

A photograph of a man in a light blue short-sleeved shirt and dark trousers sitting on a red motorcycle. He is looking to his right. The motorcycle has a silver headlight and a newspaper hanging from the handlebars. In the background is a Gucci store window with a large advertisement featuring a woman in a white dress. The scene is on a city street with other motorcycles blurred in the background. A red and white striped pole is on the left.

Theories and Practices of Development

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Structuralism, neo-Marxism and socialism

- Marxist theories of development
- Structuralism and dependency theories
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The state has an important role to play in all approaches to ‘development’. This may be providing a system of regulation, law and order within which the market can operate efficiently, as the theories discussed in the previous chapter argued, or the state can be far more interventionist in the workings of the economy. In the previous chapter we considered the role of the state within Keynesian approaches to development and economic growth. In this chapter the focus will be on theories which have been used to justify much greater state involvement.

Marxist theories of development

Karl Marx’s theory of development or progress bore similarities to that of the linear stages models described in the previous chapter. For example, in the introduction to the first volume of *Capital* he stated, ‘The country that is more developed industrially only shows to the less developed, the image of its own future’ (Marx 1909: xvii). However, the end point, while also having similarities in the focus on urban and industrial life, was very different in social and political terms. Capitalism was regarded as just one stage in a transition; pre-capitalist societies, which Marx differentiated as ‘Asiatic’, ‘ancient’ or ‘feudal’, would be replaced by capitalism, which would be usurped by socialism. Under a socialist or communist regime there would be communal ownership rather than private property and

individuals would work according to their abilities and would be provided with according to their needs (Table 3.1). While Marx's ideas have often been interpreted as describing the transition that would happen in all societies, he recognized the European bias of his work and accepted that the process may be different outside Europe (Sheppard *et al.* 2009: 61–3).

The central feature of Marx's analysis was the relationship between capital and labour. The stages outlined above represented different 'modes of production', in that at each stage there was a different combination of 'means of production' and 'relations of production' (Box 3.1). Under pre-capitalist forms of production, individuals worked to provide for themselves and their families, often through subsistence agriculture. Thus, the amount of work or labour completed was just enough to provide food, shelter, clothing and other necessities.

Under capitalism, Marx argued that this relationship shifts. As technology advances and humans' abilities to exploit and use natural resources becomes more effective, more complex forms of organization are possible. For Marx, capitalism is characterized by

Table 3.1 Marxist stages of social development

Stage	Characteristics
Ancient/primitive communism, Feudalism or Asiatic	Ancient tribal societies; communal ownership of land, tools and other basic economic resources Feudalism: found in 'Western' societies; based on agricultural production organized around large estates; land owned by a few, but tenants able to keep their produce once they had paid the landlord Asiatic: found in 'Eastern' societies, e.g. India, China, Turkey, Persia; different classes dominated the economy and the state apparatus; needed to ensure centralized control of important technologies such as irrigation systems
Capitalism	Society divided into those who own the means of production and those who do not; those who do not have to earn a living by selling their labour; key role of the market in allocating resources
Socialism/Communism	Communal ownership of means of production by state (socialism) or the people (communism); industrialization means that people no longer have to struggle for a living and individual needs can be met by the distribution systems of the collective socialism; viewed as a transitional stage to communism

Sources: adapted from Mitchell (2009); Watts (2009); Worsley (1990)

Box 3.1

Definitions of Marxist terms

Means of production The ‘things’ which are needed for people to produce goods. These include tools and equipment, as well as land, crops and mineral reserves.

Relations of production The division of labour, i.e. who does what in the production process. Also includes who decides what is produced and how it is produced, so includes the possibility of unequal decision-making and power. This can be based on who owns the means of production.

Mode of production The system of social relations organizing production. This includes the relations of production, as well as the state apparatus and the legal system. It also includes cultural norms and ideologies about the way society should work.

Sources: adapted from Peet and Hartwick (2009); Worsley (1990)

two major divisions within society, the ‘bourgeoisie’ who own the means of production, and the ‘proletariat’ who do not. The only way that the proletariat can survive is to sell their labour, i.e. to work for a wage. This work, however, is not the same form of work as in a pre-capitalist system. Not only do workers labour so as to be able to provide the basics for their families, but they also work to provide for the bourgeoisie. This ‘surplus’ (the amount of work beyond that needed to meet basic needs) creates profit for the owners because workers are not paid the full value of the goods they produce. This profit can then be reinvested into more factories or land, so creating the conditions for further wealth-generation, but the wealth remains with the bourgeoisie.

Marx viewed capitalism as a necessary stage in the progression towards socialism and also considered it much better than pre-capitalist societies which he characterized as irrational and backward. He interpreted capitalism as being inherently unstable and vulnerable to crises. Eventually, he believed that capitalism would be overthrown and socialist forms of organization and production would prevail.

Marx’s focus was European development in the nineteenth century. However, Marx’s ideas were expanded and applied to other parts of the world. In relation to the growth of European empires and

colonies in Africa and Asia, as well as continued relations of exploitation with independent Latin American countries, Marxist theories of imperialism focused on the way these different parts of the world helped defuse or delay crises in capitalist development in Europe (Peet and Hartwick 2009). For example, Lenin, the leader of the 1917 Revolution in Russia (see later), argued that imperialism was the ‘highest stage of capitalism’. According to Marxist theory, capitalism needs ever increasing opportunities to create profit in order to survive. Colonies provided excellent possibilities for further profit generation, through the creation of new markets, new sources of raw materials, and cheap labour (Webster 1990: 82). According to Lenin, once these possibilities had been exhausted capitalism would collapse.

Neo-Marxism

Classical Marxist theories as described above have been criticized for focusing on the experiences of the societies of Western Europe and assuming that all countries of the world would generally follow the same path of progress and development. However, in the 1950s and 1960s neo-Marxist approaches began to question this interpretation. The experiences of newly-independent states in the Caribbean, Africa and Asia showed that Lenin’s ideas about imperialism being the highest stage of capitalism could be challenged. Despite de-colonization, capitalism had not collapsed in these countries (Roxborough 1979).

Paul Baran (1960) drew on Marxist ideas, but applied them to world conditions in the mid-twentieth century, hence the label ‘neo-Marxism’. He, along with Paul Sweezy, argued that capitalism was now in a period of ‘monopoly capitalism’ (Baran and Sweezy 1968). Large companies dominated the world economy and were able to exploit poorer parts of the world. Baran argued that the governments of these poorer economies should intervene and prevent funds that could be used for development being siphoned out of the country as profit. Unfortunately, these governments were either corrupt, or lacked the power to prevent this exploitation. For Baran the only solution to this problem was for countries to leave the world capitalist system in favour of a state-socialist system. It was only by doing this that development would be possible. These ideas were similar to those adopted by the ‘dependency theorists’ (see pp. 69–72).

Structuralists

So far in this book, there has been a focus on theories of development which originate from and are based on the European experience. These Eurocentric approaches have, however, been challenged by a number of theorists, from a wide range of perspectives. Latin American academics and writers have been an important source of these challenges, with the structuralists being a key group.

The structuralist approach to explaining the nature of Latin American economies and levels of development is associated with the United Nations Economic Commission for Latin America (ECLA or CEPAL in Spanish) which was set up in Santiago, Chile in 1947. While there were similar regional commissions in other parts of the South, the United States was rather reluctant to support a Latin American commission, fearing that this would lead to dissent from the US viewpoint regarding the future of the Americas.

The ECLA executive secretary, Raúl Prebisch, along with many others working in the organization, devised their arguments about development theory and strategy based on the Latin American experience. Prebisch's argument was that the low levels of economic growth and standards of living would not be improved through following the free trade arguments of modernization theorists and others (Prebisch 1959). This was because the global economic structure was very different from that which existed when the European countries experienced their processes of industrialization. According to Prebisch, the global trading system based on principles of free trade acted as an obstacle for Latin American development.

What is key here is that the ECLA structuralists were not arguing that 'development' as a goal was not represented by industry, urbanization and other symbols of modernity. Rather they argued that development as a process would be different from the path advocated by Eurocentric theorists. How could the path be the same if the global environment was different? This recognition of the importance of historical context for a consideration of development is similar to the neo-Marxist reworkings of Marxist theory in the light of experiences in the global periphery.

According to the ECLA interpretation, national development strategies should involve greater state intervention to protect national industries, so allowing them to establish themselves without

competition from foreign firms. This approach built on the ideas of ‘infant industry’ developed by a nineteenth-century German economist, Friedrich List. What was termed ‘import-substitution industrialization’ (ISI) was adopted in a number of countries throughout the region with some initial success. This involved erecting tariff barriers, so that national manufacturing was protected from more efficient foreign firms that would be able to sell their products more cheaply. The addition of a high import tariff meant that the foreign companies’ prices were raised, so allowing domestic firms to compete (see Box 3.2).

Another element of the ECLA approach was land reform. Through much of Latin America and the Caribbean land-holding patterns during the colonial period and then into independence had been characterized by massive inequalities. A small number of landholders held vast swathes of land, often termed *latifundia*. This land was often used for plantations or large-scale cattle ranching depending on the location. The majority of agriculturalists were small-scale peasant producers, scraping a living on very small plots of marginal land, known as *minifundia* (Kay 2004; Thorpe and Bennett 2002). Land reform usually involved redistributing land so that these small-scale farmers would have larger plots. This would enable them to increase their production and so contribute to poverty alleviation in their

Box 3.2

Import-substitution industrialization in Brazil

Brazil adopted a policy of import-substitution industrialization (ISI) from the 1940s onwards in an attempt to increase levels of economic growth by protecting domestic industry and promoting production for export. The Brazilian government used tariff barriers to reduce imports and encouraged production for export through the use of subsidies.

Between 1965 and 1973 the average annual growth in manufacturing production was 12 per cent. Manufactured goods also increased from 8 per cent of exports in 1965 to 39 per cent in 1982. While government policy was important in this, it should also be remembered that Brazil is the most populous country in Latin America. The large population provided a market for the manufactured goods. For smaller Latin American countries, this option was not available.

Source: adapted from Gwynne (1996)

communities, but also to national economic development through increasing productivity.

The fact that the structuralists were arguing for a capitalist-based form of development suitable for Latin America meant that this approach was not regarded as challenging the capitalist industrialized nations. A key indicator of its acceptance was the incorporation of some of the ECLA policies into the Alliance for Progress programme of the 1960s (Clarke 2002) (see Box 3.3). Land reform was a particularly important part of the Alliance for Progress agenda. However, in most countries, apart from Cuba and Nicaragua where there was revolutionary change (see pp. 81–8), agrarian reform was rather limited. Often peasants were given ‘new’ land within settlement projects, rather than land that had been expropriated from large landholders.

Despite some successes, the influence of the structuralists on policy implementation declined. This was largely as a result of the

Box 3.3

Alliance for Progress

The Alliance for Progress (AFP) was a US programme targeted at social and economic development in Latin America. While the basis for the programme had been developed under the Eisenhower administration, it was only implemented under President Kennedy in 1961. Under the AFP, individual Latin American nations had to present a ‘development plan’ to a panel of US economic and technical experts. Funding available for the entire scheme was up to US\$20 billion over ten years, and the US was also committed to promoting multilateral and private investment in the region.

Another strand to US Latin American policy during this time was an expanded counter-insurgency programme. Both this and the AFP were coordinated by the US Agency for International Development (USAID). The counter-insurgency projects were classified as being for ‘public safety’.

While there were some successes under the AFP, by the end of the 1960s it was clear that its goals of social and economic progress following a US liberal model had failed. For example, in 1964 the Brazilian government was overthrown by the military, but Brazil continued to receive funding from the US.

Source: adapted from Skidmore and Smith (2004)

perceived limits to ISI, agrarian reform and other forms of state intervention policies at a national level. Protecting domestic infant industries from foreign competition enabled large numbers of firms to be established, but obstacles to continued progress included limited national demand because of low incomes and the need to import machinery and high-tech equipment as the production process became more complex. These limits were becoming increasingly apparent in the late 1960s and with the oil crises of the 1970s it was clear that some changes had to be made to the national development strategy. As discussed in Chapter 2, these changes were very radical and involved a shift to export-oriented industrialization, less state involvement and opening up to foreign investment. ISI was interpreted as fostering inefficiencies in the operation of the economy and stifling growth and development.

Dependency theories

Another key Latin American theoretical development was ‘dependency theory’. Despite the name, the approaches to ‘dependency’ were rather diverse, so ‘dependency theories’ in the plural is more appropriate. In addition, some critics of the dependency school (see below) claimed that it was not really a theory.

The key argument of dependency theorists, or *dependistas* as they were known, was that Latin American countries found themselves in positions of ‘underdevelopment’ because of the operation of the capitalist system. In particular, the core industrialized countries were experiencing growth and economic development through the exploitation of the non-industrialized peripheral countries. The argument differed greatly, therefore, from that of modernization theorists and classical Marxist theorists who saw non-industrialized countries as merely being further behind on the development ladder. According to the dependency theorists, Latin America’s development situation was a result of capitalist development, just as industrialization in the North was a result of this process. André Gunder Frank (1967) termed this the ‘development of underdevelopment’.

Frank used the examples of Chile and Brazil to demonstrate the chains of dependency that had existed since the colonial period beginning in the sixteenth century. He argued that with capitalist

development (he defined capitalism as being production for market exchange) Latin America was caught up in a global system of dependence consisting of relationships of exploitation from the global scale to the inter-personal (see Figure 3.1). Thus, individual peasants were exploited by local land-owners who did not pay them the full value of the commodities they produced. These land-owners then sold the goods to merchants in the urban areas at a higher price than that paid to the peasants, so generating a profit. This chain of exchange and exploitation continued until the surplus generated through these exchanges was taken out of the country to the core. Periods when Latin America was less engaged with the global economy, for example during the Second World War, were, Frank argued, periods when development was most likely to take place within the region. Celso Furtado presented a similar argument in his book *Economic Development in Latin America* (1976).

While dependency theorists would agree with the claims that exogenous (i.e. outside the country) factors were key in explaining the low levels of economic development in Latin America, the solution to this limiting situation differed. Colin Clarke (2002) highlights the main distinctions between the ‘reformists’ and the ‘Marxists’. The former felt, like the ECLA structuralists, that what was needed was reform of the capitalist trade system, perhaps with greater state intervention (see Furtado 1976). The Marxists (or more accurately neo-Marxists) saw the overthrow of the capitalist system as the only solution. Frank was one of the most vociferous advocates of this approach, believing that within capitalism the peripheral regions of the world would always be exploited and marginalized.

Although dependency theory was largely applied to Latin America, the concepts of dependency were also applied to other parts of the world. For example, Walter Rodney’s book *How Europe Underdeveloped Africa* (1981 [1972]) argued that the intervention of European powers in African social, economic and political processes throughout the nineteenth century created a situation of dependency and led to the impoverishment of African peoples. Samir Amin (1974) makes a similar argument in the African case, focusing on economic processes, particularly the extraction of primary products.

The fact that the dependency ideas came from the experiences of the Global South was certainly a welcome change from the dominance of Northern voices in theories of development. However, despite the dependency approach’s popularity in some circles in the 1970s, its

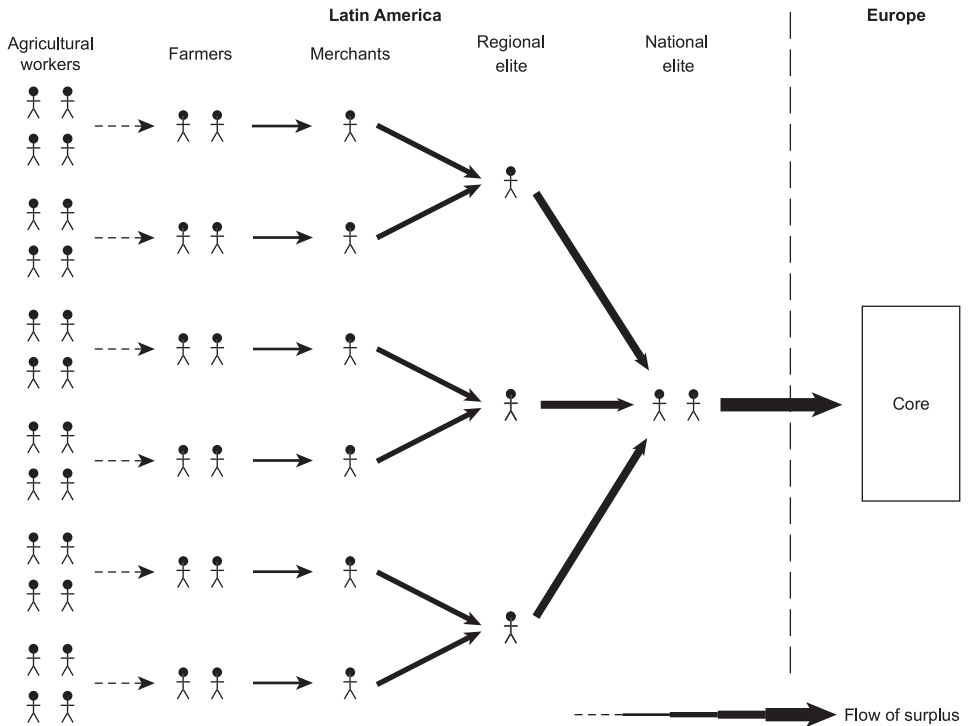


Figure 3.1 Core-periphery relationships under dependency.

influence on policy-making was limited and it has been increasingly criticized. These criticisms come both from empirical evidence which challenges the claims of the dependency theorists, and also from those who query the assumptions on which the dependency approach is grounded.

In relation to empirical support, while the interpretations of Frank, Furtado and others may have had a significant basis in Latin American historical experiences, the conclusions that capitalist-style development was impossible for peripheral countries within the existing system was challenged by the economic success of the newly-industrializing countries of Asia during the 1970s (see Chapter 2). The existence of such evidence refuting the basic claims of the dependency approach undermined the dependency interpretations.

In addition, dependency theories were criticized for being overly concerned with economic factors, without any consideration of the social, cultural or political contexts within which development (or underdevelopment) took place. While dependency theorists had,

unlike the modernization theorists, taken a historical view of development by considering *when* processes were taking place, they did not consider the wider contexts within which development occurred. David Booth (1985) also criticizes the dependency school, particularly Frank, for the definition of capitalism used. In Frank's work, capitalist development was defined as 'autonomous industrial growth'. Booth stresses that if this definition is used then it is inevitable that capitalist development will be viewed to have taken place most successfully when ties to the global economy are weaker. According to Booth, this form of circular argument discredits the dependency approach.

World-systems theory

The importance of the global economic system and hierarchies within it was also a key factor in world-systems theory. This was developed by Immanuel Wallerstein (1974) and shares many characteristics with the dependency school. For example, both approaches stress the importance of considering national economic development within a global context, rather than just concentrating on individual countries. The relative strength of states within this global system helps influence levels of development. Both also have a strong historical basis.

However, Wallerstein was keen to move beyond the static dualism of the dependency models. Rather than viewing the world in terms of 'core' and 'periphery', Wallerstein identified three groupings of countries: 'core', 'semi-periphery' and 'periphery'. In addition, the members of these categories were not fixed; over time countries were able to move in and out of categories depending on their economic situation. The inclusion of the 'semi-periphery' was a reflection of global events in the late 1960s and early 1970s. While dependency theorists were arguing that countries in the global periphery were doomed to be forever exploited and marginal, some countries of the world were experiencing economic development in terms of industrialization. These newly-industrializing countries (NICs) included the 'Asian Tigers' of South Korea, Hong Kong, Singapore and Taiwan, as well as Latin American nations such as Brazil.

As with Frank, Wallerstein considered the global capitalist system to date from the fifteenth and sixteenth centuries, when European influence, both economic and political, was expanding beyond the

European heartland. Before the Industrial Revolution in the eighteenth century, European powers competed for dominance, with some countries losing prominence and becoming semi-peripheral (such as Spain) while the countries of north-west Europe became the core. Peripheral regions at this time included those of South and Central America. With industrial expansion in Europe and later in the USA, the core expanded, some nations in the periphery became semi-peripheral and the periphery grew as parts of Asia and Africa were incorporated into the global economic system through processes of colonialism (Peet and Hartwick 2009). In the first decade of the twenty-first century, Sheppard *et al.* (2009) classify the core countries as mainly Western European states, Russia and some Eastern European states, the USA and Canada, Australia, New Zealand, Japan and Israel. The semi-periphery includes some Latin American states, China, India, Malaysia, Turkey, Saudi Arabia and the United Arab Emirates. Within Africa, only South Africa is part of the semi-periphery, while the rest of the continent is classified as being peripheral in the global economic system (Figure 3.2).

The fluidity of categories and the potential movement from one category to another differs from the classical Marxist developmentalist viewpoint outlined at the start of this chapter. Countries do not follow a linear pathway of progress, rather at different times as the global economy changes, certain countries may be able to make economic advances, while others lose out. This historical approach has great benefits, but, as Thomas Klak (2008) points out, the possibilities of testing the world-systems theory are very limited. Rather than helping us explain changing patterns of economic development, the world-systems theory can be used to describe certain patterns, and would perhaps be better described as ‘a world-system *approach, analysis or perspective*’ (Klak 2008: 105, emphasis in the original). As with dependency approaches, Wallerstein’s ideas can also be criticized for their focus on state-level action, so excluding local-level processes.

Socialist approaches to development

For some theorists, the only way for development to be achieved was to break from the capitalist-led path of development to an alternative route, albeit with a similar conception of modernity. As stated in the earlier discussion of Marxist interpretations of the workings of

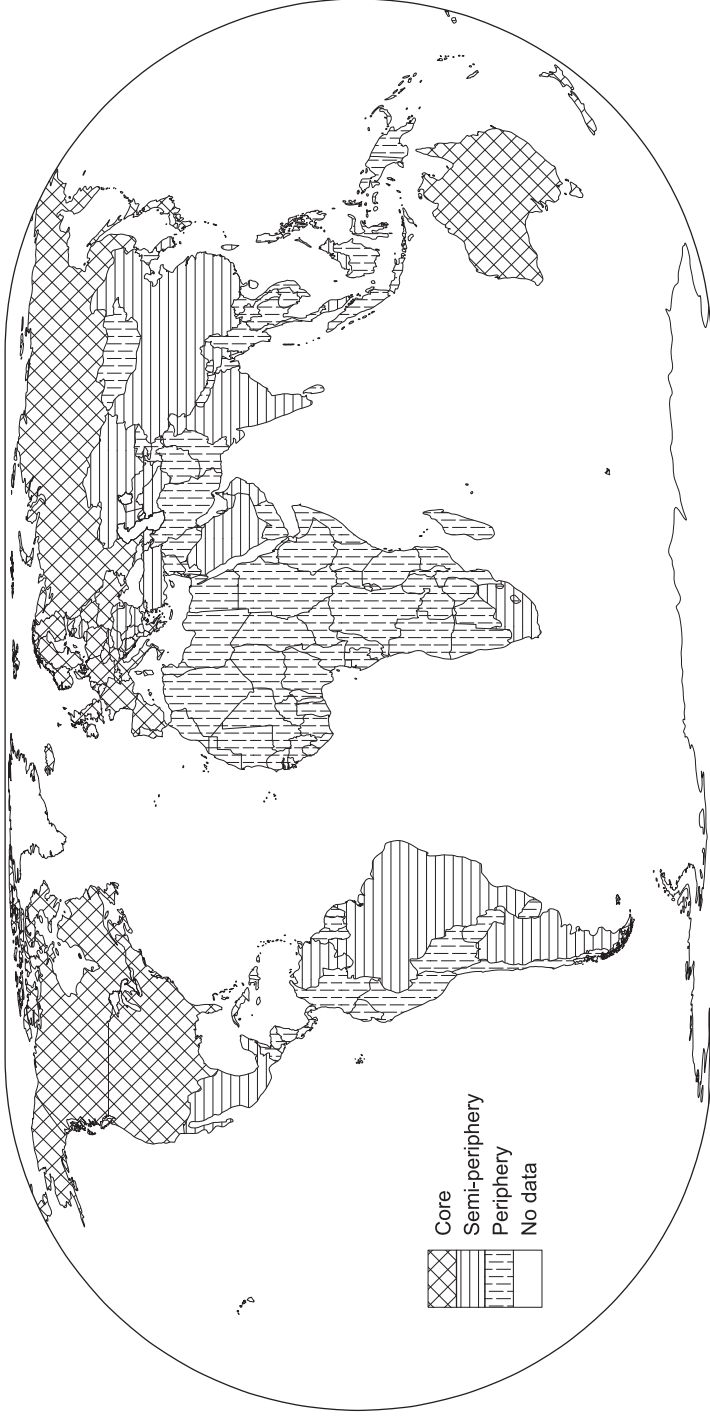


Figure 3.2 Core, semi-periphery and periphery, 2009.

Source: adapted from Sheppard et al. (2009: Plate 2.1)

Map data © Maps in Minutes™ (1996)

society, under capitalism society is divided into two classes; those who own the means of production and those who do not. Under a socialist system, the means of production are owned by the state. Because of this it is argued that profit is no longer the driving force of the economy; rather, the needs of the population are prioritized. Because of state ownership of land, factories, etc., decisions can be made about resource allocation that are made on the basis of need, rather than ability to pay. The role of the state in all aspects of economic, social and political life means that this form of approach is sometimes called ‘centrally-planned’.

While socialism has been implemented and experienced in a variety of different ways, there are some common characteristics (Box 3.4). In the mid-1980s, a significant number of countries were experimenting with a socialist form of development. As well as the Soviet bloc countries of the USSR and the states of Eastern Europe, there were large numbers of developing world countries that could be classed as ‘socialist’ (Table 3.2). In the early twenty-first century the numbers are far fewer and include, most notably China, Vietnam, Cuba and North Korea. However, in all but the North Korean case, economic reform processes are well advanced, including opening up to foreign investment and the loosening of restrictions on private

Box 3.4

Characteristics of socialist model of development

Economic

- 1 state ownership of major industrial enterprises;
- 2 industrial and infrastructure decisions made according to central government plans, rather than operating through the market;
- 3 extensive state control over foreign trade and investment;
- 4 state intervention in the labour market; employment decisions are made according to central plans, rather than market forces;
- 5 state control of prices;
- 6 state intervention in agriculture and rural–urban relationships.

Political

- 1 generally ruled by one party; organized political opposition and many civil society organizations are not tolerated.

Source: adapted from Kilmister (2000: 309)

Table 3.2 *Socialist countries, 1985*

<i>Full member of Comecon</i>	<i>Non-Comecon</i>	<i>Marxist-Leninist</i>	<i>Marginal cases</i>
Bulgaria	Albania (member 1949–61)	Angola	Afghanistan
Cuba	China	Burma (Myanmar)	Algeria
Czechoslovakia	North Korea	Kampuchea	Benin
East Germany	Yugoslavia (associated member)	(Cambodia)	Burkina Faso
Hungary		Ethiopia	Cape Verde
Mongolia		Mozambique	Congo
Poland		Laos	Guinea
Romania		Yemen	Guinea-Bissau
USSR			Guyana
Vietnam			Iraq
			Libya
			Madagascar
			Nicaragua
			São Tomé and Principe
			Seychelles
			Somalia
			Surinam
			Syria
			Tanzania
			Zimbabwe

Sources: adapted from Forbes and Thrift (1987: Figure 1.1) using Wiles (1982) classification system

Notes

Comecon (Council for Mutual Economic Assistance/CMEA): set up in 1949 as a response to the Marshall Plan (see Chapter 2). Organization of socialist states aimed at providing financial and technical assistance (including military help) to members.

Non-Comecon: well-established socialist or communist states, but they remain outside the strong influence of the USSR.

Marxist-Leninist: hard-line socialist governments closely allied to the Soviet bloc, but not Comecon members.

Marginal cases: largely one-party socialist states, but not deeply entrenched socialist systems.

property. Despite the declining popularity of socialist models of development in many parts of the world, a number of Latin American countries have been moving towards more state-led development strategies in opposition to the neoliberal policies advocated by IFIs and Northern governments (see below).

While the basic tenets of the socialist model can be stated, the actual realities of what have been termed ‘socialist experiments’ very greatly throughout the world. As Andy Kilmister (2000) highlights, socialist forms of political and economic organizing are not

introduced into a vacuum. The nature of previous societies and economies will influence outcomes, as will the form of socialist model which is followed. Kilmister also stresses the diversity of routes into socialism. While in the nineteenth century Marx and Engels believed that socialism would be a stage in a linear model coming after the collapse of capitalism, this has proved not to be the case in any of the societies which have followed a socialist path. In the post-Second World War period, Kilmister identifies three main categories of countries which have followed a socialist model:

- Countries where the state was the only actor strong enough to direct development: states such as Afghanistan, Ethiopia and Mongolia remained largely separate from the colonial struggles of the late nineteenth and early twentieth centuries.
- Countries where socialist ideas were key in struggles for national liberation from colonial rule: in many societies seeking to break from colonial rule, socialism provided a key ideology around which to organize. After decades of control from outside forces with policies which created great inequalities in wealth and opportunity, liberation, it was argued, would result in opportunities for all and the nation's resources being owned by the people in the form of state ownership. Countries which adopted this approach included Angola and Mozambique. Kilmister also stresses that the links between socialism and national liberation were also used in response to external forces other than colonial rulers, as in Korea and Vietnam. The Central American and Caribbean nations, in particular Nicaragua and Cuba, adopted a socialist route not to overthrow colonial rulers, but to escape from the tyranny of US-supported authoritarian rule.
- States adopting strong forms of state central planning, but not formally adopting a socialist route: these governments chose to promote economic growth and development in their countries through a very state-centred process. Policy instruments such as five-year plans were often adopted. Good examples include India under Nehru 1947–64, and what has been termed 'African socialism' (see pp. 95–8).

Strong state involvement in welfare services is certainly not only found in countries adopting a socialist model of development, but a commitment to widespread access to health and education services which is part of the socialist model, has had very positive results in a number of countries and regions (see Box 3.5).

Box 3.5

Social development in Kerala, India

In 1957 a Communist government was elected to the southern Indian state of Kerala. Since then, the state has experienced great improvements in social development indicators. Investment in health and education, as well as policies of land distribution and measures to improve women's participation in economic and political activities, have created what some have interpreted as a 'model' for equitable development.

Social indicators are on a par with those for much richer countries. For example, in 2000 the life expectancy at birth was 74 years for women and 68 for men, compared to 64 and 63 respectively for India as a whole (Franke 2002). In the 1950s the crude birth rate was 44 per 1,000, but this had fallen to 18 per 1,000 in 1991 (Sen 1999: 221). While the average fertility rate for India as a whole is 3 children per woman of child-bearing age, the figure for Kerala is 1.7. This can be explained by improved access to contraception and better health care, so that infant mortality rates are now about 12 per 1,000 live births, and improvements in women's literacy levels. Rather than enforcing controls on fertility as in China, the government of Kerala has examined the causes of higher fertility levels and implemented appropriate social policies.

These development policies, while being very successful in social terms, have not been as successful economically. Levels of GDP per capita and economic growth have tended to lag behind those of other Indian states. However, there has been growth in the IT industry and the state continues to attract large numbers of tourists. Many criticisms of the Kerala 'development model' highlight the role of remittances. Thousands of workers migrate from Kerala every year, largely going to the Gulf States. They send back large amounts of money much of which is spent on land, gold or consumer goods. These remittance flows, as well as the ownership structures in the tourist and IT industries, have led to growing levels of inequality in the state. There are also serious concerns about the environmental impacts of uncontrolled development.

Sources: adapted from Franke (2002); Menon (2008); *New Internationalist* (1993); Sen (1999); Tsai (2006); Véron (2001)

In addition, state control of resources, in particular land, factories and infrastructure, can lead to impressive levels of economic development. As both Keynes and Rostow argued within a capitalist setting, for economic growth to take place at certain times there needs to be significant government involvement, perhaps because of the scale of the project, or because of the risks involved. However, as both

the Chinese and Soviet examples discussed below demonstrate, these rapid leaps in economic performance may be achieved at great cost to the natural environment (see also Chapter 6), individuals' quality of life, and long-term economic stability.

State control of the means of production, trade and prices means that in theory the economy works for the benefit of the people. As well as providing basic health and education services, socialist practices of development should reduce levels of inequality which can arise when market forces are left to their own devices. In general, inequality levels are low in socialist societies, with Gini coefficients of low to mid-20s. However, it must be noted that in many cases, this is usually within a situation of low levels of per capita income. With the transition to capitalist economies, many ex-socialist states have increased levels of inequality. For example, after transition Russia's Gini index increased 24 points and Lithuania's rose by 14 points between 1987–8 and 1993–5 (Milanovic 1998: 41). There were also increasing levels of unemployment, declines in real income and falling school enrolments (Hörschelmann 2004).

The map of the world's socialist countries today looks very different from the situation in 1985 (see p. 84). The collapse of the Soviet bloc in 1989 represented the most extreme version of what was happening to states adopting socialist models, but throughout the world, economic reforms and in some cases political reforms have led to the questioning of state socialism as a viable development approach. Francis Fukuyama (1989) has termed this 'the end of history'. He states:

the century that began full of self-confidence in the ultimate triumph of Western liberal democracy seems at its close to be returning to full circle to where it started: not to an 'end of ideology' or a convergence between capitalism and socialism, as earlier predicted, but to an unabashed victory of economic and political liberalism. The triumph of the West, of the Western *idea*, is evident first of all in the total exhaustion of viable systematic alternatives to Western Liberalism.

(Fukuyama 1989: 3, emphasis in the original)

However, events in the first decade of the twenty-first century have suggested that the disappearance of socialism as an alternative development approach has not occurred. The election of left-wing parties in parts of Latin America has provided challenges to the market-led neoliberal hegemony, and the global economic crisis

has also resulted in questions about the neoliberal capitalist model (see Chapter 2).

Soviet model of development

The transformation of the USSR from a predominantly peasant society in the 1920s to one of two global superpowers with an extensive industrial sector and urban population by the 1960s, is a process which has attracted a great deal of attention in other parts of the world. The ‘socialist experiments’ in the Global South drew lessons and inspiration from what went on the USSR.

On the eve of the First World War, agriculture provided over 50 per cent of the national income and about three-quarters of the employment in what was then the Russian Tsarist empire (Davies 1998: 10). Agriculture was dominated by very small-scale peasant production. The October Revolution of 1917 led to the Tsars being overthrown by the Bolsheviks led by Lenin. In Marx’s theorizing about the route to socialist societies (see pp. 62–5) the revolution to



Plate 3.1 State housing block, Moscow, 1989.

Credit: Katie Willis

bring about such a society was meant to be led by an urban industrial working class overthrowing a capitalist regime. This was clearly not the situation in the Russian example, so challenging the linear transition ideas of classical Marxism.

The socialist model adopted under Lenin focused on creating an urban industrial economy. These policies were introduced under the New Economic Policy (NEP) in the 1920s (Box 3.6). The industrial focus of this policy reflected Leninist ideas of modernity and a move away from 'traditional' peasant and agriculturally-focused economic policies. Within the economic sphere the state apparatus made decisions regarding what was to be produced, how and where. In addition, in political terms, opposition to the Communist Party which formed the government was increasingly clamped down upon.

In 1929 Josef Stalin came to power and the Soviet project of the social ownership of production intensified. While following the same broad socialist principles as Lenin, Stalinism included the extension of collective ownership, particularly in agriculture, where peasant households were forcibly organized into collective farms. State

Box 3.6

New Economic Policy in the USSR

During the 1920s the New Economic Policy (NEP) was adopted under Lenin. This policy was focused on economic development through industrialization. Large-scale industry was state owned and the state also controlled foreign trade. Imports had to be licensed and export earnings were also channelled through the central state. The focus on industrial policy was on capital goods such as machinery and materials such as iron and steel. Concentrating on this form of industrial production, rather than on consumer goods such as clothing, was justified because capital goods contribute directly to increases in production and productivity. Workers in industry benefited greatly from these trends, with improved wages and working conditions. In contrast, during the NEP, agriculture was organized largely through peasant households in village groupings and peasants were able to sell any produce remaining after they had met state targets. Agricultural production remained limited and peasants' standards of living did not improve. A devastating famine in 1927–8 partly reflected this marginalization of the agricultural sector in economic policy.

Sources: adapted from Davies (1998); Kilmister (2000)

control of economic processes increased, as did the exercise of state power, through imprisonment and execution, which was particularly vehement under Stalin. While in the 1920s the one-party Communist state was consolidated and opposition voices were increasingly silenced, under Stalin this intensified; millions of people were imprisoned in a variety of labour camps and prisons, and thousands were executed for supposedly being an enemy of the state.

Wheatcroft and Davies (1994 in Davies 1998: 51) estimate that about 682,000 people were executed at the height of Stalin's terror in 1937–8. In January 1953, just before Stalin's death, about 5,223,000 people were interned in camps (Davies 1998: 70).

Under a socialist system not only does the state have great direct influence in the economy, it can also plan social provision based on need, rather than market-led criteria. From the 1920s onwards, there was increased state expenditure on health and education, with very positive results in these dimensions of human development. For example, literacy rates for people aged nine years and over rose from 51 per cent in 1926 to 81 per cent in 1939 (Davies 1998: 46). This reflected both the increase in school enrolment for children, and the success of adult literacy schemes (see also Box 3.5 for similar examples from the Indian state of Kerala).

The centrally-planned economic model with significant investment in social provision, continued until the break-up of the USSR in 1991. By the late 1970s, it had become clear that the economic growth rates achieved under the Stalinist industrialization policies were slowing down. Just as with the limits to ISI described above (pp. 76–7), it was argued that without significant inputs of technology and investment that an opening up of the economy could bring, the Soviet economy would stagnate. In addition, social problems such as alcoholism and crime were increasing as the state was unable to continue supporting the population as it had in the past (Kilmister 2000).

In 1985, Mikhail Gorbachev was elected as the general secretary of the Communist Party and therefore the leader of the USSR. He implemented reform measures termed *perestroika*, which included an enhanced role for the market within resource allocation. For example, enterprises were allowed to make decisions about what and how they produced goods, rather than following centrally-decided targets. This economic reform was also associated with greater political freedom throughout the country and also an attempt at greater openness

towards the non-communist world through the *glasnost* approach. Attempts to contain these reforms within the communist USSR system failed. The country broke up and 15 republics became independent, although in 1992 they formed the Commonwealth of Independent States (CIS). The shift to market-oriented economic systems is prevalent throughout the newly-independent republics, and most now operate a form of liberal democracy with regular elections.

In terms of the nature of 'development' during the Soviet period, it is clear that, economically, the drive to modernization was impressive. From a society dominated by peasant agriculture to a highly-industrialized economy, the Soviet experiment provided some examples of how central planning could be used to promote such economic changes, rather than relying on the market. While there are numerous problems with using Soviet economic statistics from this period (see Davies 1998), Western estimates of industrial output suggest rates of increase of about 10 per cent per annum in the period 1928–40, and later rates of approximately 7 per cent were not uncommon. In addition, state provision of education, housing and healthcare benefited millions of Soviet citizens.

However, a centrally-planned economy, especially within a territory of approximately 22 million km², led to a range of inefficiencies and problems. For example, factories were given production targets to meet. As long as the quantity was produced the target was met; little, if any attention was given to quality. The focus on industry meant that agriculture was neglected with serious consequences for food supply. In addition, the Soviet project did not include any recognition of the environmental consequences, leading to very serious environmental damage (see Chapter 6). Finally, limitations on human freedom through the extreme brutality of the Stalinist period, political repression and the outlawing of opposition voices throughout, must be recognized.

Maoism

The Communists led by Mao Tse-Tung came to power in China in 1949. However, while the USSR provided some economic support in the following years, the development strategies adopted by Mao were rather different from those adopted by Lenin and later Stalin. The Chinese revolution was largely a peasant revolution, and the focus on



Plate 3.2 Statue at Mao Mausoleum, Beijing.

Credit: Katie Willis

rural development was paramount during the Maoist period (Kilmister 2000).

Central state planning was key to the system and a series of five-year plans were implemented. During the first Five Year Plan (1953–7) widespread collectivization of agriculture took place, with peasants grouped into agricultural settlements for communal production. Despite the rural focus of many policies, the bulk of state investment went into heavy industry as under the Stalinist model in the USSR (Hodder 2000). This investment was geared largely towards the iron and steel industries and also the energy sector in the inland regions away from the eastern coastal regions (Wu 1987). This geographic focus was an attempt to spread the benefits of the revolution and to reduce spatial inequalities. The inland focus was also because of the perceived need to protect important infrastructure projects from possible foreign military attack (Wei and Ma 1996).

In the ‘Great Leap Forward’ of 1958–61 rural development became a key element to Chinese economic progress. People’s communes were expected to produce agricultural goods, but also some industrial goods, particularly those, such as machinery and chemical fertilizers,

which would contribute to increasing agricultural productivity. Mao termed this dual focus as ‘walking on two legs’. This vigorous attempt at rapid economic development experienced many difficulties. The quality of industrial products was often poor, and the disruption to agriculture caused by the need to spread rural labour efforts contributed to a famine in 1961. This, in turn, prompted widespread rural–urban migration which eventually led to increased state controls on cityward migration. These problems resulted in the abandonment of the ‘Great Leap Forward’ in the early 1960s.

By the time of Mao’s death in 1976 industrial growth rates were declining and agricultural production was not keeping pace with population growth. Peasants were increasingly allowed to produce and sell their own crops, rather than working within a communal system. The Chinese government also decided to move towards market mechanisms in some sectors by opening up parts of the economy to foreign investment. This was part of what the government termed ‘market socialism’.

The first steps towards opening up were concentrated in Special Economic Zones (SEZs) located in the eastern coastal provinces of Guangdong and Fujian (Figure 3.3). Foreign investors were allowed

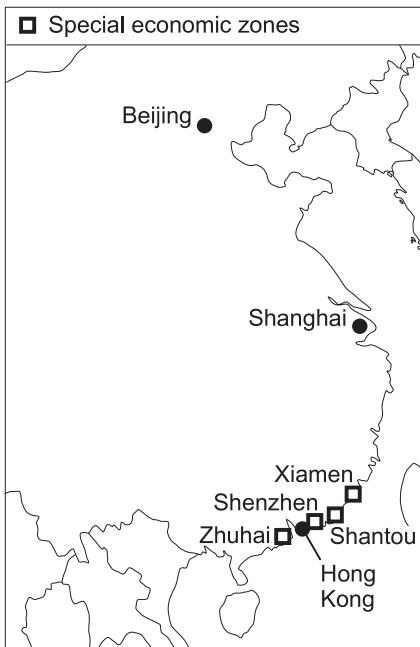


Figure 3.3 China's Special Economic Zones, 1979.

Source: adapted from Dicken (2007: Figure 7.5)

Map data © Maps in Minutes™ (1996)

to invest in these SEZs and the government offered tax concessions and preferential land rents. The availability of a cheap and educated workforce was also attractive (Howell 1993). At first foreigners were not allowed to have complete ownership of these factories, so partnerships with Chinese state firms were set up. The economic success of these zones led to an expansion of the policy to other parts of the country, but the coastal zone remains the main focus of such activities, exacerbating existing regional inequalities between the coastal provinces, the central provinces and the western provinces (Wei and Ma 1996; Zhang and Han 2009) (see Chapter 4 for further discussion).

The political system still remains controlled by the Communist Party. Opposition voices are suppressed through controls on television, radio and newspapers. Policing of the Internet also takes place, with websites or chatrooms including anti-government sentiments being blocked or closed. Public displays of anti-government feeling are also restricted. The most well-known of these is the 1989 suppression



Plate 3.3 Pudong District, Shanghai.

Credit: Katie Willis

of the pro-democracy demonstrations in Tiananmen Square, Beijing. Over 1,000 people were killed during the violent police and army response, and many more were imprisoned.

Mao's rural development focus within a socialist framework has influenced government approaches to development in other parts of the world, for example Nyerere's policies in post-independence Tanzania (see below). In addition, some revolutionary groups in the South, such as Sendero Luminoso in Peru, have adopted Maoist principles (Alexander 1999).

African socialism or socialism in Africa

Ghana's independence from Great Britain in 1957 heralded a period of decolonization throughout the African continent. Many newly-independent nations drew on socialist ideas of development and progress in their focus on the role of the state in organizing and moulding economic activities. However, most did not fully embrace a socialist ideology in policy-making, not wanting to become too closely aligned with the Soviet Bloc countries of the USSR and Eastern Europe, but also not wanting to remain too politically-linked to previous Western colonial powers. Crawford Young (1982: 11) identifies three main ideologies that were adopted by the newly-independent African states: capitalist development (see Chapter 2), Marxist-Leninism (what Young refers to as 'Afro-Marxism') and 'populist socialism' (which is sometimes referred to as 'African socialism'). As with all such typologies, in some cases the classification process is very difficult. In this case, there are particular difficulties because of common disjunctures between the ideology a government espoused and the actual policies implemented.

Populist socialism was an attempt by a number of African nations to draw on the ideas of communal ownership of land and natural resources, and the traditional importance of collective working on the land. According to Africa's new leaders, such as Julius Nyerere in Tanzania and Leopold Sédar Senghor of Senegal, capitalism and class divisions were not part of African culture, but had been introduced by European colonialists. An 'African socialism' would, therefore, draw on the 'real' African roots, rather than following a Soviet-style model based on class struggle. The predominantly rural population of the African nations also led governments adopting this

path to focus on rural development strategies, rather like Mao had done in China (Box 3.7). The key role of the state in directing development and in owning the means of production, such as factories and plantations, was similar to socialist models elsewhere, but African nations sought to adapt these models to African realities. Countries adopting these policies included Tanzania, Algeria, Ghana, Mali and Guinea.

In practice, the concept of African socialism came under increasing attacks in the late 1960s and early 1970s from both advocates of capitalist development, and those following a more Soviet style socialism (Young 1982: 100). Despite the claims to African 'authenticity', it was clear that ideals of a 'classless society' and the African communal way of life were not always as evident as had been claimed. These internal divisions, along with external pressures resulted in the gradual disintegration of the African populist socialist projects.

Afro-Marxism reflects an ideological approach drawing on the class analysis of Marx and focusing on the policies adopted in the USSR and associated states. This became more popular in the late 1960s and was a response to the perceived limitations of the African socialism model. Rather than trying to build development solutions based on the peculiarly African context, the argument was that the Soviet model of economic development and social welfare was applicable in all geographical locations. The 1959 Cuban Revolution was held up as an example of how countries in the South could successfully adopt a Soviet-style development path. Young (1982: 3) sums up the criticisms of African socialism as follows: 'The stress upon the communitarian heritage of African society was held to be naïve and the rejection of the class struggle mischievous and wrong.'

Marxist-Leninism was adopted in diverse ways among the African nations, but the importance of central state planning and state ownership of key units of production was at the heart of the policies. In reality, however, the state bureaucracy was too weak to implement planning systems following a Soviet model, and there were few companies which could be taken into state ownership. The role of the 'working classes' in the move to Marxist-Leninism was also limited because of the predominantly rural population (Young 1982). States adopting an Afro-Marxist approach included Congo-Brazzaville, Mozambique, Angola, Benin, Somalia and Ethiopia.

Box 3.7

Ujamaa in Tanzania

In 1961 Tanganyika became independent from Britain and in 1964 the Republic of Tanzania was created from the merging of Tanganyika and Zanzibar. The president of Tanzania, Julius Nyerere, wanted to promote development within Tanzania based on African traditions and values, rather than following a western model.

In 1967 with the Arusha Declaration the policy of *ujamaa* was declared. *Ujamaa* is a Swahili word meaning ‘familyhood’ and the basis of this development approach was rural development around communal farming in villages. As most of Tanzania’s population was based in rural areas, Nyerere felt that the focus on rural development was appropriate. In addition, there was a tradition of communal activities, albeit on a much more limited scale than that envisaged under *ujamaa*.

Initially the policy encouraged peasants to move into *ujamaa* villages, or for those already resident in villages to increase communal, rather than private production. The government invested in water supplies, primary education and health provision in these villages. However, by 1970 progress was not regarded as sufficiently advanced, and the government made more interventions to make peasants move. As a result, the number of *ujamaa* villages increased from 1,956 in 1970 to 5,010 in 1974.

These shifts encouraged many White capitalist farmers to leave the country. There was also a policy of nationalization of the plantations producing crops such as sisal and coffee. While assistance was given to peasants in the form of fertilizer and some machinery, overall production remained rather low. Production targets were rarely met. Peasants spent the majority of their time working on their own private plots, rather than on communal village lands. This fitted within their own understandings of their lives and how they wanted to live. This was not, however, compatible with government plans for national development.

In 1973 a policy of compulsory villagization was announced. In some cases this involved extreme forms of coercion and violence. About 5 million Tanzanians were moved as part of this process which was seen as key to development. The *Daily News* newspaper reported:

Mwalimu [Nyerere] has frequently reiterated during the last ten years the importance of people congregating in villages. Such proximity is a necessity of development. For when people abandon their isolation and come together in well-planned and laid out villages, they can be reached by social services, and they can effectively operate in co-operation. Only then can they begin to develop.

(*Daily News*, 15 November 1974, in Hyden 1980: 131)

Because of production problems, the focus on communal village production was subsequently reduced and peasants were allowed to produce independently.

Source: adapted from Hyden (1980)

The collapse of the Soviet bloc in 1989 meant a severe cut in the assistance that could be provided to African socialist nations. However, even before this, socialist projects throughout the continent were experiencing problems, created both internally to the country, but also exacerbated by external forces. Limitations to economic growth were experienced as countries were unable to increase productivity through existing levels of education, skills and technology. In addition, opposition military activity (often supported by foreign governments) meant that stable conditions for economic growth were limited. For example, in Mozambique the opposition Renamo organization received funding from South Africa (Hanlon 1991). Increasing debt and economic problems forced many countries to accept restructuring packages associated with IMF loans and adopt neoliberal market-led policies (Sutton and Zaimeche 2002).

The rise of the Latin American left

Since the late 1990s, left-of-centre governments have been increasingly elected to power in many parts of Latin America. The election of Hugo Chávez in Venezuela in 1998 was followed by a wave of electoral success across the region, including Luiz Inácio Lula da Silva (often just known as Lula) in Brazil in 2002 and Evo Morales in Bolivia in 2005 (Plate 3.4). However, as Francisco Panizza (2009) outlines, this cannot be seen as a homogenous rise of socialist governments; rather there is a diversity of approaches. It has therefore been characterized as a ‘pink tide’ rather than a ‘red tide’, which socialism would imply.

The rise of the left in Latin America in the 2000s has been viewed as a response to the failures of the neoliberal model in the region. Periodic economic crises in the 1990s, for example in Mexico during 1994/5 and a rise in poverty in the period 1998–2002, created disillusionment among electorates about market-led development. Panizza (2009) also attributes the leftward trend to the opening up of democratic spaces in many countries, after decades of military rule. This provided opportunities for civil society organizations, such as the Brazilian Landless Rural Workers Movement (MST in Portuguese) to flourish. Such organizations tend to support left-leaning candidates.

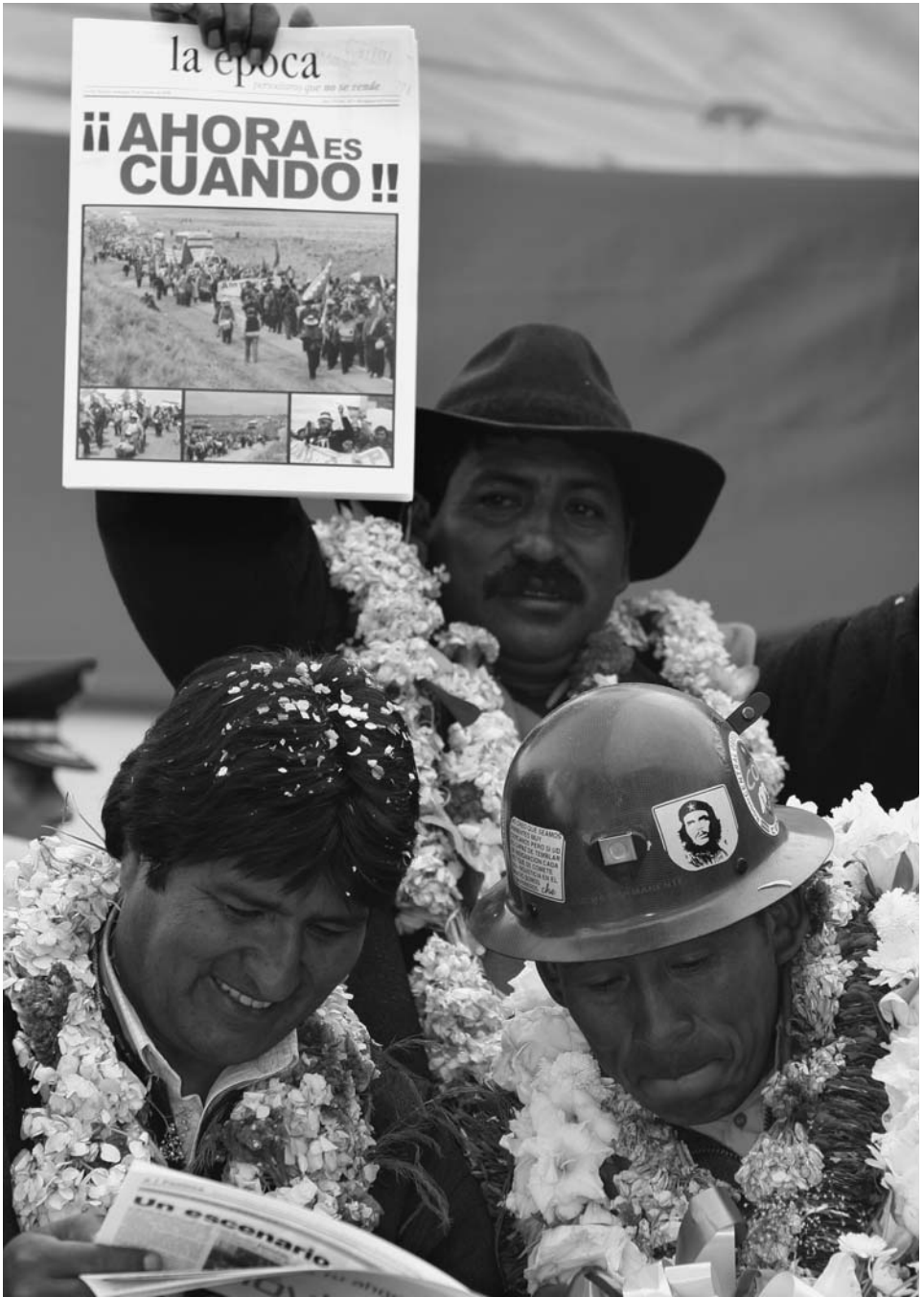


Plate 3.4 Evo Morales and supporters, La Paz, Bolivia.

Source: © Boris Heger/Das Fotoarchiv/Specialist Stock

Ecuador, Bolivia and Venezuela have been most prominent in adopting what could be identified as socialist policies, including nationalization of productive resources and attempts to redistribute wealth (Box 3.8). However, there have also been attempts at regional cooperation through The Bolivarian Alliance for the Peoples of Our America (ALBA in its Spanish acronym). This is part of what Chávez has termed a ‘Bolivarian Revolution’, named after Simón Bolívar, a leader in the wars of independence against Spanish colonialism in the early nineteenth century. It has been set up as a counterpoint to free trade areas promoting neoliberal policies in the region.

Box 3.8

Evo Morales and the MAS government in Bolivia

Evo Morales was elected as president of Bolivia in 2005 and was re-elected in December 2009. Over 60 per cent of Bolivia’s population belongs to an indigenous group, and Morales himself comes from an Aymara background. Prior to his election he was leader of the coca workers’ union.

Morales’ electoral success came after over two decades of market-led reforms in the country, including widespread privatization and increased foreign investment, particularly in infrastructure and oil and gas exploitation. This had led to widespread protests, including the so-called ‘Water Wars’ in Cochabamba, against the privatization of urban water supplies. There was also limited economic growth and the Bolivian economy was severely affected by regional economic crises such as that experienced by Argentina in 2001/2.

Morales’ party is the Movement Towards Socialism (MAS in Spanish) and he has made his views about neoliberalism very apparent. For example, he is quoted as saying: ‘Neoliberalism is the reproduction of savage and inhuman capitalism that continues to allow for the concentration of capital in few hands and that does not provide solutions for the majorities of the world’ (quoted in and translated by Panizza, 2009: 183).

In power Morales and the MAS government have nationalized oil and gas reserves and have used the additional revenue for greater public expenditure in social programmes. There has also been legislation to promote the rights of indigenous peoples. However, attempts at constitutional change that seek to redistribute power have led to great opposition, particularly in the departments of Santa Cruz, Pando and Tarija, which have histories of greater foreign involvement and have larger non-indigenous populations.

Source: adapted from Panizza (2009); Reid (2007)

Summary

- Marxist definitions of ‘development’ are based on ideas of ‘modernity’.
- Structuralist and dependency theories stress the importance of looking at the global economic system.
- Dependency theories argue that ‘underdevelopment’ is caused by unequal global power relations.
- State-socialist development models involve the primary role of the state as decision-maker.
- There have been attempts to introduce ‘African socialism’ with limited success.
- While state-led socialist models of development have been losing favour since the 1990s, in some countries, most notably in Latin America, state-led development is becoming more common.

Discussion questions

- 1 What were the main features of Marx’s evolutionary approach to social development?
- 2 How do dependency theories challenge modernization approaches to development?
- 3 Why was import-substitution industrialization a key policy for structuralist theorists?
- 4 Why are state-led socialist development models less popular at the start of the twenty-first century compared to the post-Second World War period?

Further reading

Bradshaw, M. and A. Stenning (eds) (2004) *East Central Europe and the Former Soviet Union*, London: Pearson Prentice Hall. Excellent collection of chapters considering the transitional processes in Eastern Europe and the former Soviet Union.

Forbes, D. and N. Thrift (eds) (1987) *The Socialist Third World: Urban Development and Territorial Planning*, Oxford: Blackwell. Although this book is rather dated, it provides a very useful overview of the economic and regional development policies of a number of socialist regimes in the South. While most have now moved away from this form of development, there are many useful examples of how a socialist perspective has been put into development practice.

Frank, A.G. (1967) *Capitalism and Underdevelopment in Latin America*, London: Monthly Review Press. A classic presentation of the dependency approach.

Panizza, F. (2009) *Contemporary Latin America: Development and Democracy Beyond the Washington Consensus*, London: Zed Books. A clearly written account of the rise of 'the Latin American left' and its challenge to neoliberalism.

Useful websites

www.marxists.org Marxists Internet Archive. Includes information about key Marxist writers and their publications. Includes sites on African socialism.

www.nacla.org North American Congress on Latin America. A non-profit organization which provides information about Latin American social, political and economic issues.

www.socialistinternational.org The Socialist International. Worldwide organization of socialist, social democratic and labour parties.

www.tol.cz Transitions Online. News and information about the post-communist states of Eastern Europe and the former Soviet Union.