
UNIT 3 COMPARATIVE APPROACHES: POLITICAL ECONOMY, DEPENDENCY AND WORLD SYSTEMS

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3.1 INTRODUCTION

Political processes in underdeveloped countries in their actuality have undermined the self-confidence of political scientists that they could provide accurate analyses of the requirements of these systems for **development** or modernisation. One variable which is missing in most of the 'functional' studies of the underdeveloped societies is the impact of colonialism and neo-colonialism. These writers also have a tendency to ignore or underplay the structural aspects of the economic dimension. Only Marxist writers like Paul **Baran**, Andre Gunder Frank and Charles Bettelheim have introduced the political economy approach while analysing the politics of Asian, African or Latin American systems.

Baran's Political Economy of growth, Bettelheim's India Independent and Andre Gunder Frank's Capitalism and Underdevelopment in Latin America are notable examples of the application of the Marxist political economy paradigm to social and political change in the developing **countries**. Gunnar Myrdal and John H. Kautsky have studied the impact of economic factors on the political processes of the developing countries from a non-Marxist, liberal point of view.

3.2 WHAT IS POLITICAL ECONOMY?

Webster's third New International Dictionary has defined political economy as a social science which deals with the interconnections of economic and political process. Economists stress the

economic ramifications of political economy. Mandel traced its origin to "the development of a society based on petty commodity production."

Mam's major work, Capital, is subtitled "A Critique of Political Economy" and emphasizes commodities, money, surplus value, and accumulation of capital. **Marx** focused on "all material production by individuals as determined by society". He criticised Adam Smith and Proudhon for basing their conclusions based on the freedom of the individual and free competition, which were illusory.

However, in contemporary political science, no great tradition of political economy had developed. Actually, radical economists and sociologists have done more to revive the current interest in political economy and to make it more relevant to political analysis. Most of these writers have promoted a Marxist understanding of political economy.

3.2.1 A Marxist Conception of Political Economy

Early in the 1840s, embarrassed by his ignorance on economic issues, Marx shifted his attention from jurisprudence to material interests. Marx says: "I was led by my studies to the conclusion that legal relations as well as forms of state could neither be understood by themselves, nor explained by the so-called general progress of the human mind, but that they **are** rooted in the **material** conditions of life."

In 1845 and 1846, Mam related his conception of the state to the productive base of society through various stages of history. He says: "this conception of history depends on our ability to expound the real process of history, starting out **from** the material production of life itself... and to show in its action as state, to explain all the different theoretical products... religion, philosophy, ethics **etc.** and trace their origins and growth from that basis."

According to this, the base or economic structure of society becomes the real foundation on which people enter into essential relations over which they exercise little control. In contrast, the legal and political superstructure is a reflection of that base. Only, political economy can restore the connection between an analysis of the economic base and exposition of its political and ideological super-structures.

As you might have read in earlier units that traditionally, comparative politics looked at the government and the state but in the late 1950s American political scientists discarded the concept of the state. **Easton**, Almond and others thought that the concept of the state was limited by legal and institutional meanings. The neutral concept of 'system' diverted attention from class society, from the relationship of different classes to the means of production and productive forces. Today the use of system usually pertains to a nation and comparative politics tends toward country based configurative studies. Similarly, international politics is dealt with the systems approach or the conventional historic, behavioural, geopolitical, balance of power or equilibrium approaches. They emphasize political aspects, overlooking economic considerations. When international politics takes up questions of imperialism and dependency, perspectives on political economy can be applied.

There is another problem. ***The developed, industrial nations of the west and underdeveloped, predominantly agrarian societies of the third world, are studies in contrast and as separate systems divided into the metropolises and the satellites i.e. the centre and the periphery.*** No attempt is made to integrate and synthesize the study of these so-called dichotomous entities.

Marxist approach to political economy makes the following points:

First, it has advocated that political inquiry is holistically and historically oriented rather than limited to segments and current affairs. It should seek synthesis in the search for an understanding of social problems and issues.

Second, the study of politics should be combined with economics. Distinctions between politics and economics and also between comparative and international politics in political science lead to a distortion of reality and confusion. The dichotomy between the centre and the periphery also leads to theoretical difficulties. The dialectical method will help in an integrated and dynamic analysis of politics.

We find contrasting methodologies in the study of political economy. They may be identified as orthodox and radical methodologies, which generate sharply different questions and explanations. A distinction between Marxist and non-Marxist criteria should be made to perceive the differences between these approaches. *Marxism in this context should be seen as a methodology rather than an ideology.*

3.2.2 Evolution of Political Economy

Ernest Mandel has provided the most recent interpretation of developments in political economy. Petty commodity production was the first stage that lasted upto the Middle Ages. The transfiguration of Europe from feudalism to a profit-oriented economy of buyers and sellers led to the school of political economy. They assumed that regulation and control were necessary in order to constrain the selfish individualism. They argued that wealth was produced, not by trade and industry, but by agriculture.

Liberals believed that private property should be protected and that the production of wealth based on the incentive to work, and the right to property instilled in the individual. They suggested that individual initiative must be free from mercantilist constraints. Adam Smith consolidated these ideas into classical political economy. In his *Inquiry into the Nature and Causes of the Wealth of Nations*, he discussed the major themes of commodity, capital and values, simple and complex labour. He was the first to formulate a labour theory of value, "which reduces the value of commodities to the amounts of labour contained in them."

Adam Smith also identified laws of the market that explain the drive of individual self-interest in a competitive milieu and how this results in goods desired by society according to the demand and the price it is willing to pay. Smith envisaged competitive market equilibrium because individualism promoted order, not chaos, in the market economy. Ricardo in the *Political Economy and Taxation* was both a pupil and critic of Adam Smith. Ricardo advocated the accumulation of capital as the basis for economic expansion. He thought that restrictions on private investments should be abolished and that governments should not intervene in the economy. Ricardo also noted the conflict between the interest of landlords and capitalists.

The Utopian socialists like Robert Owen, Saint-Simon and Charles Fourier criticised the liberals or defending the system of capitalism by giving a twist to Ricardo's theory of labour. Engels said: In so far as modern socialism, no matter of what tendency, starts out from bourgeois political economy, it almost exclusively links itself to the Ricardian theory of value. *The two proportions which Ricardo proclaimed (1) that the value of any commodity is purely and*

solely determined by the quantity of labour required for its production, and (2) that the product of the entire social labour is divided among the three classes: landowners (rent), capitalists (profit) and workers (wages), had ever since 1821 been utilized in England for socialist conclusions."

Marx transcended the theory of the utopian socialists as well as the classical economists. He worked out a theory of surplus value and class struggle. He set both basic laws of development and theory of economic crises. He thus achieved a practical synthesis of micro-economic and macroeconomic ideas. He also said that the **production relations** of every society form a whole; the parts cannot be separated from the whole so that one can explain society in terms of all relations **simultaneously** coexisting and supporting one another.

The **challenge** of socialism led to the marginalist theory of value and neo-classical political economy. The labour theory of value was attacked along with a bourgeois onslaught on Marxism. The neo-classical theory was rigorous, detailed and abstract. Marxism was attacked by the historical school in Germany and also by the Austrian and Swiss economists. The neo-classicists emphasize equilibrium and are criticised for being unable to account for the disturbances that affect equilibrium. Their **framework** is static, not dynamic. It does not deal with economic crises and does not relate imperialism to capitalism.

These problems led some economists like Schumpeter to study structural crises. After the great depression of 1929-1933, Keynes wrote General Theory of Employment Interest and Money and changed an apologetic view of capitalism to a pragmatic one. Instead of justifying capitalism in theory, he suggested a way to preserve it in practice by mitigations, the extent of its frequent fluctuations.

Marxist and Neo-Marxist writers like Kautsky, Hilferding, and Rosa Luxemburg and others continued the radical tradition of political economy. **Lenin's *Imperialism: The Last Phase of Capitalism*** was a good example of the application of the political economy approach to the analysis of imperialism as a world system. Paul **Baran**, Leo Huberman and Paul Sweezy made a great contribution to the development of political economy since about 1960. Mandel continued their tradition and predicted an end to what he called the bourgeois, ideological approach to political economy.

3.2.3 Comparative Political Economy

The examination of the theory, method and concept suggests a dichotomy between bourgeois and Marxist political economy. Attention to capitalist accumulation permits the consideration of both political and economic issues. The study of capitalist accumulation with emphasis on precapitalist and capitalist modes of production can integrate the inquiry that has so far led the economists to investigate questions about the material base of society and political scientists to study the issues of the political and ideological super-structure.

Some might say that economists should be concerned with theories of imperialism and political scientists should deal with the theories of state and class. However, all these concerns should be integrated by the political economist. The solution is the reconstitution of economics and political science into **political** economy.

Political economy fundamentally addresses the broad historical sweep of capitalism, especially over the past hundred years. In the ***Das Kapital*** Marx gave us the foundations for such study.

Paul Sweezy in *The Theory of Capitalist Development* and Ernest Mandel in *Marxist Economic Theory* interpreted Marx's findings, emphasizing the economic implications. However, a synthesis by Stanley W. Moore in *The Critique of Capitalist Democracy* focused on the political ramifications.

Mandel's *Late Capitalism* attempts to integrate theory and history in the tradition of Marx, dialectically moving from abstract to concrete and vice versa, from the parts to the whole and back again to parts, from contradiction to totality and back to contradiction. Samir Amin in *Accumulation on a World Scale* combined theory with history on a holistic level. He insisted that all modes and formations of the contemporary world reflect an accumulation on world scale. Capitalist and non-capitalist world markets are not separate because there was one world market in which the former socialist countries participated marginally. Moreover, capitalism is a world system, not a mixture of national capitalisms.

Other attempts to provide a holistic overview of political economy include Parry Anderson's *Passages from Antiquity to Feudalism* and *Lineages of the Absolute State*. They studied the political economies of European feudalism and capitalism. Immanuel Wallerstein, in *The Modern World System*, elaborated Andre Gunder Frank's theory of capitalist development and underdevelopment and emphasized market relations.

Four thinkers – Mandel, Amin, Anderson, and Wallerstein – among others have rekindled an interest in the history of political economy. It orients us toward old and new issues neglected by most contemporary economists and political scientists. All four borrowed from Marxist tradition of political economy and enriched it by their valuable contributions. Mandel explained that the entire capitalist system is a hierarchical structure of different levels of productivity and the outcome of the uneven and combined development of states, religions, branches of industry and firms, unleashed by the search for super – profits.

In this system, unity coexists with lack of homogeneity, development with underdevelopment and super profit with poverty. Given these variations, features of lower stages combine with those of upper stages to produce a formation of contradictory character and allow a qualitative leap in the social evolution of backward people. Brenner criticises this approach because he thinks it has neglected relations of production and class struggle. He doubts whether a national solution will prevail over the problems of world wide accumulation.

3.3 IMPORTANT ISSUES OF POLITICAL ECONOMY

In addition to the historical studies that are related to capital accumulation and theories of development and underdevelopment, it is reasonable to inquire into a feature of international political economy dealing with the histories of imperialism and dependency.

It will be fruitful to review the complementary concerns of comparative political economy, mainly state and class, as well. With the theories of imperialism and dependency, we can make distinction between bourgeois and Marxist theories of state and class.

The following discussion will critically examine the major lines of thought, first, on imperialism and dependency and, next, on state and class.

3.3.1 Imperialism and Dependency

Imperialism can be traced ~~from~~ the Greek and Roman empires to its mercantile 'old' form in the 16th and 17th centuries to its monopolistic 'new' form in the 19th and 20th centuries. Two views of the new imperialism were propounded. One, the radical and Marxist view suggested that imperialism was an outcome of expanding capitalism, necessitated by the contradictions of the capitalist mode of production. The other, the liberal or **non-Marxist view**, argued that the inequities of the capitalist system could be easily adjusted.

The theories of **Hobson**, Kautsky, Schumpeter and Galtung contributed to a liberal view of imperialism. **Hobson** argued that under consumption was the cause of imperialism and that with an increase in domestic consumption in Britain, there would be no need to expand into foreign markets.

Kautsky, a German Social-Democrat, felt that the class conflicts of capitalism would diminish through peaceful methods of reform and the interests of the capitalist class, as a whole, will clash with a minority of powerful capitalists who advocated imperialist expansion.

Schumpeter emphasised that imperialism was a precapitalist phenomenon which would disappear in a rational and progressive era of capitalism. Galtung **proposed** a structural theory of imperialism which has broad acceptance today in non-Marxist circles.

Luxemburg, Lenin, Bukharin, **Baran** and Sweezy, and **Magdoff** may be regarded as important representatives of the Marxist theory of imperialism. Rosa Luxemburg propounded a theory of imperialism in terms of continuous capital accumulation and examined the penetration of capital in backward economies.

Lenin regarded imperialism as the highest stage of capitalism. He studied the rapid concentration of production in large industrial monopolies as well as the growing influence of large **banks** in the **powerful** monopolies. Imperialism for Lenin was almost synonymous with monopoly capitalism. He distinguished **modern** imperialism from mercantile and free trade colonialism of the earlier centuries, Bukharin also characterised imperialism as domination of finance capital. He said that imperialism was an advanced stage of capitalism and should not be equated with either conquest or political domination alone.

Paul **Baran** and Paul Sweezy were influenced by Hilferding, Luxemburg and Lenin in their formulation of the Marxist theory of imperialism. They focused on the generation of capital surplus and its disposal. They assessed the role of giant corporations and their managers, holding monopoly and oligopoly as responsible for imperialism. Harry **Magdoff** analysed the patterns of American foreign policy, **American** political and military presence all over the world, and dominant position of U.S. aid and trade policies as features of an expanding U.S. "empire".

Theories of dependence have been **propounded both** by Marxist and non-Marxist writers. Raul **Prebisch** and the ECLA (The U.N. Economic Commission on Latin America) school of economists represent the nationalist school of dependency. Osvaldo **Sunkel**, Celso Furtado, Pablo **Gonzalez Casanova** and Francois **Perroux** also belong to the non-Marxist, nationalist school of dependency theorists.

Another tendency of dependency reflects the Marxist approach. Lenin wrote of dependency in his work on imperialism. Trotsky influenced Gilvis Frondizi and other Latin Americans to write about dependency after the Second World War. Theotonis Dos Santos and another Brazilian Ruy Manro Marini attempted to assimilate the concept of dependency into their Marxist theory of capitalism and Leninist theory of imperialism. F. Henrique Cardoso gave a heretical, Marxist interpretation of dependency.

Other writings on dependency, such as Paul Baran's, Paul Sweezy's and Andre Gunder Frank's works fall more clearly into Marxist framework. They tried to update Lenin and gave their own independent interpretations of the phenomena of dependency. The dependency theory will be discussed in detail in a subsequent section.

3.3.2 Theories of State and Class

The prevailing liberal conception sees the state as a political market-place through which the demands and interests of competing groups and individuals are voiced and implemented. Two views are presented in this connection. On the one hand, neutral agencies of the state mediate conflict that emerges from party and group competition. On the other, the state agencies function as bases of political power and competition among these agencies for funding determines their relationship to parties and interest groups. Robert Dahl has drawn attention to these perspectives of the pluralist state and incorporated social class trends and cleavages into his revised theory of or generational pluralism.

Marx never fully developed a theory of state and class. Ralph Miliband noted that "a Marxist theory of politics has to be constructed or reconstructed from the mass of variegated and fragmented material which forms the corpus of Marxism." *For Marx, the separation of politics from economics is an ideological distortion because politics is an integral part of political economy.* The primacy of economics constitutes an important and illuminating guideline, not an analytical straitjacket.

In the *Origin of the Family, Private Property and the State*, Engels summed up Marx's early writings on the state and class and showed the significance of economic factors. In *State and Revolution*, Lenin argued that the state does not reconcile class conflict but ensures the oppression of one class by another. He argued that state power should be destroyed by a violent revolution. Class antagonisms cannot be resolved through peaceful reforms. He saw the police and standing army as "instruments of state" power. The proletariat fights the state until bourgeois democracy is replaced by proletarian democracy. With the establishment of classless society under communism, the state disappears altogether.

Contemporary scholars have formed three traditions in Marxist thought regarding the relationship of state and class. One tradition is known as instrumentalism. Marx had said in the *Communist Manifesto* that the state executive "is but a committee for managing the affairs of the whole bourgeoisie." Lenin also made references to instruments of state power in his writings. Thus the state is regarded as an instrument of the dominant or ruling class.

Instrumentalism focuses on the class that rules and the ties and mechanisms that link state policies with ruling class instruments. *Instrumentalism has been criticised for its failure to rise above the pluralist concerns of social and political groupings rather than on classes tied to the means of production.* The instrumentalist interpretation of state has been supported by Ralph Miliband and William Domhoff.

A second tradition is represented by the **structuralist** view of the state which is advocated by French Marxists. Nicos Poulanzas elaborated a political side of this structuralism. He argued that the bourgeoisie is unable to act as a class to dominate the state. The state itself organises and unifies the interest of that class. Althusser also advanced a structural view of the state.

Paul and Sweezy proposed an economic side to structuralism by stressing the activity of the state in resolving economic contradictions and averting crises. Structuralism is criticised as it cannot explain class action arising from class consciousness. The critics agree that structural analysis tends to be static and tied to inputs and outputs rather than a dynamic expression of class struggle.

A third tradition is rooted in the critical perspectives derived from **Hegel** and Marx. It is carried on by Herbert **Marcuse** and others belonging to the Frankfurt school. This school is seen as defender of Hegelian re-interpretation of Marxism, very abstract and philosophical and unrelated to concrete politics. **Marcuse**, however, emerged as a leader of the New Left movement in the 1960s. He exposed the mystification of the state and its ideology and inspired the American youth and Students to rebel against the bourgeois state.

Marx and **Engels** distinguished state from society in order to explain the interrelationship between political and economic life. They defined politics in **terms** of the power of the state, the super-structure that represents bourgeois class controlling production. Is there a Marxist paradigm of political economy, state and class that has any theoretical and practical relevance today? **Harrington** answers this question in the **affirmative**.

The Marxist paradigm was evaluated by him in these words: "Even though it shares insights with, and has influenced, the various social sciences, it is distinctive and cohesive both as a method and in the results it facilitates.....It poses the right questions about the contemporary world; it suggests **some profound** ways of seeking out the answers; and it is therefore relevant to the theory and practice of the twenty first century."

3.4 THE CONCEPT AND ASSUMPTIONS OF DEPENDENCY

The concept of dependency is widely used in comparative analysis of the third world political systems in Latin America, Asia and Africa. It evolved in Latin America in the 1960s and was later discussed in some writings about Asia and Africa as well. Both liberal and Marxist writers have propounded their own versions of the phenomena of development and underdevelopment resulting in considerable theoretical confusion about the nature of dependency and its conceptual implications. An attempt will be made here to distinguish between different usages of the **term dependency**. Broadly speaking, it is necessary to differentiate between a bourgeois and a Marxist view of **dependency**.

Lenin was the first to refer to the concept of dependency as a part of his general theory of imperialism. He understood capitalist imperialism as a manifestation of the struggle among the colonial powers for the economic and political division of the world. **Although the** colonial powers were sharply distinguished from the colonial countries, formally independent yet dependent countries also existed. These dependent countries, Lenin said, "are enmeshed **in the** net of financial and diplomatic dependency."

Contemporary perspectives reveal the **contrasting forms of dominance** and dependence among the nations of the capitalist world. **Capitalism** can be either progressive or regressive. Dependent nations may develop as a reflection of the expansion of dominant nations (Canada) or underdeveloped as a consequence of their subordinate relationship (Brazil).

The Brazilian social scientist, Dos Santo, said: *"By dependency we mean a situation in which the economy of certain countries is conditioned by the development and expansion of another economy to which the former is subjected. The relation of interdependence between two or more economies and between these and world trade, assumes the form of dependence when some countries (the dominant ones) can do this only as a **reflection** of that expansion, which can have either a positive or a negative **effect** on their immediate development."*

Those who use the concept of dependency in their analysis of development and underdevelopment also focus on the issue of foreign penetration into the internal economies of the subordinate nations. External economic and political influence affect local development and support local ruling classes at the expense of the masses.

The **Chilean** economist Osvaldo **Sunkel** said: *"Foreign factors are seen not as external but intrinsic to the system, with manifold and sometimes hidden or subtle political, financial, economic, technical and cultural **effects** inside the underdeveloped country ... Thus the concept of "dependencia" links the postwar evolution of capitalism internationally to the discriminatory nature of the local process of development, as we know it. Access to the means and benefits of development is selective; rather than spreading them, **the** process tends to ensure a **self-reinforcing** accumulation of privilege for special **groups** as well as the continued existence of a marginal class."*

F. Henrique **Cardoso** examined three tendencies in the literature on dependency. One, autonomous national development emerged in Brazil as a response to the view that development can take place through the export of commodities or foreign investment. The underdeveloped nations faced three alternatives: dependency, autonomy or revolution. In order to overcome hindrances to national development, dependency should achieve autonomy through incremental change. This view was held by Helio Jaguaribe, a Brazilian writer.

A second tendency is based on an analysis of international capitalism in its monopolistic phase. It is represented by the ideas of Paul **Baran**, Paul Sweezy and Harry **Magdoff**, who are independent Marxist thinkers and believe that socialist revolution alone can put an end to dependency. **Cardoso** claimed to represent the third tendency, which examined a structural process of dependency in terms of class relations and internal contradictions in the context of international policies and economics.

Bacha classified dependency into five models. The first was **Vasconi's** conception of Centre – peripheral dependency. The second was Lenin's conception of **imperialism** and dependency. The third was Frank's capitalist development of underdevelopment. A fourth perspective came from Dos Santos who spoke of **new** dependency based on dependence on multinational corporations. The fifth conception came from **Cardoso** and **Faletto** i.e. internal dependency located in internal class structure.

O' Brien recognised three conceptions of dependency. The first was ECLA structuralist analysis represented by Sunkel and Furtado. The second was Marxist dependency theory represented

by Marini, Dos Santos and Frank. The third was Marxist structuralist synthesis advocated by Quijano, Cardoso and Ianni.

Chilcote divides the conceptions of dependency into four modes: (1) Development of underdevelopment (Frank and Rodney) (2) New Dependency (Dos Santos) (3) Dependency and development (Cardoso) and (4) Dependency and imperialism (Baran and Sweezy, and Quijano).

There have been several approaches to dependency theory. The first approach discussed here is based on national autonomous development. Since colonial times, Latin America has depended on exports of raw materials and agricultural commodities but the depression of 1929-1933 resulted in the decline of export earnings. Since then, autonomous development became the new slogan of the intelligentsia and the bourgeoisie. Under the capitalist state, state control and planning can assist the growth of national industries as well as an infrastructure of roads, power and other essentials.

This approach was anti-imperialist and emphasised the creation of an independent national economy. It was first formulated by the economists associated with the United Nations Commission for Latin America (ECLA), under the aegis of Raul Prebisch of Argentina. Essentially ECLA accepted the view that a new class of industrialists and businessmen would emerge as supporters of national interests in the face of foreign penetration into the domestic economies of the less developed nations. ECLA has assumed a nationalist yet an anti-imperialist perspective on the question of development in the dependent countries.

Sunkel points out that underdeveloped countries suffered from internal colonialism as well. People in dependent countries also suffer from the exploitation by their own capitalists and landlords who act as allies of foreign capitalists. Subsistence economies accentuate poverty, backwardness and low productivity.

A derivation of internal colonialism is the theory of poles of development. This theory is concerned especially with unequal development, which was evident between nations as well as between regions within a single country. The theory assumes that underdeveloped economies are characterised by a lack of infrastructure in transportation and communication. The imbalance created by a dual economy can be overcome by diffusing capital and technology to underdeveloped regions.

Cardoso argued that capitalist development can occur in dependent situations. It has become a new form of monopolistic expansion in the third world. This development benefits all classes associated with international capital including the local landowning and capitalist class. This is new dependency resulting from the growing power of foreign multinationals. These conditions prompt military intervention and rule.

Several Marxist thinkers explain underdevelopment of dependent countries by referring to dominations of the third world countries by monopoly capitalism. These writers argue that today corporate capital has replaced finance capital as the instrument of dominance in the dependent countries. Baran and Sweezy examined the United States in the light of their approach but their work helps us to understand the external impact, monopoly capitalism which the centre exerts upon the peripheral nations of the world. Samir Amin provided even greater depth in an analysis of monopolies and dependency in an accumulating capitalist world of centre and periphery.

Marini has propounded the theory of **sub-imperialism** regarding capitalist development in Brazil. He characterised Brazilian capitalism as super-exploitative, with a rapid accumulation benefiting the owners of the means of production and an absolute poverty accruing to the masses. With the diminution of internal consumer market and a related decline in surplus, the Brazilian economy reached an impasse in 1964. The military regime resorted to sub-imperialism as the only possible escape route from the crisis. Marini analysed the **difficulties** of an escape from dependency and underdevelopment in the face of its ties with international capitalism. His approach combined a dependency perspective with a Marxist anti-imperialist framework.

Andre Gunder Frank provided another framework for dependency theory. He emphasised commercial monopoly rather than feudalism and precapitalist **forms** as the economic means whereby national and regional metropolises exploit and appropriate surplus from the **economic** satellites. Thus capitalism on world scale promotes developing **metropolises** at the expense of underdeveloping and dependent satellites. Frank was influenced by the ECLA structuralist approach and reaction to the orthodox views of development. Frank's dichotomy of metropolis and satellite followed the ECLA formula of centre and periphery. Frank, however, criticised ECLA's suggestions for autonomous national capitalist development as impractical. This led him to an anti-capitalist and a Marxist position. Frank rejected the stage theory of Rostow and others. He also criticised orthodox Marxist theory for placing the history of capitalism into deterministic formulas.

Frank's Marxism was influenced by Paul **Baran's** work and by the efforts of **Baran**, Sweezy and others to set forth original and imaginative ideas within a Marxist tradition. He took an exception to the notion of a dual society. He outlines the major contradictions of capitalism that led to underdevelopment.

Dos Santos outlined three types of dependency:

- 1) Colonial dependency implied a monopoly of trade and a monopoly of land, mines and manpower in the colonies.
- 2) Financial industrial dependency implied a domination of capital by the hegemonic centres and investment of capital in the peripheries for raw materials and food products.
- 3) The new dependency, which emerged **after** the Second World War was based on investments by multi-national corporations in dependent countries.

The theory of new dependency attempts to show that the relationship of dependent countries towards the dominant countries cannot be changed without changing their domestic structure and foreign relations. The structure of the dependency leads dependent countries to underdevelopment as the multinational corporations extract more and more surplus value from the backward economies.

3.5 A CRITICAL ASSESSMENT OF DEPENDENCY THEORY

The various approaches discussed above made it clear that there is no unified theory of dependency. A critique of those approaches is attempted below.

The centre – periphery thesis of the ECLA economies correctly traced the underdevelopment to the international system and thus formulated the basic assumption of the dependency theory.

However, *it neglected a close scrutiny of the policies of dominant countries and their needs. It wrongly attributed backwardness to traditional or feudal factors and assumed that a progressive national bourgeoisie was capable of promoting national economic development.*

Sunkel and Furtado modified the strategy of Prebisch and focused on changes in the structure of internal production so as to eliminate the mechanisms of dependency and also proposed changes in the structure of the multinationals which reinforce the mechanisms of dependency. Their **suggestions** were (1) redistribution of land to peasants (2) creation of heavy industry (3) promotion of export industries (4) joint national-multinational enterprises. Most of these policies remained either unimplemented or could not change the reality of dependence.

Other theorists of dependency believed that an independent capitalist development was not feasible and that, instead, socialism must be introduced along with a planned political economy and an intensive utilisation of natural resources. However there was no popular movement for socialism.

Some **other approaches** also suffer from inadequate conceptualisation. The internal colonial model of Casanova stresses national rather than external conditions. It rightly focuses on monopoly and relations of production. However the **emphasis** on the forms of internal colonialism may be misleading. The assimilation of the marginal people into a collective society by a national capitalist class is impossible. Autonomous development in a dependency is an **unrealistic** proposition because international capitalism would not permit this to happen.

The Marxist, anti-imperialist approaches to dependency throw fresh light on the relations between centre and periphery. Their concerns are the hegemonic impact of monopolies whose strategy is oriented towards global expansion. Contradictions in the centre may be reduced by expansion in the periphery through the exploitation of the workers and peasants. The contradictions shift to the periphery where the corporation has become decisive in monopoly capitalism. **Baran** and **Sweezy** support the view that corporate capital has now replaced bank capital as the **principal means** of controlling industry.

Although the sub-imperialism thesis of Marini has received less attention, Frank's theory about the development of underdevelopment has influenced many other thinkers and drew the attention of some critics as well. It is said that descriptions of class structure in Frank's theory are **overly** schematic. Another criticism regards dependency as an external phenomenon imposed upon the periphery **rather** than as an integral element. A critic also points out that Frank's theory of dependency is static and fails to show changes. Ernesto Laclau argued that Frank's theory departs from the **rigour** of Marxism. For example, he defined feudalism and capitalism as social systems rather than as modes of production. Thus it is **difficult** to trace various forms of transition between feudalism and capitalism. Another critic said that Frank's insistence that capitalism has prevailed throughout Latin America since the sixteenth century departed from **Marx's** own understanding of capitalism.

This critique may be summed up as follows: *"The criticism of the dependency theory reflects the lack of conceptual clarity in the interpretations of orthodox and radical writers alike.* Distinctions between these types of writers are clear, however. An orthodox or bourgeois view of dependency usually concerns itself with the building of national capitalism within the context of international imperialism.... A national bourgeoisie, with the support of the state will promote

the interest of the nation on the path toward **développement**. The radical or Marxist view relates the elimination of dependency to the struggle of workers to supplant the capitalists owners of the means of production and to establish socialism,...**Imperialism** too is a concern for those attempting to relate Marxist theory to dependency." Elimination of economic imperialism is necessary for overcoming the structures of dependency.

3.6 CAPITALISM AS WORLD SYSTEM

Marx and Lenin and their followers conceived the capitalist system in international terms. Robert Wuthnow developed this theme in an article entitled "The Modern Science and World System" published in 1979 in the journal, *Theory and Society*. Wuthnow argued that developments in modern science and technology have brought about a highly integrated world system.

Immanuel Wallerstein in his work entitled *Modern World System* examined the capitalist agriculture and the origins of the European world economy in the sixteenth century. In his introduction, he discussed the difficulties in his previous political perspective. He abandoned his earlier focus on the sovereign state or the national society, arguing that "neither one was a social system...One could speak of social change in social systems. The **only** social system in this scheme was the world system." Actually, Immanuel Wallerstein attempted to transcend the boundaries of disciplines as he utilised an "undisciplinary" approach. He thus combined all the social sciences into a historical and holistic perspective.

Samir Amin in his work entitled *Accumulation on a World Scale* followed a similar approach, utilising an explicit Marxist framework and building a radical paradigm of understanding. Samir Amin, like Wallerstein, was also historical and holistic as he attempted to transcend national capitalist and socialist systems to develop and present his thesis. Thus, Samir Amin declared, "**There are not two world markets, one capitalist and the other socialist, but only one, the capitalist world market.**" His theory of accumulation on a world scale is a theory of capitalist formations between the centre and the periphery of a world system.

Subscribing to a theory of economic structuralism, Immanuel Wallerstein developed his conception of class in the capitalist world economy. His argument may be summarised in the following words. Class is a concept that is historically linked to the capitalist world economy or the modern world system.

This world system consists of three basic elements: (1) a single market (2) a series of state structures called nations that influence the workings of the market and (3) three levels of core, semiperiphery, and periphery involving the appropriation of surplus labour. Class struggles grow from the relationship among three levels.

Wallerstein says, "Those on top always seek to ensure the existence of three tiers in order to preserve their privilege, whereas those on the bottom seek to reduce three to two, the better to destroy this same privilege. This fight over the existence of the middle tier goes on continually, both in political terms and in terms of basic ideological constructs." In this struggle, classes are formed, consolidated, disintegrated, and reformulated as capitalism evolves and develops.

This changing struggle is located in the capitalist world economy. He adds, "The capitalist world economy as a totality – its structure, its historical evolution, its contradictions – is the arena of

social action. The **fundamental** political reality of that world economy is a class struggle which however takes constantly changing forms: overt class consciousness versus ethno-national consciousness, classes within nations versus classes across nations."

Samir Amin also sees capitalism as world system upon which national entities may be dependent. Class, production struggle, and transition all must be analysed in a world context. Thus, a transition from capitalism to socialism must begin in the periphery. He says, *"Under the present conditions of inequality between nations, a development that is not merely development of underdevelopment will, therefore, be both national, popular-democratic and socialist, by virtue of the world project of which it forms part."*

The other issue is whether analysis should concern exchange or production. Amin uses concept as the mode of production to move beyond market categories while focusing on the world system, centre and periphery. Amin followed in the tradition of Marx who noted the crises created by financial and trade cycles in the capitalist system, but who also focused on the development of productive capacity in capitalism. Amin has also argued that we cannot think of class struggle as occurring within separate national contexts but must think of it as occurring within the context of the world system. Given the periphery's integration with the world market, the periphery lacks the capacity and economic means to challenge foreign monopolies. With transfers of value from the periphery to the centre, might not the world be analysed in terms of bourgeois and proletarian nations? *Amin's answer to this question is that class struggle in the modern world system will take place not only inside nations but also across nations.*

3.7 A CRITIQUE OF WORLD SYSTEM APPROACH

Wallerstein expanded a conception of centre and periphery that originated with Raul Prebisch. He came close to the formulations of unequal development thesis of Samir Amin who, however, attempted to give importance to the productive process of capitalism as well as the market. Wallerstein also tried to move beyond a conception of class within nations, thereby escaping some of the problems in a class analysis of internal colonialism or in the attention to national bourgeoisies found in the writings of both Marxists and non-Marxists related to the question of development.

Terence Hopkins argued that Wallerstein provided a theory of global capitalist economy as a world system, not a theory of the development of national economics. The world system has also brought about an organised world capitalist class in contrast to the alliance among national bourgeoisie. The multinational corporations have proved effective in **organising** this world system along such class lines.

Wallerstein's theory has been widely criticised for its attention to market rather than production as a basis for **analysing** class relations in the contemporary capitalist world. Wallerstein cited Marx for support of his theory and attempted to disassociate his thought from the ideas of Max Weber. His concern with structure transcended national boundaries and **attempted** to discover the roots of the world capitalist economy. Wallerstein recast the dimensions of the dependency theory. This influenced even liberal social scientists to change their perspectives of development, underdevelopment, state and class.

Ira Gerstein provided one of the few critiques of Amin's work. He argued that Samir Amin's treatment of the class struggle and possible transition to socialism is "somewhat ambiguous, perhaps reflecting...his commitment to the national bourgeoisies of the peripheral countries."

Although Samir Amin correctly negated the thesis that the dichotomy of centre and periphery relates to a division and therefore potential class struggle between bourgeois and proletarian nations, "his emphasis on the market with resulting tendency toward dualism, masking the class struggle, and ignoring the relations of production, lead him to a questionable world class analysis."

Samir Amin's answer to these accusations emphasised that the world capitalist system is heterogeneous, composed of central dominant formations and peripheral dominated ones. Within this framework, class conflicts cannot be considered within the narrow scope of national entities but only on a world scale. Thus attention to national bourgeoisie is suspect, because they are the principal allies of imperialism of the dominant nations.

The world system approach asserts that (1) a chain of metropolises and satellites connects all parts of the world system from the metropolitan centre in the United States and Europe to the hinterland of all backward countries in Asia, Africa and Latin America and (2) times of war and depression may allow for some autonomous development on capitalist lines in the satellites, but within the existing capitalist world system such development is destined to acquire the character of underdevelopment i.e. a kind of lopsided, distorted development which will not change the life styles of the marginalised classes.

3.8 SUMMARY

Political economy deals with interconnections between economics and politics. Political economy has evolved through several phases: mercantilism, physiocracy, classical political economy, utopian socialism, Marxism, neoclassical economies and Keynesian economy.

We find contrasting methodologies in the study of political economy – neo-classical and Marxist. Marx related his conception of the state to the prevalent mode of production. According to him the character of the state changed with a change in the mode of production. Marxism considers politics as super-structure on an economic base.

Political economy deals with such issues as imperialism, development, underdevelopment, state and class, examining their economic and political dimensions.

Within the political economy approach, the concept of dependency has been widely used in comparative analysis of the third world systems, particularly in Latin America. It stressed that the underdevelopment of the backward areas is the product of the same historical process of capitalist development that shaped the development of the progressive areas. Some concepts used to explain dependency were (1) Poles of Development (2) Internal Colonialism (3) Monopoly Capitalism (4) Sub-imperialism (5) Capitalist Development of underdevelopment and (6) New Dependency.

The world system approach is based on the concept of capitalism as a unified world system. This emphasises that the modern capitalist world is organised on the basis of three basic characteristics: a unified world market; a series of state structures and nations that affect the working of the market; and three levels of core, semi-periphery and periphery. Class struggle arises from the relationship among these levels.

Liberal, neo-liberal, pluralist and functionalist writers pay little attention to either political economy approach or the conceptions of dependency and the world system. They dismiss them as ideological constructs which did not correspond to social and political realities.

3.9 EXERCISES

- 1) Critically examine the **main** assumption of the political economy approach in the study of comparative politics.
- 2) Discuss the concept of dependency as an explanatory tool for the phenomenon of underdevelopment.
- 3) Critically examine the assumptions of the world system approach and their relevance to political analysis.
- 4) Write short notes on (a) Base and superstructure (b) Centre and periphery (c) Multinational Corporations.