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Accumulation and Development: a theoretical model

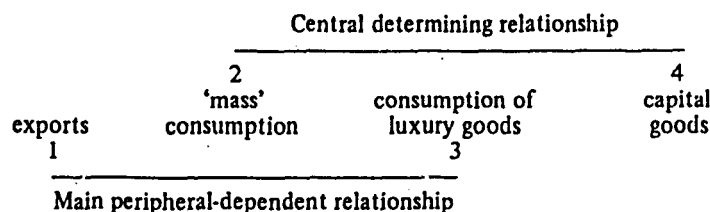
Samir Amin

In this article Samir Amin sets out the core of his model of the global accumulation of capital. In it he defines two distinct patterns: one applying to development at the centre, the other to dependent development in the periphery. Central development is characterised by the dominance of economic activity to satisfy mass consumer needs and the consequent demand for production goods. The power of the masses is enlisted in a 'social contract' which allows the establishment of a limited economic viability, at a national level. However, the internationalisation of productive capital increasingly threatens that stability. The peripheral systems are dominated by production of luxury goods and exports and the consequent lack of importance of internal mass markets. This leads to growing inequality, technological dependence, political weakness among the oppressed — in sum, marginalization. Restructuring of these economies requires a break with the international economy, and self-centred development which establishes the dominance of production for mass needs, though there are particular difficulties for individual countries attempting such a break and ultimately a solution can be found only if such changes take place internationally. Policies for the difficult period of transition must first and foremost focus on the need to build the political consciousness necessary to complete this process.

The aim of this paper is to show that there is a fundamental difference between the model of capital accumulation¹ and of economic and social development characteristic of a self-centred system and that of a peripheral system. In bringing out this difference — which we regard as absolutely fundamental — I shall attempt to situate, within this framework of general theory, questions of social structure, and other important problems of the contemporary world, including the social (among others unemployment, underdevelopment and marginality), and the ideological and political

(particularly the problems of social consciousness, class consciousness, planning, mobilisation of resources and men, education and its social role).

The diagram below sums up the difference between a self-centred system and a peripheral one:



The economic system is divided into four sectors which may be considered both from the point of view of production and from the point of view of distribution of the active population engaged in the above-mentioned productive activities.

Self-centred System

The determining relationship in a self-centred system is that which links sector 2 (the production of 'mass' consumption goods) with sector 4 (the production of capital goods intended for the production of sector 2).

This determining relationship has been the characteristic feature of the historical development of capitalism at the centre of the system (in Europe, North America and Japan). Thus it provides an abstract definition of the 'pure' capitalist mode of production and has been analyzed as such in Marx's *Das Kapital*. It can be shown that the development process of the USSR, like that of China, is equally based on this determining relationship, although in the case of China the sequences of this process are original.

Marx, in fact, shows that in the capitalist mode of production there is an objective (i.e. necessary) relation between the rate of surplus value and the level of development of the productive forces. The rate of surplus value is the main determinant of the pattern of social distribution of the national income (its distribution between wages and surplus value which takes the form of profit), and hence that of demand (wages being the source of demand for mass consumption goods and profits being wholly or partly 'saved' for 'investment' purposes). The level of development of the productive forces is expressed through the social division of labour: the division of the labour force, in suitable proportions, between sectors 2 and 4 (sectors 2 and 1 in Marx's reproduction model). This objective relation, though fundamental to *Das Kapital*, has often been 'forgotten', for example in the debate on the tendency for the rate of profit to fall. The argument very often put forward, that the increase in the organic composition of capital may be offset by increases in the rate of surplus value, is no longer valid once it becomes clear that the contradiction between the productive

capacity of the system and its capacity for consumption — inherent in the capitalist mode of production — is constantly being overcome and that this reflects the objective nature of the relation between the rate of surplus value and the level of development of the productive forces. As we have explained on a number of previous occasions, this theoretical model of capital accumulation is infinitely more informative than all the empirical models subsequently put forward: (1) because it reveals the origin of profit (which calls for a theory of value) and removes any absolute quality from economic rationality, thus lowering it to its proper status of rationality *within a system* and not rationality independent of the system, as authoritatively shown by Piero Sraffa;² (2) because it shows, in this way, that economic choices in this system are necessarily sub-optimal, revealing the ideological — and non-scientific — nature of the marginalist concepts of 'general equilibrium', and (3) because it shows that 'real wage' cannot be 'just anything', thus giving an objective status to relations between social forces.

The objective relation in question is seen in the cyclical fluctuations of economic activity and employment. An increase in the rate of surplus value over and above its objectively necessary level leads to a depression due to insufficient effective demand. A reduction in this rate slows down economic growth thus creating labour market conditions which favour capital. As we have shown, the pattern of this adjustment — which in fact corresponds exactly with the history of capital accumulation from the industrial revolution of the 1930 depression (a period characterised by the trade cycle) — is more complex as a result of the *secondary* effect of wage variations on the choice of techniques, thus reflecting the sub-optimal nature of the economic system. A tendency towards full employment (which does not exclude and in fact implies a permanent narrow margin of unemployment) and wide cyclical variations in employment are characteristic features of this system. The internal changes which have taken place in present-day capitalism have rendered this adjustment mechanism useless. The monopolisation of capital on the one hand and the organisation of workers at country level on the other make possible 'planning' aimed at reducing cyclical fluctuations. If the working class is prepared to stay within this framework, i.e. that of the system, in other words, if for all practical purposes capital and labour accept, under the aegis of the state, a 'social contract' which relates increases in real wage to increases in productivity (in given percentages which have been worked out by technocrats), a state of permanent quasi full-employment can be ascertained. Obviously there is the exception that certain sectors of society may cause disturbances by refusing to abide by the 'contract': this could be the case of small and medium firms which would be mostly involved in the amalgamation process and which could — particularly in the relatively backward spheres — hold sufficient political power to blackmail society. There is also the exception that external relations will escape this type of planning. However there is increasing contradiction between the world-scale nature of production (which is characterised by the increasing importance of multinational companies) — and the traditional national character of both

capital and labour institutions. Social-democratic ideology, which is expressed in this type of 'social contract', thus does not extend beyond the national boundaries.

Despite the schematic nature of this model, which is inevitable since it is an abstraction from reality, it nevertheless describes the core of this system. In this model, external relations are left out, meaning not that the development of capitalism took place within a framework of national autarky but that the main relations within the system can be understood without including such relations. In any case, the external relations of the developed regions as a whole with the periphery of the world system remain quantitatively marginal, compared to the internal exchange within this region. In addition, these relations, as we have shown, spring from primitive capital accumulation and not from extended reproduction; hence the model is able to leave them out. The historically relative nature of the distinction between mass consumption goods and luxury goods is also clearly brought out here. In the strictest sense of the term, luxury goods are those for which the demand originates from the part of profit which is consumed. The demand which stems from wages increases with economic growth – the improvement of productive forces. Although in the early history of capitalism this demand was made up almost exclusively of necessities – food, clothing and housing – nowadays, at a more advanced stage of development, it is increasingly aimed at the consumption of consumer durables (cars, kitchen electrical appliances, etc.). However this historical sequence of mass-produced goods is of decisive importance for an understanding of the problem in hand. The structure of demand in the early history of the system speeded the agricultural revolution by providing a market for food products intended for internal consumption (historically, this transformation of agriculture took the form of agrarian capitalism). In addition, we know the historical role of the textile industry and of urban development (hence the saying 'when the building industry is all right, everything is all right') in the process of capital accumulation. On the other hand, consumer durables – whose production is highly capital-intensive and requires a lot of trained labour – appear late on the market when productivity in agriculture and in the industries producing non-durable goods has already passed the crucial stages.

Peripheral Model

The model of capital accumulation and economic and social development at the periphery of the world system is not in any way related to the one we have examined above.

In the periphery the process began when under an impulse from the centre, an export sector was created. This was to play a determining role in the creation and shaping of the market. We shall not get very far by repeating *ad nauseam* the platitude that the products exported by the periphery are mineral or agricultural primary products. These are obviously products in which a

given region of the periphery has a particular natural advantage (abundant supply of ore or tropical products). The underlying reason which rendered possible the creation of this export sector must be sought in the conditions which make the establishment 'profitable'. There is no pressure for central national capital to emigrate as a result of insufficient possible outlets at the centre; it will however emigrate to the periphery if it can obtain a better return. The *equalisation* of the rate of profit will redistribute the surplus arising from the higher return and use the export of capital as a means to fight the trend of a falling profit rate. The reason for creating an export sector therefore lies in obtaining from the periphery products which are the basic elements of constant capital (raw material) or of variable capital (food products) at production costs lower than those at the centre for similar products (or obviously of substitutes in the case of specific products such as coffee or tea).

This is therefore the framework for the *essential* theory of *unequal exchange*. The products exported by the periphery are important to the extent that — *ceteris paribus*, meaning equal productivity — the return to labour will be less than what it is at the centre. And it can be less to the extent that society will, by every means — economic and non-economic, be made subject to this new function, i.e. providing cheap labour to the export sector.

This is not the place to go into the history of the shaping of the periphery to the requirements of the centre. I have done so elsewhere, distinguishing between the various stages in the development of capitalism (stages of mercantilism, competitive industrial capitalism without the export of capital and monopolistic financial capitalism with capital exports) on the one hand, and on the other, distinguishing analysis for the different regions of the 'Third World' as a whole (America, Black Africa, Asia and the East). Let me only add that once society is subjected to this new function — becoming in this sense dependent — it loses its traditional character since it is not the function of real, traditional societies (i.e. pre-capitalist) to supply cheap labour for capitalism. All the problems related to changes in the so-called traditional societies should be looked at afresh within this framework without reference to 'dualism', i.e. the so-called juxtaposition of an autonomous traditional society with an expanding 'modern' society.

Although at this stage this model does not show any actual linkage between the export sector and 'the rest of the country', it reveals society as bound to supply cheap labour to the export sector. The main link which characterises the process of capital accumulation at the centre — expressed by the objective relation between the wage rate and the level of development of the productive forces — disappears completely. The wage rate in the export sector will, in this case, be as low as the economic, social and *political* conditions allow it to be. As regards the level of development of the productive forces, it will in this case be heterogeneous (whereas in the self-centred

model it was homogeneous), advanced (and sometimes very advanced) in the export sector and backward in 'the rest of the economy'. This backwardness, which is maintained by the system, is the condition which allows the export sector to benefit from cheap labour.

Under these conditions the domestic market, born out of the development of the export sector, will be limited and distorted. The smallness of the internal market explains the fact that the periphery attracts only a limited amount of capital from the centre although it offers a better return. The contradiction between the consumption and production capacities is completely removed on a world scale (centre and periphery) by a widening of the market at the centre, the periphery — fully deserving its name — merely fulfilling a marginal, subservient and limited function. This dynamic process leads to an increasing polarisation of wealth at the centre.

However once the export sector has expanded to a certain size, an internal market makes its appearance. In comparison with the market emerging from the central process, this one is (relatively) biased against the demand for mass-consumption goods and (relatively) in favour of the demand for 'luxury' goods. If all capital invested in the export sector were foreign and if all the return on this capital were re-exported towards the centre, the internal market would in fact be confined to a demand for mass-consumption goods, and the lower the wage rate, the smaller the demand would be. But a part of this capital is locally owned. In addition, the methods used to ensure a low return to labour correspond with a strengthening of the various parasitic internal social classes which serve as conveyor-belts: latifundists in some places, Kulaks in others, comprador commercial bourgeoisies, state bureaucracies, etc. The internal market is thus mainly based on the demand for 'luxury goods' from these social classes.

The peripheral model of capital accumulation and economic social development is thus characterised by a specific interconnection which is expressed by the link between the export sector and luxury goods consumption. Industrialisation through import substitution will start from 'the end', i.e. the manufacture of products corresponding to the more advanced stages of development of the centre, in other words consumer durables. As we have already pointed out, such products are highly capital intensive and users of scarce resources (skilled labour, etc.). The result will necessarily lead to a distortion in the allocation of resources in favour of these products and to the disadvantage of sector 2. This sector will be systematically handicapped: it will not give rise to any 'demand' for its products and will not attract any capital or labour to ensure its modernisation. This also explains the stagnation in subsistence agriculture, whose potential products attract little demand and which does not acquire a share in the allocation of scarce resources to enable any serious changes to be made. Any development strategy based on profitability (the structure of income distribution, the structure of relative prices and demand being what they are) necessarily leads to this type of systematic distortion. The few

industries set up in this way and within this framework are not likely to turn into growth poles but will on the contrary increase the inequality within the system and impoverish the major part of the population (found in sector 2 in their capacity as producers), permitting at the same time a further integration of the minority within the world system.

From the 'social' point of view, this model leads to a specific phenomenon: the *marginalisation* of the masses. By this we mean a series of mechanisms heterogeneous in nature which impoverish the masses: proletarianisation of small agricultural producers and cottage industry workers, rural semi-proletarianisation and impoverishment without proletarianisation of peasants organised in village communities, urbanisation and massive increase of urban unemployment and underemployment, etc. Unemployment in this case differs from unemployment under the *central model* of development. Underemployment, in general, will have the tendency to increase instead of being relatively limited and stable, cyclical variations apart. Unemployment and underemployment thus have a role different to that under the central model: the high level of unemployment ensures a minimum wage rate which is relatively rigid and frozen both in sectors 1 and 3; wage does not emerge both as a cost and an income which creates a demand, vital to the model, but on the contrary only as a cost, demand itself originating elsewhere: from abroad or out of the income of the privileged social classes.

The 'externally propelled' nature of this type of development, which perpetuates itself in spite of the increasing diversification of the economy, its industrialisation, etc., is not the *original sin*, a *deus ex machina* foreign to the dependent peripheral model of capital accumulation since it is a model of reproduction of its functional social and economic conditions. The marginalisation of the masses is the very condition underlying the integration of the minority within the world system, the guarantee of increasing income for this minority which ensures the adoption, by this minority, of 'European' patterns of consumption. The extension of this pattern of consumption ensures the 'profitability' of sector 3 and confirms the social, cultural, ideological and political integration of the privileged class.

At this level of diversification and reinforcement of underdevelopment, there appear new mechanisms of the domination/dependence type; cultural and political mechanisms as well as economic ones: technological dependence and the domination by transnational companies. Sector 3 in fact calls for capital-intensive investments which only the big transnational oligopolies are in a position to embark upon and which constitute the material basis for technological dependence.

At this level, more complex forms of the structure of ownership and economic management also make their appearance. Experience shows that the participation of locally owned capital — however subservient — in the process of industrialization through import

substitution is quite common. It also shows — at least in the big countries — that a large enough market created by the development of sectors 1 and 3 may make possible the creation of a fourth sector. The latter is frequently brought into being by the state. But the development of a basic industry and a public sector does not in any way mean that the system evolves towards a complete self-centred type since this sector 4 is here used not for the development of sector 2 but for that of sectors 1 and 3.

The analysis thus brings us back to the fundamental question: development for whom? To the extent that we regard development as meaningful only in so far as it integrates the masses and serves their interest, the model of dependent peripheral capital accumulation is a dead end. A strategy of development for the masses should adopt as its initial basis a fundamental review of priorities with regard to the allocation of resources, which presupposes a rejection of the assumptions of profitability within the system. The meaning of a strategy for transition is to be found entirely in this. Transition is nothing more than the historical period of revision of the model, of altering its priorities, of the gradual evolution from a relationship of 1-3-4 to one of 2-4. It should be looked at from this point of view and not simply from that of 'forms' of the economy: industrial diversification versus a simple export; public ownership versus foreign capital, etc.

The changeover from the peripheral model (based on sectors 1-3), to the model of real, autonomous, self-centred development (based on sectors 2-4) constitutes the essential element of *transition*. The integration into the world system of countries that have become underdeveloped originates from a specific contradiction of this system which tends to become the main one. On the one hand it has created objective conditions of a need for development, felt as such by the people of the periphery; on the other it has barred the way for these countries to attain capitalist development which has been the historical answer to the problem of accumulation of capital, the pre-requisite for socialism. That is why this specific contradiction has become the main contradiction. That is to say the one through which the need for a change in direction to transcend this system shows itself.

This is nothing more than an additional expression of the *law of unequal development* according to which systems are destroyed and transcended first of all not at the centre but starting from the periphery which constitutes the weak link in the chain — where the most intense contradictions become evident. Striking examples of this general law can be found in history, particularly that of the Mediterranean and European world. The oldest Eastern civilisation (Egypt, Mesopotamia, etc.) were transcended by forces which started from their Greco-Roman periphery. Likewise in their turn, the civilisations of classical antiquity were destroyed and transcended from their barbarian periphery where the civilisation of feudal

Christian Europe was to develop more freely and more fully.³ To be more precise, the principal contradiction is not the fundamental contradiction of the system, which still remains that of the level of development of the productive forces opposing the restrictive nature of the forms of social organisation. The principal contradiction would not exist without the fundamental one. The former only explains where dissolution occurs, the latter, the essence of the system in the last resort.

The transcending of the system takes a considerable but variable period, namely the period of *transition*. This is the length of time which separates capitalism from complete socialism. To continue the historical parallel, the early centuries of the Christian era can be considered as a period of transition from the social patterns of Mediterranean antiquity to those of feudal Mediaeval Europe

Criteria and Strategies of Transition

I therefore define transition by the gradual change of given, concrete, historical conditions — those of the present periphery, already integrated into the world system and structured as a *dependent periphery* — and of the capitalist development model, depending on a national, self-centred development which moves into socialism, transcending capitalism.

The historical experience of the USSR, although it includes useful lessons like all experiences in history, cannot be transposed to the present-day Third World. Not simply for reasons of 'ideological' choice: for example because the results obtained, i.e. the national economic, social and political structures of the present-day Soviet Union, would be considered non-socialist and that one hoped to avoid similar 'distortions' in comparison with a socialist plan differently defined. If in fact the building of a national, non-dependent society such as the USSR is today was possible in the Third World, powerful objective forces would act in this direction to make it perhaps an 'objective historical necessity'. I think that this is not the case because such a goal is objectively impossible for underdeveloped countries in the last third of the twentieth century.

At the beginning of this century, Russia was not a peripheral country but a backward central capitalist one. Her structures were different to those of underdevelopment, i.e. those of *dependent* capitalism; marginalisation, for example, was unknown. So the 1917 Revolution merely enabled the process of accumulation of capital to accelerate without fundamentally changing the capitalist accumulation model. This acceleration took place because of the abolition of privately owned means of production in favour of state ownership. History has shown that it was possible, given the conditions in Russia, to accomplish the task of accumulation of capital in the same way as capitalism would have done but on a different property basis. This is reflected in the Soviet theory of socialist revolution which reduces it to the overturning of property relations which — through

suppression of private property — allows their complete harmonisation with the level of development of the forces of production — i.e. the level implied by the industrialisation objectives. This theory leads to an economic ideology of transition, formulated in well-known terms: the priority of heavy industry over light industry, of industry over agriculture, the unrestricted imitation of Western technology, the definition of models of consumption with reference to those of the West itself, etc. The whole spectrum of dogma is summarised in the ambiguous formula: 'catching up in all fields with the production of advanced countries'.

Since England was the birthplace of industrial capitalism, all other developed countries have at some stage been 'backward' in comparison with it. But none of these countries had ever been peripheral in the sense that we have defined it. Gradually the Continent and North America caught up, and in the case of the USA and Germany, overtook England in ways largely analogous to those of the English model. Japan eventually arrived at the same model of fully developed capitalism, but already the conditions of the transition exhibited several interesting characteristics, notably the central role of the State. Russia provides the latest example of a similar capital accumulation model, original only in the sense that state property was not only a transitory form but its definitive form, i.e. probably irreversible. In this lies the basic ambiguity of its genesis (the *socialist* revolution) and the special character of its present system of national state capitalism.

In any case, in all these models the transition period has been characterised by the submission of the masses. They are reduced to the passive role of reserve labour, progressively transferred to the growing 'modern' sector being established and then expanded until it has absorbed the whole society. The *kolkhoz* and administrative oppression have fulfilled this function just as the Enclosure Acts and the Poor Law did in England.

Now, this road is barred to the countries of the present periphery precisely because of the advanced development of marginalisation, the considerable and increasing gap between the modern technology set up by ruling capital and the necessity for an immediate improvement in the conditions of the masses, etc. These are the alternatives: either dependent development according to the model above, or self-centred development, necessarily *original* in comparison to those countries already developed. It is in this direction that we discover the law of unequal development of civilisations. The periphery is forced to transcend the capitalist model (even if it is state capitalism). It cannot catch up with it.

In fact as a result of specific imbalances (which result in marginalisation) and which derive from the periphery's integration as a *periphery* into the world system, it is forced radically to revise the capitalist model of resource allocation. It is forced to reject the rules of profitability. Indeed, decisions based on profitability and based on the relative price structure necessitated by integration into the world system, maintain and reproduce the model of increasingly

unequal income distribution (hence marginalisation) and therefore, in turn, enclose it within the peripheral resource allocation model. The task of restructuring the system of resource allocation must therefore be broadly considered outside the rules of the market, by a close understanding of the expression of needs in nutrition, housing, education and culture, etc. In doing this, the periphery is forced to overtake capitalism and break through to the invention of a socialist civilisation, to end the alienation of humanity.⁴

All the technical problems in the strategy of transition must be re-examined from this fundamental angle. In particular the links between agriculture and industry, light industry and basic industry, labour intensive methods and capital intensive methods, must be included within this framework. The problem hence is to combine the most modern installations with immediate improvements in the 'poor' sector (sector 2 of the model) where the major part of the population is concentrated. That means to use modern techniques for the immediate improvement of productivity and of the conditions of the masses. It is only this immediate improvement and this alone which will enable the release of productive forces, enterprise and initiative and the mobilisation of the masses in the usual sense of the word. Mobilisation here obviously demands the spread of specific forms of real democracy at every stage: in the village, the region and the state.⁵

The particular combination of modern techniques and immediate improvements in the conditions of the masses demands without any doubt a radical reappraisal of the direction of scientific and technological research. Imitating the technology of developed countries is not an answer to this particular problem in the present day under-developed world. This is the main reason for autonomous scientific and technological research in the Third World.⁶

Seen in this light, the concrete strategies of transition appear above all as those of *self-reliance*. Self-reliance, which must be understood on different levels, and which must democratically respect the true popular social groups which constitute the nation: the village, the region (and especially in Africa, regions which truly correspond to cultural and ethnic homogeneity), the state and, eventually, groups of states. The level of development attained may force one country for a time to consider only the most elementary levels of concrete, transition strategies so that transition must be seen in very long perspective. It is within this framework that we place the question of 'small countries'.

Vietnam is an example of how even in a small country — and at that under the most difficult objective conditions imposed by war — a strategy of self-reliance can be the first effective stage in the transition. This long term perspective of transition does not, however, merely signify the 'failure' of the rapid development that one clearly desires. It bears out the fact that the problem of under-development can only be definitely overcome within a radically changed world system, a global socialist society. It is quite appropriate to describe the task of transition thus: transition from the

capitalist world system, based on hierarchies of nations, to a world socialist system, which cannot be made up of relatively isolated and autarkic 'socialist' nations. Here the true solidarity of the peoples involved in the struggle of reshaping the world comes to the fore, due to the limited immediate prospects for progress in the Third World where the conditions for transcending advanced capitalism express nothing more than the present weakness of the forces of socialism at the centre of the system.

This formulation of the problematics of transition allows us to understand the restricted framework of the debate before the sixties. Transition demands much more than the extension of public ownership at the expense of all private property, or that of heavy industry, etc. If such an extension of the public sector and of heavy industry is not accompanied by a radical change in economic decision-making, possibly involving a partial sacrifice of the objective of maximum growth, it risks perpetuating the model of dependent development at the periphery, albeit in new forms. As we shall see, this is the spontaneous tendency of the present system. The problematics of the evolving relationship between trading and non-trading elements within the transitional structure constitute an essential framework for effective debate, as do also the problematics of the evolving relationship between centralisation and decentralisation, between power and democracy, etc.

Transition under present conditions of inequality between nations reminds us that development which is not merely the development of underdevelopment in its 'classical' form, or in some 'new' form, is at one and the same time national, socialist and popular democratic, according to the plan through which it finds expression. Therefore a strategy can be considered one of transition only to the extent that the objective of the 'maturation' and development of socialist consciousness is not sacrificed for that of rapid economic progress at any stage.

New Forms of Dependence

An analysis which is based on the conditions of transition, defined from this model of the growth of inequality between nations, enables us to identify the reasons for the failure of the development policies carried out in the Third World and to clarify the direction of the spontaneous tendencies of the system.

Is a different road to development possible? A superficial examination of the results of the last twenty-five years might suggest so. Some Third World countries have in fact, during varying periods, enjoyed high growth rates within the present world system. Based on externally-oriented development, itself conditioned by the external demand for one raw material or another (sector 1) and the investment of foreign capital (sectors 1 and 3 of our model), these 'miracles' have had the adverse effect of causing stagnation in other Third World countries, and these are the great majority. Moreover in all these apparently fortunate experiences the specific characteristics of underdevelopment (growing internal inequality and the

consequent distortion of resource allocation, marginalisation and dependence, etc.) have not been reduced but become more and more pronounced.⁷

Economic 'planning' thus emptied of its content appears as an empty shell; a technique which reveals itself to be ineffective. One can in fact plan only self-centred development. Discussion of the model of accumulation at the centre has indicated the basis on which national economic policy can be founded, and which is essential for 'indicative economic planning', for the 'managed economy' of advanced capitalist countries. We must remember that this basis is on the one hand an advanced stage of monopolisation and on the other the social-democratic consciousness of a highly organised working class. Nevertheless the 'managed economy' approaches its limit in the growing contradiction between the global nature of production and the national nature of the 'social contract'.⁸

The Soviet Union's model of accelerated capital accumulation has developed economic planning techniques in the specific conditions described. Here we have described the essential characteristics of strategies of transition which must be self-centred and which can form the basis of a third type of economic plan.

On the other hand, the attempt to 'plan' a dependent and externally oriented development strategy is absolutely meaningless. For it is useless if the conditions are 'favourable' and powerless if they are not. Such attempts are probably a result – a minor result, of course – of technocratic alienation and the slavish imitation of the methods of developed countries in a way which is most often a caricature of these methods. The hopelessness of such planning, finds complete expression in the finding – valid for Africa, Asia and Latin America – that results (in terms of growth) have been almost totally independent of 'forecasts' and 'plans'. The insufficiencies of such methods and techniques and those of administration (more often called upon to explain the inability of departments responsible for the plan to effectively direct the economic life of the country) are all only superficial aspects of a basic impotence. The problems originate elsewhere. The action of dominant multinational firms whose decision-making centres are outside the underdeveloped countries where they operate, reduces economic planning to the forecast of the probable behaviour of these firms and of the response of the 'traditional' economy and of the small and medium-sized enterprises to this. At best the plan is thus reduced to a forecast of inconsistent behaviour and of possible bottlenecks which may result, and is without power to act effectively. Or it is limited to building traditional public sector programmes in conjunction with a rate of growth which it cannot control.

The critique of the ineffectiveness of economic planning under these conditions is common today. So much so that its abandonment has been openly recommended in favour of the simple reintroduction of calculating profitability 'per project'. This policy, systematically advocated particularly by the IBRD does not solve the problem, it merely confirms the hopelessness of the expectation.

Can spontaneous development of this type at least create the conditions of its own transcendence within the system? If so, it would definitely appear to be the first and historically necessary stage. But there are serious grounds for doubting this since the model on which it is based is a model of the reproduction of these self-same conditions. This intensification of dependent peripheral development is moving in a direction already apparent today, which will tomorrow undoubtedly determine the principal characteristics of 'advanced' underdevelopment. Technological domination necessarily results from the priority of development in sectors 1 and 3 because these sectors must be competitive on an international level no matter whether they are export or 'luxury' goods, the preference for which indicates the adoption of Western forms of consumption. Such indirect domination may take the place of direct control of industry by foreign capital.

Indeed, in the first stages of the formation of peripheral economies, since the technological gap at that stage is still small, dominant central capital, in order to guarantee the efficient running of the system for its benefit, must directly control the modern sectors whose advance it ensures. Means of direct political control are equally necessary at this stage as under colonialism proper or as with the direct interventions in the 'semi-colonies' of South America and certain Asian countries. At an advanced stage of peripheral development the reproduction of the system can be guaranteed without directly controlled investment or direct political intervention merely through technological domination based on an increasing technological gap and combined with the existence of local social classes and strata, integrated through their consumption patterns (therefore their real interests) and through the ideology which usually accompanies it (renunciation of patriotic nationalism, the reduction of all ideology to *consumerismo*, etc.). This is precisely the major significance of neo-colonialism and neo-imperialism.⁹ Under these conditions the burden of investment can be borne by local 'savings' – private and above all public. Thus the development of a public sector, which may become very important and even dominant locally, is quite compatible with the continued dependence of the system as a whole with respect to the developed world. This dependence is guaranteed by the interplay of local social forces, even if this occurs in a state-capitalist system claiming to be 'socialist'. Even at a very advanced stage, one can imagine the development of a sector 4, i.e. heavy industry, which acts merely as a local prop for dependent development in general. In such a case, this sector generally takes the form of a public sector, as in Brazil for example.

The political theory of *sub-imperialism*¹⁰ addresses a very real problem raised here; that of inequality in peripheral development. For it is conceivable that in the global hierarchy certain peripheral regions may 'benefit' through geographical concentration in their territories of industries of sectors 3 and 4, producing not only for their 'national' market but also for those of neighbouring areas, sustained principally for the purpose of providing cheap labour

reserves. Such perspectives are not only evident in some large Third World stages (Brazil is the prime example, but one should examine in this light the role that India might be called upon to play) but even on a more modern scale in the Arab world and in Black Africa. In Africa, perhaps more than elsewhere, direct and brutal colonization has broken down the whole of the pre-colonial structures and particularly the networks of African continental inland trade and hence the complementary relationships between different regions of this vast continent. One can see how the re-shaping of Africa into an externally oriented, dependent economy was carved into the very geography of the continent by coastal concentration and development and by the simultaneous impoverishment of the interior. The resulting massive migration has in its turn further accentuated regional disparities. Furthermore, political balkanisation, rooted in the process of unequal dependent peripheral development, has created the conditions for smaller 'sub-imperialist units' within a system which, as a whole, is dependent.

Even in its embryonic 'future' forms dependent peripheral development, whether more or less regulated or unregulated by pseudo-planning, is necessarily characterised by increasing marginalization. The population problem of the contemporary Third World originates from this growing marginalization. The population explosion, an undeniable fact, is not in any way the *cause* of the increasing misery of the masses in the Third World as is claimed in the simplistic reasoning used by the current neo-malthusian world campaign. The self-centred development of the countries presently developed has likewise been accompanied by an extraordinary population explosion. In spite of the very real 'costs' of rapid population increase, which are so much emphasized, the centre has nevertheless solved this problem by a no less prodigious increase in wealth. The benefits of such population growth, both in the strictly economic terms of higher population density (external economies of infrastructure, etc.) and, undoubtedly also in terms of the social psychological effects of the energies released by the conflict between generations, has been decisive. There is incidentally no example in human history of a radical transformation in social structures which has not been accompanied by powerful demographic fluctuations. The population explosion in the Third World is an expression of its maturity, that is of its need for further development, just as it reveals the contradiction between this need and the strangulating effects of the present world system. Marginalization is a manifestation of this contradiction, which must be ascribed to the model of externally oriented dependent development and not to the population explosion. Here one finds one aspect of the problem of the inequality of development on a world scale, i.e. one of the factors which reveals the necessity for transcending capitalism and which is experienced more strongly in the periphery than at the centre.

This objective need for transcending the system can obviously become a reality only if it is accompanied by a change in social consciousness. Thus the problematic of transition necessarily leads to that of the development of social consciousness.

Social Consciousness at Centre and Periphery

The problems relating to political and social consciousness cannot be approached correctly without reference to the general model of development proposed, which distinguishes the central model from the peripheral model and allows the correct definition of the problematics of the social forces concerned.

This framework in fact reminds us that unemployment and underemployment in the peripheral system do not take the same form and do not fulfill the same functions as at the centre. While unemployment at the centre has well-defined contours and is easily quantifiable, the same cannot be said for the periphery. Here marginalization manifests itself not only by identifiable urban unemployment but also by underemployment, job mobility, and self-employment in very low productivity activities, these being the only means of survival for many sectors of the population. The divisions between different kinds of employment and underemployment are blurred and changeable. Quantitative delineation therefore implies special definitions, different from those currently used in developed countries. Various important social phenomena, such as the organization of redistributive interdependence, cannot be analyzed in terms of the 'relics' of traditional society (ethnic and village interdependence, etc) but must on the contrary be re-interpreted as the means of resistance and survival in the conditions of peripheral capitalism, even if they are organized in 'traditional' ways. The same goes for many other 'poor' economic activities, particularly crafts, services and small businesses.

Social, political and especially class consciousness cannot be located or understood in the abstract without any reference to the objective social system in which the social groups in question are found. Consciousness can only be that of *becoming aware of reality*. Such new awareness enables social groups to conceive of effective action, be it by accepting the roles allotted to them within the system, be it by changing its structure.

In the central system, it is true that the consciousness of belonging to a social group (the proletariat, for example) does not by itself define class consciousness. It can lead to a 'reformist consciousness' — social-democratic class consciousness — which constitutes as we have seen an objective condition for the functioning of the central system at this time. At the periphery; on the other hand, social consciousness of this type is not possible since the objective functioning of the system does not integrate the masses but on the contrary forces them out and marginalizes them. Consequently an awareness of the process of marginalization must lead to a rejection of the system. The question posed here is thus whether in fact, in any one country at any one time, marginalized groups or sub-groups attribute their plight to the objective functioning of the system, or on the contrary to strange social or even supernatural forces. The latter would obviously limit their capacity to act in order to change the system and would restrict their political action to the level of unplanned revolts. The answer to this, the only valid question in our opinion, will obviously differ according to the group, the place and the time.

It is in this theoretical context that one must place all the social, ideological, cultural and political problems of the contemporary Third World.

The traditional versus modern debate, in general juxtaposes in an absolute manner these two terms which it defines; the second by reducing it to its historically specific form (capitalist and Western) — thus incidentally denying the possibility of the further development of a global capitalism, which is truly universal (but not tending towards homogeneity); the first, without reference to particular peripheral societies, situating the 'traditional' in a pre-capitalism (non-Western) which no longer exists. For where are the 'traditional' societies today? Reduced to the role of supplying cheap labour to the modern sector (sectors 1 and 3 linked in the way that they are), the so-called 'traditional society, which comprises a majority of people, no longer exists in its traditional form. What does exist is pseudo-traditional, that is to say, a transformed tradition, deformed and oppressed. Moreover, based on African experience, it is clear that social reform movements with a 'traditional' appearance, such as the religious protest movements with a prophetic character; the theocratic movements for the reorganisation of local power like those of the West African Muslim brotherhoods (the Mourides in Senegal); the establishment of 'sultanates' in Nigeria, or Sudanese Mahdism; the evolution of certain centralised monarchies in animistic Africa such as the Wolof or Dahomean kingdoms, are all a response to the problems of integration into the expanding global system. They are all movements for reform within the peripheral system. Phenomena which sociologists too often analyze in terms of 'relics of the past' such as 'tribalism' or the close interdependence of the village, family, clan or ethnic groups among urban immigrants, are too rigidly classified and demand a critique of this dualistic and mechanical approach. Their rigidity is understood when one realises that these pseudo-traditional forms merely obscure a substance that is 'modern', though poor, and that they merely represent ways of surviving in the dramatic conditions of marginality.¹¹

The concept of marginalization poses very serious problems: concern over the forms it assumes (and their effect on social consciousness) and concern with its boundaries (always blurred and ill-defined). Empiricist observation of social phenomena in these areas has often led to hurried conclusions in our opinion. The concept of the 'culture of poverty'¹² and the analogies between this concept and that of lumpen-proletarianization are an example of oversimplification which requires a critique. At the other extreme, the concept of a 'labour-aristocracy' in underdeveloped countries involves an equally debatable analogy.

Of course at elementary stages of industrialization as is widely known in Africa, the 'working class', strictly speaking, can appear 'privileged' and close to the petty bourgeoisie in social status and awareness. The policy of international corporations accentuates this characteristic.¹³ Notably in certain tropical African regions, the retarded impact of colonialism (the late development of sector 1) and the persistence of certain pre-capitalist structures not penetrated by the processes

generating a peripheral society (these structures hence continuing to be concentrated in sector 2) limit the impact that the growing modern sector (1 and 3) can have on such a society in transformation. In simple economic terms, this means that the supply of cheap labour for the growing modern sector is limited so that in the latter remuneration be less bad than would otherwise be the case. But the acceleration of the process of peripheralization indicates that at more advanced stages the conditions of this proletarian core of the 'modern' sector deteriorate in relative and often absolute terms. New potential alliances then appear between this core and the marginalized mass, henceforth semi-proletarianized in the full sense of the word, which are based on an objective community of interests, deeply influenced by the direct effect of open unemployment on the salaries of those with relatively permanent employment. From that moment objective conditions are ripe for a real strategy of transition, opening the way for a transcendence of capitalism.

FOOTNOTES

1. This model is a brief summary of my work published under the title *Accumulation on a World Scale*, (Forthcoming, *Monthly Review Press*).
2. In *Production of Commodities by Means of Commodities*, Cambridge 1960.
3. I do not claim that this outline includes every aspect of the problem of 'civilisations' – the theory of which remains to be done. The work of Pelletier and Groblot (*Matérialisme historique et histoire des civilisations*, Paris 1969) is the first stimulating opening in this field. Likewise, for the Arab world, see Ahmad el Kodsý, 'Nationalism and Class Struggles in the Arab world', *Monthly Review*, July-August 1970.
4. The universal influence of the Chinese cultural revolution obviously applies here. See Pierre Amon, 'La Révolution culturelle et le marxisme', *Que Faire*, No 5, 1970.
5. All the problems concerning pseudo-tribalism in Africa must be revised from this point of view. Necessary authentic democracy demands the integral respect of social reality. It is only by respecting it that it can be positively integrated into a process which enables transcendence. The bureaucratic denial of reality blocks evolution and enables a treacherous and negative reappearance of this reality which is officially denied.
6. See article by Urs Müller-Plantenberg 'Technologie et dépendance', *Critiques de l'économie politique*, No 3, 1971, which defines precisely the kind of technology which can solve the problems of the present-day underdeveloped world.
7. As acknowledged by the United Nations Conference for Trade and Development (UNCTAD) at a meeting in Lima of 77 countries, October 1971.
8. This is why the crisis in the system is revealed in the field of international monetary relations (the current dollar crisis, etc.). Triffin, *Le système monétaire international*, Paris 1969, expresses this awareness arguing in favour of a utopia – that of a supranational monetary authority, which assumes the contradiction is resolved.
9. This stage has not been reached in contemporary Africa where direct foreign investment remains the prime mover. That is why the expression of neo-colonialism has never seemed to us a scientific one. We prefer neo-imperialism (for lack of a better word) which only applies to very advanced underdeveloped countries like Brazil.
10. See Ruy Mauro Marini, 'Subdesarrollo y revolución', *Siglo XI*, Mexico 1969.
11. The excellent Senegalese film by Ousmane Sembène *Le Mandat*, is a lively scientific demonstration of this theory, better than many pretentious sociological analyses.
12. Oscar Lewis, *The Children of Sanchez*, started this school of thought.
13. G. Arrighi, 'International Corporations, Labour Aristocracies and Economic Development in Tropical Africa', R. I. Rhodes ed. *Imperialism and Underdevelopment*, London 1970, has expanded this theme in the most coherent manner to our knowledge, with reference to the case of Tanzania.