enter the monopoly phase of their development, the economies of the backward countries will tend to be characterized by increasing indebtedness and by a productive structure which leads them to consume what they do not produce, and to produce what they do not consume. The fundamental characteristics of the development of such economies will obviously depend upon the particular characteristics of the export sectors they develop, and the terms on which they exchange products and obtain capital.

If these relationships were shaped within a colonial context, they would clearly be unequal, and therefore for the colonial nation the possibilities of development would be very restricted. If they were shaped within a post-colonial context, the possibilities of development would depend upon the capacity of the national bourgeoisies and other dominant groups to establish a more favourable relationship with the advanced countries in the system, or upon their capacity to transform the economic structure of their respective countries, in an effort to develop through a different type of integration into the world economy.

We may summarize the classical writers' conception of what capitalist development in the backward regions of the world would tend to be as follows: imperialism would tend to hinder industrial development, but once the colonial bonds had been broken the backward countries would be able to develop their economies in a different way, and eventually to industrialize. This industrialization, given its 'late' start and probably with the presence of foreign capital and technology, would face problems and contradictions, but as in the Russian case, these would not be insuperable. In the words of Rosa Luxemburg:

the imperialist phase of capital accumulation ... comprises the industrialisation, and capitalist emancipation of the hinterland ... [bourgeois] revolution is an essential for the process of capitalist emancipation. The backward communities must shed their obsolete political organisations, and create a modern State machinery adapted to the purpose of capitalist production (quoted in O'Brien, 1975, p. 16).

This description of the role of capitalism in the colonies clearly differs from that of Marx and Engels, as it refers to different stages of capitalist development in the advanced countries. Discussing their writings, I showed how for them the Asiatic mode of production was characterized by its lack of internal tensions, which bestowed upon it an unchanging nature. The penetration of capitalism from abroad would therefore perform the task of 'awakening' them. It follows directly that the concrete forms which the process would adopt would necessarily depend upon the type of capitalism involved.

Marx expected that the process which began with the development of railways in India would necessarily end with the placing of that country on the path towards industrialization. For the classical writers on imperialism on the other hand, while capitalism continued to be progressive in the backward nations of the world, it was precisely its progressiveness which would create contradictions with the needs of monopoly capitalism in the advanced countries; within a colonial context the imperialist countries can and will hinder the industrialization of the colonies. Once the colonial bonds are broken the incipient national bourgeoisies can proceed with the development which was hindered by the colonial bonds, completing the bourgeois revolution and attempting to industrialize. These writers did not of course mean to suggest in any way that such attempts at post-colonial industrialization would be free of problems and contradictions; they felt that as in the Russian case such countries would be able to overcome such problems and industrialize. Should that prove to be the case, there would appear in the post-colonial period new capitalist societies relatively similar to those in Western Europe (as in the United States and the regions of European settlement).

Nevertheless, the political independence of the backward nations has not been followed by development, contrary to the expectations of the authors I have been discussing. Even more, in the case of Latin America it is precisely in the post-colonial period that the development of individual nations (with the due economic and political variations) has taken upon itself the articulations with the advanced capitalist countries which the classical writers on imperialism noted in the colonies - the growth of their productive sectors concentrated on primary products, whether mineral or agricultural; the degree of industrialization was limited; and their financial dependence grew enormously.

Only around 1920 did a new vision of capitalist development in the backward nations begin to be developed within Marxist thought (see Lenin, 1920). It would be formulated explicitly at the Sixth Congress of the Com-
This approach differs from that which preceded it in that in its analysis it gives more importance to the role played by the traditional dominant classes of the backward countries (generally termed oligarchies). The power of these elites was seen to be in contradiction with the transformations of internal structures which would necessarily be brought about by capitalist development in general and industrialization in particular (the "bourgeois revolution"). There would therefore exist objective conditions for alliances between these groups and imperialism, destined to avoid such transformations.

In the 1928 Congress then, Kusinen introduced new "Theses on the Revolutionary Movement in Colonial and Semicolonial Countries" (Degras, 1960, pp. 526–548). In them he argues that

the progressive consequences of capitalism, on the contrary, are not to be seen there [despite the increase in foreign investment]. When the dominant imperialist power needs social support in the colonies it makes an alliance first and foremost with the dominant classes of the old pre-capitalist system, the feudal-type commercial and money-lending bourgeoisie (sic), against the majority of the people.

In my opinion this Congress may be considered the turning point in the Marxist approach to the concrete possibilities of the Marxist approach to the historical progressiveness of capitalism in backward countries. From this point onwards, the emphasis will be placed not only on the obstacles which imperialism can and does impose on the process of industrialization during the colonial period (obstacles which could be overcome once the colonial bonds had been broken), nor simply on the obstacles to any process of industrialization which starts late (the technological gap, the ambiguous role of foreign capital, and so on), which could be overcome, as had been demonstrated during the Stolypin period in Russia; now the historical progressiveness of capitalism in the backward regions of the world — in the colonial and post-colonial periods — is analysed as being limited by the previously mentioned alliance between imperialism and traditional elites, the so-called "feudal-imperialist alliance".

As the process of industrialization in the backward countries was seen in contradiction not only with imperialism, but also with some internally dominant groups, the ability of the incipient national bourgeoisies to develop it in the post-colonial phase would depend upon their political capacity to assert themselves over that alliance, and to impede the adoption of such policies as, for example, those of free trade which it sought to impose.

This double contradiction in capitalist development in Latin America (particularly in the process of industrialization) which would tend to be transformed into a single contradiction through the alliance of the groups in question, figures prominently in the political and economic analysis of large sectors of the Latin American left (including the Communist parties of the sub-continent), right into the 1960s. Furthermore, it seems to have had an influence (albeit naturally an unacknowledged one) upon the ECLA analysis of the obstacles facing Latin American development, as we shall see later; the attempt to go beyond the terms of this analysis would be the common starting-point of the different approaches that I shall distinguish within the dependency school.

On this analysis then, the major enemy was identified as imperialism (in one way or another the omnipresent explanation of every social and ideological process that occurred), and the principal target in the struggle was unmistakable: North American imperialism. The allied camp, on the same analysis, was also clear: everyone, minus those internal groups allied with that imperialism (and in particular those groups linked to the traditional export sector). Thus the anti-imperialist struggle was at the same time the struggle for industrialization. The local state and national bourgeoisie appears as the potential agent for the development of the capitalist economy, which in turn was looked upon as a necessary stage. The popular fronts would draw on this analysis both of the historical role which capitalism should play in Latin America, and of the obstacles which it would find in its path.

This simple analysis of Latin American capitalist development would be maintained by the majority of Latin American left-wing groups until the time of the Cuban Revolution (1959). The discrepancies which originally existed between the guerrillas movement and the old Cuban Communist Party (the Partido Socialista Popular) regarding the character which that revolution should assume are well known, with the former arguing for an immediate transition to socialism, the latter for the process previously analysed, which was traditionally sought in Latin America.

The Second Declaration of Havana (1962) and the declarations and resolutions of the first conference of OLAS (the Latin American Solidarity Organization) of 1967 left no doubt regarding the path which was chosen: the democratic and anti-imperialist revolution
which the continent required could only take a socialist form:

The so-called Latin American bourgeoisie, because of its origins and because of its economic connections and even kinship-links with landowners, forms a part of the oligarchies which rule our America and is in consequence incapable of acting independently. It would be absurd to suppose that the so-called Latin American bourgeoisie is capable of developing a political line independent of imperialism, in defence of the interest and aspiration of the nation. The contradiction within which it is objectively trapped is, by its nature, inescapable (quoted in Booth, 1975, pp. 65–66).

It is precisely within this framework, and with the explicit motive of developing theoretically and documenting empirically this new form of analysis of the Latin American revolution that Frank enters the scene, initially with his article in the *Monthly Review* (1966) and later in a more elaborated form in his well-known study of the development (or under-development) of Chile and Brazil (1967).

In this way Frank was to initiate one of the most important lines of analysis within the dependency school. At the same time, both within and outside ECLA, there began the development of the other two major approaches which I shall distinguish in this type of analysis of Latin American development.

3. THE DEPENDENCY ANALYSES

The general field of study of the dependency analyses is the development of Latin American capitalism. Its most important characteristic is its attempt to analyse it from the point of view of the interplay between internal and external structures. Nevertheless, we find this interplay analysed in different ways.

The majority of the survey articles which have been written regarding these analyses tend to distinguish between three major approaches within them. The first is that of those who do not accept the possibility of capitalist development in Latin America, but only of the 'development of underdevelopment', or the 'underdevelopment of development'; the second, of those who concentrate upon the obstacles which confront capitalist development in those countries (particularly market-constrictions); and the third, of those who accept the possibility of capitalist development in Latin America, placing the emphasis upon the subservient forms which it adopts with respect to the capitalism of the centre.

While I accept that this classification is adequate from a certain perspective, I feel that on a more profound analysis it is less than satisfactory. In my opinion, the differences which divide dependency analyses go further than discrepancies regarding simply the possibility of development within a capitalist context in Latin America.

For my part (and with the necessary degree of simplification which every classification of intellectual tendencies entails) I shall distinguish three major approaches — not mutually exclusive from the point of view of intellectual history — in dependency analyses. The first is that begun by Frank and continued by the 'CESO school' (CESO being the Centro de Estudios Sociales of the Universidad de Chile), and in particular by dos Santos, Marini, Caputo and Pizarro, with contributions by Hinkelamert, of CEREN (Centro de Estudios de la Realidad Nacional of the Universidad Catolica de Chile). Its essential characteristic is that it attempts to construct a 'theory of Latin American underdevelopment' in which the dependent character of these economies is the hub on which the whole analysis of underdevelopment turns: the dependent character of Latin American economies would trace certain processes causally linked to its underdevelopment. The second approach, found principally in Sunkel and Furtado, is that which is characterized by the attempt to reformulate the ECLA analyses of Latin American development from the perspective of a critique of the obstacles to 'national development'. This attempt at reformulation is not a simple process of adding new elements (both political and social) which were lacking in the ECLA analysis, but a thorough-going attempt to proceed beyond that analysis, adopting an increasingly different perspective. Finally, I distinguish that approach which deliberately attempts not to develop a mechanico-formal theory of dependency (and much less, a mechanico-formal theory of Latin American underdevelopment based on its dependent character) by concentrating its analysis on what have been called 'concrete situations of dependency'. In the words of Cardoso:

The question which we should ask ourselves is why, it being obvious that the capitalist economy tends towards a growing internationalization, that societies are divided into antagonistic classes, and that the particular is to a certain extent conditioned by the general, with these premises we have not gone beyond the partial — and therefore abstract in the Marxist sense — characterization
of the Latin American situation and historical process (Cardoso, 1974, pp. 326–327).

What would be needed therefore is the study of the concrete forms in which dependent relationships develop; that is to say, the specific forms in which the economies and polities of Latin America are articulated with those of the advanced nations.

It is not that this approach does not recognize the need for a theory of capitalist development in Latin America, but that (in part as a reaction to the excessive theorizing in a vacuum characteristic of other analyses of dependency) it places greater emphasis upon the analysis of concrete situations. The theoretical reasoning which can be developed at present concerning capitalist development in Latin America is strictly limited by the lack of case studies; the need at the moment is for 'analytic' rather than 'synthetic' work.

That is, without a considerable number of concrete studies any new theory which may be elaborated concerning capitalist development in Latin America will necessarily fall into the trap of the 'dialectic of thought', which consists of the working out upon itself of an abstract diachronic, starting from previously constructed concepts.

a. Dependency as the 'theory of Latin American underdevelopment'

There is no doubt that the 'father' of this approach is Paul Baran. His principal contribution to the general literature on development (Baran, 1957) continues the central line of Marxist thought regarding the contradictory character of the needs of imperialism and the process of industrialization and general economic development of the backward nations. 37

Thus he affirms at the outset that

What is decisive is that economic development in underdeveloped countries is profoundly inimical to the dominant interests in the advanced capitalist countries (1957, p. 28).

To avoid such development the advanced nations will form alliances with pre-capitalistic domestic elites (who will also be adversely affected by the transformations of capitalist development), intended to inhibit such transformations. In this way the advanced nations would have easy access to domestic resources and thus be able to maintain traditional modes of surplus extraction. Within this context the possibilities of economic growth in dependent countries would be extremely limited; the surplus they generated would be expropriated in large part by foreign capital, and otherwise squandered on luxury consumption by traditional elites. Furthermore, not only would resources destined for investment thereby be drastically reduced, but so would their internal multiplying effect, as capital goods would have to be purchased abroad. This process would necessarily lead to economic stagnation, and the only way out would be political.

Starting out with this analysis Frank attempts to develop the thesis that the only political solution is a revolution of an immediately socialist character; for within the context of the capitalist system there could be no alternative to underdevelopment (Frank, 1967).

For the purpose of this analysis we may distinguish three levels in Frank's 'model of underdevelopment'. The first is that in which he attempts to demonstrate that Latin America and other areas in the periphery have been incorporated into the world economy since the early stages of their colonial periods. The second is that in which he attempts to show that such incorporation into the world economy has transformed the countries in question immediately and necessarily into capitalist economies. Finally, there is a third level, in which Frank tries to prove that the integration of these supposedly capitalist economies into the world economy is necessarily achieved through an interminable metropolis–satellite chain, in which the surplus generated at each stage is successively drawn off towards the centre. On account of this he develops a subsidiary thesis:

If it is satellite status which generates underdevelopment, then a weaker or lesser degree of metropolis–satellite relations may generate less deep structural underdevelopment and/or allow for more possibility of local development (Frank, 1967, p. 11).

But as the weakening of the satellite–metropolis network can, according to Frank, only take place for reasons external to the satellite economies, of a necessarily transient nature, it follows that there is no real possibility of sustained development within the system. 38 According to this analysis, the only alternative becomes that of breaking completely with the metropolis–satellite network through socialist revolution or continuing to 'underdevelop' within it.

In my opinion, the value of Frank's analysis is his magisterial critique of the supposedly dual structure of peripheral societies. 39 Frank shows clearly that the different sectors of the economies in question are and have been since very
early in their colonial history linked closely to the world economy. Moreover, he has correctly emphasized that this connection has not automatically brought about capitalist economic development, such as optimistic models (derived from Adam Smith) would have predicted, by means of which the development of trade and the division of labour inevitably would bring about economic development. Nevertheless Frank's error (shared by the whole tradition of which he is part, including Sweezy and Wallerstein among the better known) lies in his attempt to explain this phenomenon using the same economic determinist framework of the model he purports to transcend; in fact, he merely turns it upside-down: the development of the 'core' necessarily requires the underdevelopment of the 'periphery'. Thus he criticizes both the alternative proposed by the traditional Latin American left (the possibility of a democratic bourgeois revolution, because in this context the only political solution is a revolution of an immediately socialist character), and the policies pushed forward by ECLA.

Nevertheless, his critique is not directed towards the real weaknesses in the analysis made by the Latin American left — the mechanical determination of internal by external structures, on the contrary, he strengthens that mechanical determination in his attempt to construct a model to explain the mechanisms through which the expropriation of the surplus takes place. Probably still unduly influenced by his training as an economist at the University of Chicago, he constructs a mechanico-formal model which is no more than a set of equations of general equilibrium (static and unhistorical), in which the extraction of the surplus takes place through a series of satellite—metropolis relationships, through which the surplus generated at each stage is syphoned off.

It is not surprising that his method leads Frank to displace class relations from the centre of his analysis of economic development and underdevelopment. Thus he develops a circular concept of capitalism; although it is evident that capitalism is a system where production for profit via exchange predominates, the opposite is not necessarily true: the existence of production for profits in the market is not necessarily a signal of capitalist production. For Frank, this is a sufficient condition for the existence of capitalist relations of production. Thus for Frank, the problem of the origins of capitalism (and therefore the origins of the development of the few and the underdevelopment of the majority) comes down to the origins of the expanding world market and not to the emergence of a system of free wage labour.


Frank has reaffirmed his ideas in a series of articles published jointly in 1969; a year later he sought to enrich his analysis with the introduction of some elements of Latin American class structure (Frank, 1970).

Frank has been criticized from all sides, and on almost every point in his analysis. Prominent among his critics is Laclau (1971), who provides an excellent synthesis of Frank's theoretical model, and shows that the only way in which Frank can 'demonstrate' that all the periphery is capitalist and has been since the colonial period is by using the concept of capitalism in a sense which is erroneous from a Marxist point of view, and useless for his central proposition, that of showing that a bourgeois revolution in the periphery is impossible. As regards this point then, Laclau concludes that Frank makes no contribution, leaving the analysis exactly where it started.

Robert Brenner (1977) takes Laclau's analysis of Frank (as well as Dobb's critique of Sweezy), and demonstrates how the work of Sweezy, Frank and Wallerstein — brilliantly summarized and analysed by him — are doomed to negate the model put forward first by Adam Smith in The Wealth of Nations, Book 1, but because they have failed...
of class struggles whose results are incomprehensible in terms merely of market forces (Brenner, 1977, p. 27).

Thus the way in which Frank uses the concepts 'development' and 'underdevelopment' seems incorrect from a Marxist point of view; furthermore, they do not seem useful for demonstrating what Frank attempts to demonstrate. But as this critique can also be applied to other authors who adopt the same approach I shall reserve discussion on this point to page 903.

To summarize, Frank's direct contribution to our understanding of the process of Latin American development is largely limited to his critique of dualist models for Latin America. Nevertheless, his indirect contribution is considerable. By this I mean that his work has inspired a significant quantity of research by others (whether to support or rebut his arguments), in their respective disciplines, particularly in the sociology of development.

The central line of Frank's thought regarding the 'development of underdevelopment' is continued, though from a critical point of view, by the Brazilian sociologist Theotonio dos Santos, for whom the process under consideration [Latin American development] rather than being one of satellization as Frank believes, is a case of the formation of a certain type of internal structures conditioned by international relationships of dependence' (1969, p. 80).

Dos Santos distinguishes different types of relations of dependency (essentially colonial, industrial—financial and industrial—technological, the latter having grown up since the Second World War), and consequently distinguishes different kinds of internal structures generated by them. Dos Santos emphasizes the differences and discontinuities between the different types of dependency and between the internal structures which result from them, while Frank himself stresses the continuity and similarity of dependency relations in a capitalist context. In other words, while Frank wishes to emphasize the similarities between economic structures in the times of Cortez, Pizarro, Clive and Rhodes, and between these and the structures typified by the activity of multinational corporations, dos Santos is more concerned with the differences and discontinuities between them.

There is within dos Santos's analysis the beginnings of an interesting attempt to break with the concept of a mechanical determination of internal by external structures which dominated the traditional analysis of the left in Latin America, and which particularly characterize Frank's work. One perceives initially in his analysis the perception not only that both structures are contradictory, but that movement is produced precisely through the dynamic of the contradictions between the two. Nevertheless, as he proceeds in the analysis he re-establishes, little by little, the priority of external over internal structures, separating almost metaphysically the two sides of the opposition — the internal and the external — and losing the notion of movement through the dynamic of the contradictions between these structures. The analysis which begins to emerge is again one typified by 'antecedent causation and inert consequences'. The culmination of this process is his well-known formal definition of dependency, which because of its formal nature is both static and unhistorical; it is found in his 1970 article in the American Economic Review:

Dependence is a conditioning situation in which the economies of one group of countries are conditioned by the development and expansion of others. A relationship of interdependence between two or more economies or between such economies and the world trading system becomes a dependent relationship when some countries can expand through self-impulsion while others, being in a dependent position, can only expand as a reflection of the dominant countries, which may have positive or negative effects on their immediate development (1970, pp. 289—290).

A further analysis along the same lines of Frank's 'accumulation of backwardness' and the 'development of underdevelopment' is that of Rui Mauro Marini (1972b). His work, which is fundamentally an attempt to develop a far more sophisticated model than that of Frank or dos Santos, can be summarized as primarily an attempt to apply Luxemburg's schema (1913) to the Latin American situation.

Finally, Caputo and Pizarro, starting from the same declaration of principles that 'it is impossible to develop our countries within the capitalist system' (1974, p. 51), attempt to analyse the international economic relations of Latin America within the context of the theory of dependency. While their work contains an interesting critique of the orthodox theory of international trade, and a very full summary of the classical theory of imperialism, they do not integrate their analysis of the international economic relations of Latin America, discussed in the second chapter of their book, with their analysis of the contemporary world capitalist system, which they leave until the last chapter. Although they stress there the recognized fact that 'after 1950...the new orientation of
North American investment . . . is directed basically towards the manufacturing sector' (1974, p. 256), they do not even suggest the possibility that such a process could produce in some countries at least a process of dependent capitalist development. The only aspect of this process which they feel able to emphasize is that such investment is 'profoundly destabilizing for national economies' (1974, p. 258), as if the development of modern industry with or without foreign capital was not always destabilizing in economies which still have important traditional manufacturing sectors.

At CEREN meanwhile, Hinkelammert (1970 a,b,c) was making an interesting attempt to connect the economic structure of the dependent countries with their class structure, and to analyze the way in which the alliance between the traditional dominant elites and imperialism develops. However, he also falls into the 'stagnationist trap' and develops his thesis of the dynamic stagnation (sic) of Latin American economies. Even so, in his analysis of the dependent economies he treats creatively the role of the 'technological gap' in the relationship between these and the advanced countries in the system.

This type of approach has inspired an unending stream of works, mostly theoretical, the most thorough-going critiques of this type of 'theory of underdevelopment', in addition to that of Laclau already discussed, have come from Cardoso (1974), Lall (1975) and Weisskopf (1976). I myself am presently engaged upon a further contribution to this critical effort, which should be completed shortly.

Lall (1975) offers an interesting critique of a number of dependency studies. He argues that the characteristics to which underdevelopment in dependent countries is generally attributed are not exclusive to these economies, but are also found in so-called 'non-dependent' economies, and that therefore they are properly speaking characteristics of capitalist development in general and not necessarily only of dependent capitalism. He further argues that such analyses are not surprisingly unable to show causal relationships between these characteristics and underdevelopment.

Lall argues that any concept of dependency which claims to be a theory of underdevelopment should satisfy two criteria:

(i) it must lay down certain characteristics of dependent economies which are not found in non-dependent ones;
(ii) these characteristics must be shown to affect adversely the course and pattern of development of the dependent countries (1975, p. 800).

If crucial features of 'dependence' can be found in both dependent and 'non-dependent' economies, the whole conceptual schema is defective. And if it does not satisfy the second criterion, that is, if particular features of dependency cannot be demonstrated to be causally related to underdevelopment, we would be faced not with a 'theory of Latin American underdevelopment' but simply with a catalogue of social, political, economic and cultural indicators, which will not help us to understand the dynamic of underdevelopment in Latin America.

Lall goes on to analyze the principal characteristics commonly associated with dependent economies and concludes that it appears that the technique is to pick off some salient features of modern capitalism as it affects some less developed countries and put them into a distinct category of dependence (1975, p. 806).

He goes on to consider the possibility that the characteristics associated with the dependent economies could have a particular cumulative effect when occurring together, but finds no conclusive evidence. He concludes then that such a concept of dependency applied to less developed countries is impossible to define and cannot be shown to be causally related to a continuance of underdevelopment (1975, p. 808).

It is not surprising then that one sometimes gets the impression on reading the literature that 'dependence' is defined in a circular manner: less developed countries are poor because they are dependent, and any characteristics that they display signify dependence (1975, p. 800).

Thomas Weisskopf (1976) takes Lall's analysis as a starting-point and provides empirical data to substantiate it. He shows that in terms of general economic growth many 'dependent' countries grow more rapidly than 'non-dependent' countries, and that this is particularly true as regards industrial growth. He therefore finds no empirical support for the 'dependency' theses of stagnation. He concludes my main point is that these aspects of underdevelopment (those which some attribute to dependency) cannot simply be attributed to dependency per se, for they are inherent in the operation of the capitalist mode of production whether or not it takes a dependent form. It is more appropriate to view dependence as aggravating conditions of underdevelopment that are inevitable under capitalism than to view dependence as a major cause of underdevelopment (1976, p. 21).

The most systematic critique is that of Cardoso, who argues that these 'theories' are
based on five interconnected erroneous theses concerning capitalist development in Latin America. These are:

(i) that capitalist development in Latin America is impossible,
(ii) that dependent capitalism is based on the extensive exploitation of labour and tied to the necessity of underpaying labour,
(iii) that local bourgeoisies no longer exist as an active social force,
(iv) that penetration by multinational firms leads local states to pursue an expansionist policy that is typically 'sub-imperialist', and
(v) that the political path of the sub-continent is at the crossroads, with the only conceivable options being socialism or fascism.

After rejecting one by one these erroneous theses upon which this line of analysis of dependency is based, and showing that they have been developed in order to support one another, Cardoso argues that in the case of Brazil the writers in question have in fact identified some of the conditions which give capital development its specificity. He shows, in his own words that some 'pieces of the puzzle are the same, but the way they go together . . . is different' (1973, p. 21).

For my part (see Palma, forthcoming), I would argue, following Cardoso's analysis, that these theories of dependency I have been examining are mistaken not only because they do not 'fit the facts', but also — and more importantly — because their mechanico-formal nature renders them both static and unhistorical.

The central nucleus around which the analysis of these dependency writers is organized is that capitalism, in a context of dependency, loses its historical progressive character, and can only generate underdevelopment. In this respect, I would argue that though it is not difficult to see that the specific forms of development adopted by capitalism in dependent countries are different from those of advanced countries (this development is marked by a series of specific economic, political and social contradictions — many of which have been correctly identified by these writers — and these contradictions appear to have become sharper with the passage of time), to leap from that assertion to the claim that for that reason capitalism has lost, or never even had, a historically progressive role in Latin America, is to take a leap into the dark. We need only recall Lenin's critique of the Narodniks (see pp. 892—893): their contemporaries are equally 'wrong in their facts'; for example, in my own analysis of the Chilean case (which covers the period from 1910 to 1970) I have shown that Lenin's criteria for assessing the progressiveness of capitalism — increase in the productive forces of social labour and in the socialization of that labour — were both met during the period under study.

Now, if the argument is that such processes have been manifested differently than in other capitalist countries, particularly those of the centre, or in diverse ways in the different branches of the Chilean economy, or that they have generated inequality at regional levels and in the distribution of income, have been accompanied by such phenomena as underemployment and unemployment, and have benefited the elite almost exclusively, or again that they have taken on a cyclical nature, then it does no more than affirm that the development of capitalism in Latin America, as everywhere else and at all times, has been characterized by its contradictory and exploitative nature. The specificity of capitalist development in Latin America stems precisely from the particular ways in which these contradictions have been manifested, and the different ways in which many Latin American countries have faced and temporarily overcome them, the ways in which this process has created further contradictions, and so on. It is through this process that the specific dynamic of capitalist development in different Latin American countries has been generated. In this connection we should recall that the whole of Lenin's analysis of the development of capitalism in Russia was a detailed study of the specific ways in which capitalism there temporarily overcame its contradictions, and that he criticized the Narodniks for transforming those contradictions into a proof that capitalism was impossible in Russia, and for failing to understand that the same contradictions were the very ones which were basic to capitalist development, and which took specific forms in Russia.

In this context, I would also argue that the form in which the concepts 'capitalist development' and 'capitalist underdevelopment' are used by these dependency writers does not seem adequate. (I now take up the point discussed on p. 901.)

Capitalist development is essentially a process of capital accumulation which produces as it evolves modifications in the composition of the productive forces, in resource allocation, in class relations, and in the character of the state: that is, which produces as it evolves modifications in the different structures of society. Whether the cyclical nature of capital accumulation or the modifications and contradictions
which this accumulation produces are or are not 'desirable' or 'optimal' is another question entirely.

To deny, as the 'contemporary Narodniks' do, that capitalist development is taking place in some countries in Latin America and in some parts of the rest of the periphery is no less than absurd. To recognize it on the other hand, as Lenin told the Narodniks, is quite compatible with the full recognition of the negative side of capitalism, and in no way an apology for it.

My personal judgement is that in their completely justifiable eagerness to denounce the negative side of capitalist development — its enormous social cost — to the analysis of which they have made significant contributions, they, like the Narodniks, have been unable to see the specificity of its historical progressiveness in Latin America. They have therefore thrown out the baby with the bath water.

The place which should have been occupied in their analyses by the study of this specificity of capitalist development in Latin America has unfortunately been occupied by easy but misleading concepts such as 'active development of ultra-underdevelopment', 'sub-imperialism', and 'lumpen-bourgeoisie'. Furthermore, they have disregarded the cyclical nature of capitalist accumulation, and to demonstrate their thesis of 'stagnation' they have taken empirical evidence mainly from the period from the mid-1950s to the mid-1960s, one of recession not only in Latin America but also in the whole of the periphery, and projected it as if it were a permanent characteristic of capitalism; that is, they treat a conjunctural phenomenon as if it were a permanent feature.49

The crucial point is that these errors of analysis have not only disfigured an important part of the production of social scientists in Latin America, but have also led to a great deal of distorted political analysis, along the lines that the local bourgeoisie no longer exists as an active social force, but has become 'lumpen', incapable of rational accumulation and rational political activity, dilapidated by its consumerism, and blind to its 'real' interest, and that as there is no possibility of capitalist development in Latin America the sub-continent is necessarily at the crossroads, forced to choose between an immediate socialist revolution or a permanent state of capitalist underdevelopment.50

Reading their political analysis one gets the impression that the whole problem around which the question of what course the revolution should take in Latin America revolves is that of whether or not capitalist development is viable there. In other words it seems that they deduce that if one accepts that capitalist development is feasible on its own terms one is automatically bound to adopt the political strategy of awaiting and/or facilitating such development until its full productive powers have been exhausted, and only then to seek to move towards socialism. As it is precisely this option which these writers wish to reject (as for them the revolution must take on an immediately socialist character), and as they seem to believe that they would be forced to adopt it if they accepted the possibility of any kind of capitalist development, they have been obliged to make a forced march back towards a purely and simplistically ideological position, and to make every analytical effort to deny dogmatically any possibility of capitalist development.

In my judgement this option is a false one. To take only one example, we may recall Marx's position regarding the development of capitalism in Russia. The viability of capitalism there did not preclude an immediate move towards socialism, for viability did not in itself imply necessity, any more than the mere existence of necessity, in any situation, implies viability.

Without wishing to undertake a prolonged analysis, I should like to suggest that the choice facing Latin America today regarding the character which the revolutionary struggle should adopt is much more complicated than the simplistic and apocalyptic 'now or never', 'all or nothing' approach of some dependency writers. It is precisely this retreat to a purely and simplistically ideological position, necessary if they were to deny the possibility of capitalist development and thus force the conclusion that the struggle should take on an immediately socialist nature, which has caused these analyses, despite the important contributions they have made to some aspects of the Latin American social sciences, to fail in their attempt to establish a new paradigm.51

If one agrees with Cardoso (1976, p. 1) that the standard that one has to use to assess the analytical adequacy, the interpretative and predictive capacity and the creative strength of new explanatory schema in the social sciences is the sensitivity with which they detect new social processes and the precision with which they are able to explain mechanisms of social reproduction and modes of social transformation, one should agree that the dependency analyses which have attempted to construct a formal theory of Latin American underdevelopment are of relatively low standard; they have been unable to meet these requirements
in their study of the economic development and political domination of Latin America.

To use their own language, by transforming dependency into a mechanico-formal theory of Latin American underdevelopment — thus losing the richness that a dialectical analysis would provide — these writers have underdeveloped the theory of dependency.

(i) Empirical work related to this approach to dependency

The attempt to transform dependency into a ‘theory of Latin American underdevelopment’, and in some cases even into a theory of underdevelopment in the whole of the periphery, was bound to succumb to the temptation to elaborate a corpus of formal and testable propositions which could by themselves explain ‘the laws of motion of dependent capitalist underdevelopment’. Similarly, the attempt to construct a theory of this nature was bound to appear a seductive challenge for that part of the North American academic world which is ever anxious to consume unidimensional hypotheses referring to clearly established variables. While some are concerned to contribute to making the theory of underdevelopment consistent and operational, and therefore seek to identify as clearly as possible a set of empirically testable hypotheses, with the aid of which they could construct a continuum running from ‘dependence’ to ‘independence’, others wish to demonstrate that this ‘theory’ has no ‘scientific status’, as it has not constructed to date a model whose hypotheses pass the various tests of significance. As Cardoso has said

instead of making a dialectical analysis of historical processes and of conceiving them as the result of struggle between classes and groups that define their interest and values in the process of the expansion of a mode of production, history is formalized and... the ambiguity, the contradictions and the disjunctions of the real are reduced to ‘operational dimensions’, which are by definition uniform but static (1976b, p. 15).

If one accepts (as I do) that the basic feature of the dependency analyses is their conception of the dynamic of the societies in question in terms of the specific form of their articulation into the world economy, then the mixing of data from different situations of dependency can be at most of secondary interest, if not of mere curiosity value; it can neither validate nor invalidate statements which should be presented as characteristic of specific situations of dependency.

This critique is by no means directed at the use of quantitative methods in the social sciences (after all, many studies which have attempted to make analyses of concrete situations of dependency, including my own, contain detailed quantitative work). The problem is not whether or not to measure: it is that, despite the horror that it provokes among logical positivists, there are fundamental differences between methodology in the social and the natural sciences. The differences are not only quantitative (e.g., minutes of computer time per printed page), but qualitative, concerning

what and how to measure as well as the methodological status of measuring (Cardoso and Faletto, 1977, p. 7).

For these reasons the criticism of these quantitative studies is not that they are quantitative, but that they have fallen into the same trap as the dependency writers that I have discussed so far, that of understanding dependency as a formal concept that can be made uniform and reduced to operational dimensions.

Undoubtedly the most sophisticated empirical study of this kind published so far is that of Chase-Dunn (1975). It is an attempt to test the effects of ‘dependency’ on economic development and income inequality. Chase-Dunn uses ‘investment dependency’ and ‘debt dependency’ as measures of a country’s dependent position, and finds strong support for the hypothesis that investment dependency inhibits economic development, but less support for the hypothesis that debt dependency does the same. He also finds support for the hypothesis that dependency is related to income inequalities, although he finds that the relationship is insufficiently statistically significant. He concludes that theories of dependency predict the effects of inputs from advanced nations to less developed ones better than neo-classical theories of international economy, or sociological theories of modernization.

A different attempt to test the theory is Kaufman et al (1975). The authors test several propositions from the literature of dependency, and find that some results show some support while others furnish negative evidence; therefore, they conclude, the study permits no definitive conclusions to be drawn about dependency theory one way or the other (1975, p. 329).

Pockenham (1976) attempts to study the Brazilian situation in terms of degrees of independence (sic), while Tyler and Wogart
necessary.; ' review of the ECLA analyses themselves will be the influence of ECLA's analyses was the thought. Before this can be discussed, a brief emergence of an attempt to reformulate its indicating the failure of the policies ECLA had been proposing since its foundation. Furthermore, the first attempts to introduce into the traditional ECLA analysis a number of ‘social aspects’ (Prebisch, 1963), far from strengthening the analysis, revealed its fragility (see Cardoso, 1977, p. 32).

The Keynesian tradition did not only emphasize the need for corrective state intervention in the economy, but also introduced into conventional economic analysis a series of variables previously considered ‘exogenous’ or ‘irrational’, such as income distribution, the interests of individuals, groups and nations, and market imperfections. That the ECLA analyses should have drawn their inspiration from Keynesianism in no way denies their originality; this lay in the way in which they applied the Keynesian analysis to the Latin American situation, and to the theory of economic development, to which the Keynesian tradition had hitherto paid little attention. The ECLA analysts produced the first major Latin American contribution to the social sciences, and furthermore went beyond the merely theoretical level to make concrete policy proposals on the basis of their theoretical work.

The nucleus of the ECLA analysis was the critique of the conventional theory of international trade (as expressed in the Hecksher–Ohlin–Samuelson model of Ricardo’s theory of international trade); it aimed to show that the international division of labour which conventional theory claimed was ‘naturally’ produced by world trade was of much greater benefit to the centre (where manufacturing production is concentrated) than to the periphery (which was destined to produce primary products, be they agricultural or mineral). There were according to ECLA two reasons for this: first, that factor and commodity markets

b. Dependency as a reformulation of the ECLA analysis of Latin American development

Towards the middle of the 1960s the ECLA analyses were overtaken by a gradual decline, in which many factors intervened. The statistics relating to Latin American development in the period after the Korean War presented a gloomy picture (see Booth, 1975, pp. 62–64) which was interpreted in different ways as indicating the failure of the policies ECLA had been proposing since its foundation. Furthermore, the first attempts to introduce into the traditional ECLA analysis a number of ‘social aspects’ (Prebisch, 1963), far from strengthening the analysis, revealed its fragility (see Cardoso, 1977, p. 32).

One of the results of the relative decline in the influence of ECLA’s analyses was the emergence of an attempt to reformulate its thought. Before this can be discussed, a brief review of the ECLA analyses themselves will be necessary.

ECLA itself attempted to reformulate the conventional theory of economic development, just as Keynesianism had set out to do with the central body of conventional economic theory. Baran (1957, p. 24) summarizes Keynes’s contribution as demonstrating that strong tendencies towards instability, economic stagnation and chronic under-utilization of resources, both human and material, are intrinsic to the market economy. For Keynes these are only ‘tendencies’, for he always stresses that they can be managed if the adequate counteracting measures are taken. That is, if individual and anonymous decisions tend to produce a series of disequilibria (with consequences as serious as the depression of the 1930s), they can be avoided by the collective decisions of individuals through the state (Keynes, 1932, p. 318). In this way Keynes was opposed not only to the conception of the ‘harmony of unregulated classical liberal capitalism’, but also to the traditional Marxist view that the growing and cumulative contradictions of capitalism would necessarily become unmanageable in the end. The Keynesian tradition did not only emphasize the need for corrective state intervention in the economy, but also introduced into conventional economic analysis a series of variables previously considered ‘exogenous’ or ‘irrational’, such as income distribution, the interests of individuals, groups and nations, and market imperfections.

That the ECLA analyses should have drawn their inspiration from Keynesianism in no way denies their originality; this lay in the way in which they applied the Keynesian analysis to the Latin American situation, and to the theory of economic development, to which the Keynesian tradition had hitherto paid little attention. The ECLA analysts produced the first major Latin American contribution to the social sciences, and furthermore went beyond the merely theoretical level to make concrete policy proposals on the basis of their theoretical work.

The nucleus of the ECLA analysis was the critique of the conventional theory of international trade (as expressed in the Hecksher–Ohlin–Samuelson model of Ricardo’s theory of international trade); it aimed to show that the international division of labour which conventional theory claimed was ‘naturally’ produced by world trade was of much greater benefit to the centre (where manufacturing production is concentrated) than to the periphery (which was destined to produce primary products, be they agricultural or mineral). There were according to ECLA two reasons for this: first, that factor and commodity markets
were more oligopolistic at the centre than in the periphery, and that therefore the benefits of trade were unequally distributed, leading to a long-term decline in the terms of trade for the periphery; and second, that as those writers who laid considerable emphasis upon the role of 'externality' suggested, there were a number of benefits associated with industrial production itself. That is, an international division of labour which concentrated industrial production at the centre and inhibited it in the periphery not only worked against the latter through its effect on the long-term trend in the terms of trade, but also because of the loss of a series of benefits proper to a process of industrialization.56

In other words, to achieve accelerated and sustained economic growth in Latin America a necessary condition (and, some ECLA writings seemed to suggest, a sufficient one) was the development of a process of industrialization. But this process of industrialization could not be expected to take place spontaneously, for it would be inhibited by the international division of labour which the centre would attempt to impose, and by a series of structural obstacles internal to the Latin American economies. Consequently, a series of measures were proposed, intended to promote a process of deliberate or 'forced' industrialization; they included state intervention in the economy both in the formulation of economic policies oriented towards these ends and as a direct productive agent. Among the economic policies suggested were those of 'healthy protectionism', exchange controls, the attraction of foreign investment into Latin American industry, the stimulation and orientation of national investment, and the adoption of wage policies aimed at boosting effective demand. The intervention of the state in directly productive activity was recommended in those areas where large amounts of slow-maturing investment were needed, and particularly where this need coincided with the production of essential goods or services.58

It is not particularly surprising that ECLA should have attracted its share of criticism, particularly as it went beyond theoretical pronouncements to offer packages of policy recommendations. It was criticized from sectors of the left for failing to denounce sufficiently the mechanisms of exploitation within the capitalist system, and for criticizing the conventional theory of international trade only from 'within' (see for example Frank, 1967, and Caputo and Pizarro, 1974). On the other hand, from the liberal right the reaction was immediate and at times ferocious; ECLA's policy recommendations were totally heretical from the point of view of conventional theory, and threatened the political interests of significant sectors. A leading critic in academic circles was Haberler (1957), who accused ECLA of failing to take due account of economic cycles, and argued that single factorial terms of trade would be a better indicator than the simple relationship between the prices of exports and imports.

On the political front, the liberal right accused ECLA of being the 'Trojan horse of Marxism', on the strength of the degree of coincidence between both analyses. Without doubt there was a significant degree of coincidence—both ideological and analytical—between the thought of ECLA and the post-1920 Marxist view of the obstacles facing capitalist development in the periphery, despite the fact that the language that they used and the premises from which they started were different. As I have shown, the central line of Marxist thought after 1920 argued that capitalist development in Latin America was necessary, but hindered by the 'feudal-imperialist' alliance; thus the anti-imperialist and 'anti-feudal' struggle had become at the same time a struggle for industrialization, with the state and the 'national bourgeoisie' depicted as potential historical agents in this necessary capitalist development. In the case of ECLA, as with the Marxists, the principal obstacle to development (ECLA chose to speak of the 'principal obstacle' rather than the 'principal enemy') was located overseas, and ECLA shared with the Marxists the conviction that without a strenuous effort to remove the internal obstacles to development (the traditional sectors) the process of industrialization would be greatly impeded.59

Furthermore, the coincidence between crucial elements in the analysis of the two respective lines of thought is made more evident by the fact that the processes of reformulation in each occurred simultaneously. Thus when it became evident that capitalist development in Latin America was taking a path different from that expected, a number of ECLA members began a process of reformulation of the traditional thought of that institution, just at the time that an important sector of the Latin American left was breaking with the traditional Marxist view that capitalist development was both necessary and possible in Latin America, but hindered by the 'feudal—imperialist' alliance. Not only did the different processes of reformulation take place at the same time, but
despite the apparently growing divergencies (particularly seen in the vocabulary adopted), they had one extremely important element in common: pessimism regarding the possibility of capitalist development.

As regards the attempt to reformulate the thought of ECLA, it was undoubtedly the sombre picture presented by their own statistics on Latin America (ECLA, 1963) which wrought the effect which the Cuban revolution had had on thinking within the other group. In the terminology of Kuhn (1962, 1972) they sought to change their paradigm. The process of import-substituting industrialization which ECLA recommended seemed to aggravate balance-of-payments problems, instead of alleviating them; foreign investment was not only in part responsible for that (as after a certain period of time there was a net flow of capital away from the sub-continent), but it did not seem to be having other positive effects that ECLA had expected; real wages were not rising sufficiently quickly to produce the desired increase in effective demand — indeed, in several countries income distribution was worsening; the problems of unemployment were also growing more acute, in particular as a result of rural—urban migration; industrial production was becoming increasingly concentrated in products typically consumed by the elites, and was not having the 'ripple effect' upon other productive sectors of the economy, particularly the agricultural sector.

The bleak panorama of capitalist development in Latin America led to changes in the 'pre-theoretical entity' (to return to the language of Kuhn) in ECLA thinkers, but it strengthened the convictions of the dependency writers I reviewed earlier. The former were faced with the problem of trying to discover why some of the expected consequences of industrialization on the course of development were not being produced, the latter denied with greater vehemence the least possibility of dependent capitalist development.

The pessimism with regard to the possibilities of capitalist development in Latin America which was the keynote of the works written by both groups during this period was in each case accompanied by the same error: the failure to take duly into account the cyclical pattern characteristic of capitalist development.

The irony was that while both groups were busy writing and publishing different versions of stagnationist theories (the most sophisticated perhaps being Furtado, 1966), international trade was picking up, the terms of trade were changing in favour of Latin American exporters of agricultural and mineral products, and some countries were able to take advantage of the favourable situation and accelerate rapidly the rhythm of their economic development. Thus, as Cardoso (1977, p. 33) remarks, 'history had prepared a trap for pessimists'.

Perhaps the other distinctive aspect of this line of Latin American thought was that it made a basically ethical distinction between 'economic growth' and 'economic development'. According to this, development did not take place when growth was accompanied by:

(i) increased inequality in the distribution of its benefits;
(ii) a failure to increase social welfare, in so far as expenditure went to unproductive areas — or even worse to military spending — or the production of unnecessarily refined luxury consumer durables;
(iii) the failure to create employment opportunities at the rate of the growth in population, let alone in urbanization; and
(iv) a growing loss of national control over economic, political, social and cultural life.

By making the distinction in these terms, their research developed along two separate lines, one concerned with the obstacles to growth (and in particular to industrial growth), the other concerned with the perverse character taken by development. The fragility of such a formulation consists in its confusing a socialist critique of capitalism with the analysis of the obstacles of capitalism in Latin America. For a review of these issues see Faria (1976, pp. 37—49).

But if the attempt at reformulation which followed the crisis in the ECLA school of thought did not succeed in grasping the transformations which were occurring at that moment in time in the world capitalist system, it did in time produce together with the abandonment of stagnationist theories, a movement towards a more structural—historical analysis of Latin America. The first substantial critique of stagnationist theories came from Tavares and Serra (1970). Pinto (1965, 1974) in his turn, less seduced throughout by those theories, discussed the concept of structural heterogeneity, and the process of 'marginalization of the periphery' (Pinto and Knakel, 1973). Vuscovich (1970) studied the 'concentrated and exclusive' character of Latin American development, and later (1973) analysed the way in which the economic policy of the Unidad Popular government had to adjust itself to the constraints, both political and economic, facing Chile at that moment in time. Sunkel (1973a; Sunkel and Paz, 1970)
studied the relationship between internal economic problems and the world capitalist system, in an attempt to show that development and underdevelopment were two sides of the same coin. His most significant contribution is his analysis of the process by which international integration leads to greater national disintegration in the less developed countries; this work was complemented by analyses of the effects of multinational corporations in Latin America (1972, 1973b, 1974). He later went on to write with Cariola a revealing analysis of the relationship between the expansion of nitrate exports and socio-economic transformations in Chile between 1860 and 1930 (1976), and the effects which this had on class formation in Chile (1977).

c. A methodology for the analysis of concrete situations of dependency

In my critique of the dependency studies reviewed so far I have already advanced the fundamental elements of what I understand to be the third of the three approaches within the dependency school. It is primarily related to the work of the Brazilian sociologist Fernando Henrique Cardoso, dating from the completion in 1967 of Dependencia y Desarrollo en America Latina, written with the Chilean historian Enzo Faletto.

Briefly, this third approach to the analysis of dependency can be expressed as follows:

(i) In common with the two approaches discussed already, this third approach sees the Latin American economies as an integral part of the world capitalist system, in a context of increasing internationalization of the system as a whole; it also argues that the central dynamic of that system lies outside the peripheral economies and that therefore the options which lie open to them are limited by the development of the system at the centre; in this way the particular is in some way conditioned by the general. Therefore a basic element for the understanding of these societies is given by the 'general determinants' of the world capitalist system, which is itself changing through time; the analysis therefore requires primarily an understanding of the contemporary characteristics of the world capitalist system. However, the theory of imperialism, which was originally developed to provide an understanding of that system, had remained practically 'frozen' where it was at the time of the death of Lenin until the end of the 1950s. During this period, capitalism underwent significant and decisive stages of development and the theory failed to keep up with them. The depression of the 1930s, the Second World War, the emergence of the United States as the undisputed hegemonic power in the capitalist world, the challenge of the growing socialist bloc, and its attendant creation of new demands on the capitalist world if its system were to be maintained, the decolonization of Africa and Asia, and the beginning of the process of the transnationalization of capitalism had all contributed to create a world very different from that which had confronted Lenin. As the theory of imperialism once again began to place itself at the centre of Marxist analysis this failure to make any theoretical advance began to make itself felt; the transformations which had occurred and which continued to occur were slowly if at all incorporated into its analysis. Contributions as important as those of Gramsci and Kalecki have remained almost unintegrated until very recently.

One characteristic of the third approach to dependency, and one which has been widely recognized, has been to incorporate more successfully into its analysis of Latin American development the transformations which are occurring and have occurred in the world capitalist system, and in particular the changes which became significant towards the end of the 1950s in the rhythm and the form of capital movement, and in the international division of labour. The emergence of the so-called multinational corporations progressively transformed centre-periphery relationships, and relationships between the countries of the centre. As foreign capital has increasingly been directed towards manufacturing industry in the periphery, the struggle for industrialization, which was previously seen as an anti-imperialist struggle, has become increasingly the goal of foreign capital. Thus dependency and industrialization cease to be contradictory, and a path of 'dependent development' becomes possible.

(ii) Furthermore, the third approach not only accepts as a starting-point and improves upon the analysis of the location of the economies of Latin America in the world capitalist system, but also accepts and enriches their demonstration that Latin American societies are structured through unequal and antagonistic patterns of social organization, showing the social asymmetries and the exploitative character of social organization which arise from its socio-economic base, giving considerable importance to the effect of the diversity of natural resources, geographic loca-
tion, and so on of each economy, thus extending the analysis of the ‘internal determinants’ of the development of the Latin American economies.

(iii) But while these improvements are important, the most significant feature of this approach is that it goes beyond these points, and insists that from the premises so far outlined one arrives only at a partial, abstract and indeterminate characterization of the Latin American historical process, which can only be overcome by understanding how the general and specific determinants interact in particular and concrete situations. It is only by understanding the specificity of movement in these societies as a dialectical unity of both, and a synthesis of these ‘internal’ and ‘external’ factors, that one can explain the particularity of social, political and economic processes in the dependent societies. Only in this way can one explain why, for example, the single process of mercantile expansion should have produced in different Latin American societies slave labour, systems based on the exploitation of indigenous populations, and incipient forms of wage labour.

What is important is not simply to show that mercantile expansion was the basis of the transformation of the Latin American economies, and less to deduce mechanically that that process made them capitalist, but to avoid losing the specificity of history in a welter of vague abstract concepts by explaining how the mercantilist drive led to the creation of the phenomena mentioned, and to show how, throughout the history of Latin America, different sectors

of local classes allied or clashed with foreign interests, organized different forms of state, sustained distinct ideologies or tried to implement various policies or defined alternative strategies to cope with imperialist challenges in diverse moments of history (Cardoso and Faletto, 1977, p. 12).

The study of the dynamic of the dependent societies as the dialectical unity of internal and external factors implies that the conditioning effect of each in the movement of these societies can be separated only by making a static analysis. Equally, if the internal dynamic of the dependent society is a particular aspect of the general dynamic of the capitalist system, that does not imply that the latter produces concrete effects in the former, but finds concrete expression in them.

The system of ‘external domination’ re-appears as an ‘internal’ phenomenon through the social practices of local groups and classes, who share its interests and values. Other inter-

We conceive the relationship between external and internal forces as forming a complex whole whose structural links are not based on mere external forms of exploitation and coercion, but are rooted in coincidences of interests between local dominant classes and international ones, and, on the other side, are challenged by local dominated groups and classes. In some circumstances, the networks of coincident or reconciliated interests might expand to include segments of the middle class, if not even of alienated parts of working classes. In other circumstances, segments of dominant classes might seek internal alliance with middle classes, working classes, and even peasants, aiming to protect themselves from foreign penetration that contradicts its interests (1977, pp. 10–11).

There are of course elements within the capitalist system which affect all the Latin American economies, but it is precisely the diversity within this unity which characterizes historical processes. Thus the effort of analysis should be oriented towards the elaboration of concepts capable of explaining how the general trends in capitalist expansion are transformed into specific relationships between men, classes and states, how these specific relations in turn react upon the general trends of the capitalist system, how internal and external processes of political domination reflect one another, both in their compatibilities and their contradictions, how the economies and polities of Latin America are articulated with those of the centre, and how their specific dynamics are thus generated.

Nevertheless, I do not mean to support a naïve expectation that a correct approach to the analysis of dependency would be capable of explaining everything; or that if it does not yet do so, it is necessarily due to the fact that the method was wrongly applied, or has not yet been developed enough. I do not have any illusions that our findings could explain every detail of our past history, or should be capable of predicting the exact course of future events, because I do not have any illusions that our findings can take out from history all its ambiguities, uncertainties, contradictions and
surprises. As it has done so often in the past, history will undoubtedly continue to astonish us with unexpected revelations — as unexpected as those that astonished Lenin in 1917 (see page 894).

It is interesting to note that Cardoso’s work on dependency was preceded by a series of concrete analyses of aspects of Brazilian history and contemporary sociology which foreshadowed in many ways his later positions. Cammack (1977) argues that his analysis of slavery in southern Brazil (Cardoso, 1960, 1962) provides an explicit characterization of the specific contradictions of subordinated development, although within the context of a single nation, and for a time at least under conditions of colonial rule. He states that

the characterization of capitalist development in a peripheral economy (the description given to the south of Brazil) stresses that it is dynamic, but that the process of capital accumulation is incomplete, and marked by contradictions not found in classical forms of capitalist development (Cammack, 1977, p. 10).

Cammack thus shows how these early works provide the basis for a rejection of the stagnationist theses; he also demonstrates that there is in the discussion of the contradictory nature of slave labour an implicit rejection of the ‘feudal’ and ‘super-exploitation of labour’ theses concerning Latin American development. However, it was research conducted in the early 1960s into the political position of the ‘national bourgeoisie’ that convinced Cardoso that the class structure of Brazil was essentially different from that which had served as its implicit model, derived from classical Marxist analysis of the development of class relations in the advanced countries of Western Europe.

It is thus through concrete studies of specific situations, and in particular class relations and class structure in Brazil that Cardoso formulates the essential aspects of the dependency analysis. As Cammack notes, Cardoso denies elsewhere, in ‘Althusserismo o marxismo? A proposito del concepto de clases en Poulantzas’ (in Cardoso, 1972b), a critique of Poulantzas (1972), that there are any ‘general categories’ within Marxism.70

In my view, some of the most successful analyses within the dependency school have been those which analyse specific situations in concrete terms. A case in point is Chudnovsky (1974), who after analysing the effect of multinational corporations in Colombia, goes on to relate it to the theory of imperialism. For other successful attempts at concrete analysis, one should consult the already mentioned works of Laclau (1969), Pinto (1965, 1974), Cariola and Sunkel (1976, 1977), and Singer (1971).

4. BY WAY OF A CONCLUSION

Throughout this survey of dependency studies relating to Latin America71 I have shown that there is no such thing as a single ‘theory of dependency’; under the dependency label we find approaches so different that we may at best speak of a ‘school of dependency’. The principal common element in these approaches is the attempt to analyse Latin American societies through a ‘comprehensive social science’, which stresses the socio-political nature of the economic relations of production; in short, the approach is one of political economy, and thus an attempt to revive the 19th and early 20th century tradition in this respect.

From this perspective there is a critique of those who divide reality into dimensions analytically independent of each other and of the economic structures of a given society, as if these elements were in reality separable. Thus the dependency school offers an important critique of such approaches as Rostow’s ‘stages of growth’, ‘modern—traditional’ sociological typologies, dualism, functionalism, and in general all those which do not integrate into their analysis an account of the socio-political context in which development takes place.

Nevertheless, as I have attempted to show, not all the approaches within the dependency school are successful in showing how these distinct spheres — social, economic and political — are related.

I have criticized those who fail to understand the specificity of the historical process of the penetration of capitalism into Latin America, and only condemn its negative aspects, complementing their analysis with a series of stagnationist theses, in an attempt to build a formal theory of underdevelopment. These are mistaken not only because they do not ‘fit the facts’, but because their mechanico-formal nature renders them both static and unhistorical. They have thus developed schemas unable to explain the specificity of economic development and political domination in Latin America: indeed, their models lack the sensitivity to detect the social processes of Latin America, and are unable to explain with precision the mechanisms of social reproduction and modes of social transformation of these societies. This leads them to use vague and
imprecise concepts, as vague and imprecise as those used at the other end of the political spectrum, as for example the 'Brazilian miracle'.

I have also criticized those who fail to understand that capitalist development will necessarily take place on its own terms, 'warts and all', and who hope that it could produce a just distribution of income, wealth and power.

Finally, I have shown that we find in these analyses a methodology adequate for the study of concrete situations of dependency, from which concrete concepts and theories can be developed; and from which strategies of development can be set up in terms of specific situations of each society, with economic analysis placed within clear social and political coordinates.

Attention to the social and political context in which development takes place (or fails to take place) may avoid the investment of time and energy in the preparation of strategies which stand little chance of being properly put to the test. How can this be avoided? Perhaps by benefiting from the insights of the best work of the dependency school, re-uniting quantitative studies with historical-structural analysis, thus ending the 'dialogue of the deaf' and recognizing the truth, in its broadest sense, of a comment made by Dudley Seers (1963): 'Economics is the study of economies'. After all, development strategists have one thing at least in common with Marx - they want not only to understand reality, but also to transform it.

NOTES

1. Those who are already familiar with the basic tenets of Marxism will excuse a brief and necessarily superficial digression here.

2. As for example the subjective or psychological elements discussed by Schumpeter (1919), such as the existence of a decadent military aristocracy, or an underemployed middle class of the supposedly mystical aims of a Catholic Empire.

3. It is for this reason that to accept and recognize this interaction between base and superstructure does not lead to a circular explanation of human relations, nor to the deduction that these are the product of 'separable' factors among which the economic factor is the 'determinant'.

4. A concrete expression of this fact is that so much emphasis is placed upon the creation of revolutionary consciousness and the importance of a vanguard party.

5. For an analysis of Marx's discussion of the process of labour in general and the alienation of labour under capitalist relations of production in particular see Echeverria (forthcoming).

6. Marx himself recognizes the possibility of 'unequal relationships' between, for example, art and the development of material production at some stages of history.

7. For a discussion of Marx's scientific method see Sweezy, 1942; Meek, 1956; Ryan, 1972; Vygodski, 1974; Carver, 1975; Howard and King, 1975.

8. For a further discussion of this, see Dobb, 1937; Robinson, 1942; Sweezy, 1942; Meek, 1956; Horrowitz, 1968; Mandel, 1970; Freedman, 1971; Howard and King, 1975.

9. Marx has generally been interpreted as predicting that the relative standard of living of the working class would tend to decline, in the sense that the percentage of the GNP accruing to the working class would tend to fall (see for example McLellan, 1975, pp. 53–56). I would argue that when Marx analysed capitalism's need to separate the property of the means of production from the working class, he was specifically predicting their condemnation to 'absolute poverty', and not necessarily to a decline in their standard of living - either relative or absolute - or in his words, to 'absolute poverty: poverty not as shortage, but as total exclusion of objective wealth' (1859, p. 296).

10. For a classification of different Marxist and non-Marxist approaches to imperialism, see Fieldhouse, 1961.

11. Althusser, 1967, distinguishes between a general theory, regional theories, and sub-regional theories; examples have been provided in Harnecker, 1969. pp. 227–231.

12. I am here closely following Sutcliffe, 1972b, p. 320.


15. This is due in part to the experience of the transitions of socialism, and to the existence today of developed socialist economies which can provide what otherwise would have been obtained from capitalist development.

16. For further discussions of the Asiatic mode of

17. The great importance of these statements towards the end of Marx’s life is that they show that he saw history not as a mechanical continuum of discrete stages through which each society must pass, but as a process in which the particularity of each historical situation had an important role to play. His position regarding the Russian case illustrates well the flexibility of his approach, which was informed by the dialectical unity of subjective and objective factors. Stalin (1934, p. 104) would later pervert this approach, stating that the Soviet form of dictatorship of the proletariat was ‘suitable and obligatory for all countries without exception, including those where capitalism is developed’, thus condemning all countries except the USSR to have no history of their own.


19. For a further discussion, see Caputo and Pizarro, 1974, pp. 135–145; O’Brien, 1975, p. 21.

20. Similarly, Lukacs stresses, in his preface to the 1967 edition of Geschichte und Klassenbewusstsein (1923), that his work should be seen with an eye to the factional disputes of the time at which he wrote it.

21. Even less could it explain why it was precisely the Social Democratic groups of France, Italy, Germany and England who were the first to break the agreements taken in Congress after Congress during the Second International to oppose the war on account of its imperialist nature. The only ones to stand by those agreements were the Russians, both Bolsheviks and Mensheviks, and some minority groups in other countries, such as Luxemburg’s followers in Germany. The Russian left opposed the granting of war credits in the Duma. Later the Mensheviks followed the line of Social Democrats elsewhere, as did some Bolshevik groups. Those in Paris enrolled in the French Army, and Plechanov, the ‘father of Russian Marxism’ and collaborator with Lenin for many years, went so far in their support, according to Lenin’s widow, Krupskaya, (1930, p. 247) ‘to make a farewell speech in their honour’.

22. This point is emphasized by Lukacs, 1924, p. 75; it is important not to seek in the essay what Lenin did not set out to provide, an ‘economic theory’ of imperialism; in this respect Lenin is largely content to follow Hobson, 1902, and Hilferding, 1910. The substantive element of his criticism is in the analysis of the effect which economic changes have on the world capitalist system in general, and on the class struggle in individual countries in particular. Approaches to Lenin’s work from different points of view have led to some misguided criticism; for a summary of it see Sutcliffe, 1972b, pp. 370–375.


25. The Narodniki were a group of intellectuals and a series of terrorist groups who were the leading Russian revolutionaries during the last three decades of the 19th century, reaching its peak in the 1870s. From this group emerged later the ‘Social Revolutionaries’, a party which played an important role in the period from February to October 1917, and of which Kerensky was a member. The base of the party was fundamentally peasant, although it had some strength in the towns, dominating the first democratic municipalities, many soviets, and some sectors of the army. The Narodniki were a complex group of 18th century Enlightenment materialists and radicals in the tradition of the French Revolution; their theoretical roots were in Marxism, their political practice was inspired by anarchism. The first translation of Capital, by a Narodnik, appeared as early as 1872.

26. The peasant commune, a system of common land tenure with periodical redistribution of individual allotments, prevailed under serfdom and survived its abolition in 1861.

27. They went on to explain the ambiguity of the class position of the peasant as follows: ‘if by a chance they are revolutionaries, they are so only in the view of their impending transfer to the proletariat; they thus defend not their present, but their future interest; they desert their own standpoint to place themselves at that of the proletariat’.

28. A year later, and only a year before he died, Marx (with Engels) returned to the theme in a new preface to the Russian edition of the Communist Manifesto, using similar arguments. Ten years later, Engels would affirm that if there had ever been a possibility of avoiding capitalist development in Russia there was no longer. The Russian commune was by then part of the past, and Russia could therefore not escape passage through the stage of capitalism.

29. Thus for example a year before (in February 1898) in the founding Congress of the ‘Russian Social Democratic Workers’ Party’ (the first concerted attempt to create a Russian Marxist party on Russian soil, and the forerunner of the Russian Communist Party (Bolshevik), delegates stressed that the principal dilemma of the Russian revolution was the incapacity of the bourgeoisie to make its own revolution; from that they derived the consequent need to extend to the proletariat to leadership in the bourgeois democratic revolution. In this context they stated, ‘The farther east one goes in Europe, the weaker, meaner
and more cowardly in the political sense becomes the bourgeoisie, and the greater the cultural and political tasks which fall to the lot of the proletariat' (cited in Carr, 1966, Vol. 1, p. 15).

30. It was only some years later that Stalin developed his well-known thesis of 'Socialism in one country'.

31. Lenin's widow herself has testified to the great surprise with which Lenin received the news of the February revolution. See Krupskaya, 1930, p. 286.

32. For a general discussion of the problems of late industrialization see Gerschenkron, 1952; for a discussion of the impact of the expansion of capitalism into backward nations, see Rey, 1971.

33. In 1824 the British Chancellor, Lord Canning, made an oft-quoted statement: 'Spanish America is free, and if we do not badly mismanage our affairs, she is English'. History would prove that his optimism was justified.

34. It is surprising that other lines of Marxist analysis were practically absent in the debate: Trotsky's work, for example, was not influential, or at least, not acknowledged as influential, despite his important contributions, and in particular that of 1930, in which he insisted that the specific historical circumstances of individual countries would preclude their repeating the path to capitalist development traced out by the advanced nations.

35. It should be noted that this did not preclude, for example, an alliance with small rural producers. For a full account of the whole controversy mentioned briefly here see Suarez, 1967.

36. A characterization is abstract in the Marxist sense when it is based on partial or indeterminate relationships. See Luporini, 1965, and Sassoon, 1965.

37. Baran enriches the theoretical framework of this line of Marxist thought. See also Baran and Sweezy, 1966, and Mandel, 1968.

38. Hence, according to Frank, the continual failure of attempts, such as those in Latin America in the 1830s, to weaken the metropolis—satellite chain. See Frank, 1967, pp. 57–66.

39. For the presentation of dualist analyses see Lewis, 1954, 1958; Jorgenson, 1961, 1967; Fei and Ranis, 1964. Other critiques of dualism have come from Griffin, 1969; Lacroix, 1969; Novack, 1970; Singer, 1970; Rwemamu, 1971; Cole and Saunders, 1972; and Seligson, 1972. The thesis that Latin America had been capitalist since colonial times had previously been advanced by Bagu, 1949, and Vitale, 1966.

40. Frank himself has kept his audience up to date with the growing bibliography relating to his own work (Frank, 1972, 1974, 1977). Here we would only mention a critique commonly made of Frank, of other dependency writers, and of Marxists in general, regarding the role of ideology in their analysis (see for example Nove, 1974). Marxist analysis, as a general rule, springs simultaneously from political and intellectual praxis, and therefore only on a logical level is it possible to make a clear distinction between 'concept' and 'history', and between 'theory' and 'practice'. From this point of view it is only of formally scholastic interest to claim that a concept is generated 'impure', and 'stained' with ideology. This is how any theory emerges in the social sciences. As Cardoso (1974, p. 328) states, 'ideology reflects the real inversely and at times perversely'. To criticize Frank and other authors because their concepts are 'impregnated' with ideology is only to state the obvious; to criticize them because their ideology reflects reality perversely may be an important element of a critique of their work. For further ideas relating to this subject see Larrain, 1977.

41. Laclau (1971) points out that by restricting his analysis to the circulation of capital, Frank fails to realize that integration into the world economy sometimes even strengthens pre-capitalist relations of production; it does not follow however that if such relations were not capitalist they were feudal (Cardoso, 1974b). In my judgement, the frequent use of the term 'feudal' to characterize pre-capitalist relations of production in Latin America illustrates the folly of purely theoretical analysis. It is precisely the lack of concrete analysis which leaves a vacuum, and there is a tendency to fill it with concepts developed for other situations. It is time to attempt to analyse the Latin American experience in terms of categories derived from its own history, rather than continue to squeeze her history into Western European categories. For interesting studies of pre-capitalist relations in Latin America see Cardoso, 1960, 1962; Glauerc, 1971; Barbosa-Ramirez, 1971.

42. Frank of course also criticized models of economic development such as that of Rostow, which claimed that all nations could and should follow the same path. For a discussion of Frank and Rostow, see Foster-Carter, 1976.

43. For an analysis of the work of Dos Santos see Fausto, 1971.

44. For a critique of Marini, see Lacau, 1971, pp. 83–88; Cardoso, 1973, pp. 7–11. See also Marin's earlier works (Marini, 1969, 1972a).

45. This consists, according to Hinkelammert, of two factors: (1) the capacity to import is determined by the sale of raw materials to the countries of the developed world, and (2) it is impossible to substitute the exporting of raw materials with exports of manufactured goods.

measures to avoid this.

features which capitalism has shown are the cyclical of affairs. Both forget that the basic permanent wealth, particularly when the state does not take tendency towards the concentration of income and point of the cycle and project it as a permanent state others, who (as we shall see later) focus upon the high

growth in national income derived of industrial production may overstate, in some cases high; the repatriation of profits carried by foreign capital may be high, and in that case the growth rate of industrial production may overstate, in some cases significantly, the growth in national income derived from industry.

This error is the reverse of that committed by others, who (as we shall see later) focus upon the high point of the cycle and project it as a permanent state of affairs. Both forget that the basic permanent features which capitalism has shown is the cyclical character of capital accumulation and the spontaneous tendency towards the concentration of income and wealth, particularly when the state does not take measures to avoid this.

See for example the works of Regis Debray, 1970.
See Kuhn, 1962, 1972.

Among the many analyses of the thought of ECLA the best are Hirschman, 1961, 1967, and Cardoso, 1977. ECLA itself has contributed a good synthesis, in ECLA, 1969.

It is not coincidental that Prebisch published a study of Keynes before he made his first contributions to ECLA. For a short and systematic exposition of Prebisch's main ideas see Bacha, 1974; for a full bibliography, see Di Marco (ed.), 1972.

That is, instead of initiating analysis from a perspective such as that of Hicks (1969, p. 160): 'If there were no nations ... the absorption of the whole human race into the ranks of the developed world would be relatively simple', Keynesian analysis takes the existence of nations as the starting-point for economic analysis, not as an obstacle to it (Robinson, 1970; Knapp, 1973, etc.) For an interesting analysis of the different perspectives of neo-classical, Keynesian and Marxist economics, see Barrat-Brown, 1974.

See Hecksher, 1919; Ohlin, 1933; and Samuelson, 1939. For a full account of the theory see Bhagwati, 1969.

A tradition inaugurated by Marshall, 1890, and continued by Young, 1928. It was later taken up by Scitovsky, 1954; Nurkse, 1955; Rosenstein-Rodan, 1957; Myrdal, 1957, etc.

For Di Tella, 1973, this traditional emphasis upon 'externalities' is no more than an attempt, not always conscious, to reconcile two contradictory phenomena — the constant fall in industrial production costs and the necessity to work with a rising cost curve at the level of the firm — if one wishes to assume the possibility of the existence of perfect competition. Di Tella attempts to show that the only way in which both phenomena can be reconciled is through the addition of a further element to the analysis: externalities. He argues that if one accepts that the cause of decreasing costs lies in internal economies of scale, it must follow that the type of competition intrinsic to industrial production is oligopolistic, not perfect (p. 26). It would therefore be pointless to attempt to reconcile decreasing costs with a scheme of perfect competition 'through a theoretical interpretation of external economies, of dubious relevance to the modern world' (p. 27). If one accepts Di Tella's argument, one should conclude that the two points on which the ECLA critique was based are basically one and the same.

This is the case for example with steel, where heavy investment is called for with no prospect of an early return, where the productive process involved and particularly the crucial importance of internal economies of scale, practically ensure that the market will be dominated if not monopolized by a single producer, and where the strategic role of the product as an essential input for a wide range of industrial production makes it particularly important that a producer should not exploit his monopoly or oligopoly position; it was therefore considered an ideal case for state investment.

Among the structural obstacles to which attention was repeatedly drawn from the very beginning of the ECLA analyses were archaic patterns of land ownership, the low effective demand due to the low level of wages, and rigidities in the tax system which made it difficult to increase public revenues. See ECLA, 1949, and Prebisch, 1950.

One of the characteristic elements of the critique of ECLA policies regarding foreign capital is its insistence that there is a tendency in Latin America to a net outflow of capital (for empirical evidence on this point see Caputo and Pizarro, 1974, and Booth, 1975). This criticism is generally correct, but misdirected; for if the effect of foreign capital is analysed only from the point of view of capital flow, and supposing that all its profits are repatriated, the point is an obvious one. For the net flow of capital to be into Latin America, the rate of growth of foreign investment would have to be not simply geometric, but hypergeometric (see Palma, forthcoming). The essential problem is to analyse the effect of foreign capital from a perspective which looks beyond capital flows and also asks why foreign capital tends to
repatriate profits, and not to reinvest them. For a revealing analysis of this point, see Griffin, 1974.

61. In other words, if the Cuban revolution provided the basis for the adoption by other sectors of the left of the analysis which called for an immediate transition to socialism, it was the 'bleak panorama of capitalist development' in the early 1960s which finally brought them into that camp.

62. For the discussion of stagnationist theses, see pp. 37-41; for that regarding 'distorted' development, pp. 42-49.

63. And thus lacking what was perhaps the most important element of the creative and original aspects of the first ECLA analyses.

64. In the meantime, furthermore, ECLA as an institution continued to produce weighty reports, of which the most outstanding is that of 1965.

65. For a collection and discussion of articles concerning the different aspects of the government of the Unidad Popular, see Palma (ed.), 1973.

66. For a good collection of Gramsci's work (the most original contribution to Marxist thought since Lenin), see Gramsci, 1971.


69. This does not mean, as Warren (1973) seems to argue, that it became possible throughout the periphery.

70. Cardoso has always stressed that the fundamental issue (at a logical level) is above all theoretical-methodological (See Cardoso, 1974, 1976b, 1977 (with Faletto)).

71. For other surveys of dependency literature, see Chilcote, 1974 and O'Brien, 1975. For a survey of the literature relating to the Caribbean, see Girvan, 1973.

72. It is not surprising therefore that the most penetrating analyses of Brazilian economic development are found in dependency analyses already cited, or in those which place the post-1967 boom in its historical context. For example, Bacha (1977) shows how the aggregate Brazilian economic growth from 1968 to 1974 is not a 'miracle', but conforms rather closely to the cyclical growth pattern of the Brazilian economy in the post-war period.

73. In this context we might recall a comment quoted by Sanyaga Lall in a 1976 essay. The comment, from a World Bank/IDS study, is a poignant admission of the fate of many 'fairytale' development strategies: 'There are a number of regimes for which the strategy proposed in this volume is "out of court". Some are dominated by entrenched elites who win relinquish nothing to the underprivileged except under duress of armed force. Others have attacked successfully the cause of poverty by means far more direct and radical than those discussed here. Yet that still leaves a considerable range of societies for which the strategy is at least plausible, even though in some of them the likelihood that it will be adopted with any vigour is remote' (quoted in Lall, 1976, p. 192).

74. See Cardoso, 1976b, p. 15.

75. See Feuerbach Theses, No. 11, in Marx, 1845.
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