The Economic Journal of Nepal, Vol. 26, No. 1, January-March 2003 (Issue No. 101) © CEDECON-TU

Dependency Theory: Center and Periphery

*Bharat Pokharel**

Abstract

The specific forms that imperialism takes as a relationship of domination of the poor countries of their periphery by the rich countries of the center. Periphery countries are forced to transfer their progress to the center through lowering of prices of their products. The demand for the primary products is price inelastic. In order to clear the market these countries may lower their prices substantially. For the center it means transfer to them of technological progress through reduced prices. For the periphery it means an additional loss of foreign exchange. It shifts the focus away from endogenous to exogenous causes of class polarization; a process universalized by such instrumentality as multinational corporations and compradore classes. In all these countries, what we now call transnational actors were certainly in historical period: British investors, German steel manufactures, French engineers, and American missionaries.

Introduction

Dependency theory is associated with one that is usually classed as a *dependencia* theory. *Dependencia* is the Spanish word for dependence, or for a dependency. Dependency theories are theories that the more developed countries (MDCs) and their multinational corporations (MNCs) treat the less developed countries (LDCs) as dependencies, and in that relationship prevent (or slow) their growth. The initial support for the Dependency Theory came from Latin America, particularly from the work of Raul Prebisch and his associates at the Economic Commission for Latin America (ECLA). The most prominent structuralist is the distinguished Argentinean Economist Raul Prebisch, who was secretary-general of the Economic Commission for Latin America for many years and presented his theses in various issues of the *Economic Bulletin for Latin America* (now the CEPAL *review*, from the Spanish name of the Commission). The Chilean economists Osvaldo Sunkel and Theotonio Dos Santos present both structuralist and dependency theory. The Brazilian economist Celso Furtado stresses various effects of the unequal distribution of income (Furtado, 1979).

The dependency theory concerning capital supply is that MNCs rob a country of its capital and its foreign exchange. A distinction is sometimes made between transnational

* Mr. Pokharel is Lecturer, Department of Economics, Patan Multiple Campus, Tribhuvan University, Lalitpur, Nepal.

corporations (TNCs) which operate mainly in one country but also have plants in others, and multinational corporations (MNCs), which operate around the world and are not uniquely identified with any one country. The major international oil companies are its examples. The distinction is a valid one, but not a sharp one and the term MNC will usually be used here. True, they ship in capital goods when they first construct a plant in the country, thus saving the country's foreign exchange it would have had to expend if a domestic corporation had built the plant. Also, they sell foreign exchange to the central bank in order to obtain domestic currency with which they can pay domestic expenses of constructing the plant.

However, once a subsidiary of the parent company is well established in the country, it borrows from banks or sells bonds on the country's capital markets in order to expand its operations. In this way it drains the country's pool of capital and makes it impossible for indigenous entrepreneurs without prestigious corporate names to obtain capital. In addition, the subsidiary in the country purchases foreign exchange in order to pay dividends to the parent corporation. The export of dividends much exceeds the amount of foreign exchange that was initially invested in the country (Hagen, 1986: 24).

Along with some elements of structuralism, dependency theories of underdevelopment have arisen in Latin America. Unlike the implications of neoclassical development economics, the dependency school argues that conditions of dependency in world markets of commodities, capital, and labor power were unequal and combine to transfer resources from dependent countries to dominant countries in the international system (Meier, 1997: 107). Historically, the dependent country was a colony and the dominant country was an imperial power.

During the 1970s, international-dependence models gained increasing support, especially among Third World intellectuals, as a result of growing disenchantment with both the stages and structural-change models. Essentially, international-dependence models view Third World countries as beset by institutional, political, and economic rigidities, both domestic and international, and caught up in a dependence and dominance relationship with rich countries (Todaro, 1998: 82). Todaro classifies them under "The Neo-colonial Dependence Model" (Center-Periphery Model), "The False-Paradigm Model" (Lewis-Chenery Model, 1954; 1979) and "The Dualistic-Development Thesis" (Singer Thesis, 1970).

Now asymmetrical power relationships are between the center (Western Europe, Britain, and the United States) and the periphery. Dependency results in underdevelopment of the periphery. Accordingly, it is contended that the development problems of the periphery are to be understood in terms of their insertion into the international capitalist system, rather than in terms of domestic considerations: the dependence of the periphery on foreign capital and the expropriation of the surplus by the center, the dependence on foreign technology; terms of trade deterioration, mechanism which reduce real wages in developing countries below what they would otherwise be, and various socio-cultural aspects of neocolonialism which thwart the drive to independence and self-reliance.

Being heavily represented by sociologists and political scientists, dependency theorists consider social and political factors neglected by economists. In general, dependency ideas combine variants of Marxism and nationalism. Instead of focusing on different commodities-

primary products and industrial products–the dependency theorists emphasize the contrasting positions of dominant and dependent countries within the operation of the international system. Even if the LDC is industrializing and is not simply a primary producing country, nonetheless, it is argued that the advanced capitalist countries are still the chief gainers from any kind of international relationship with the LDC—whether in trade, investment, or technology. The advanced countries possess the dominant technology, they hold a monopoly over Research and Development (R&D), and they are the homes of the multinational corporations. The LDC, even if it is industrializing, is still dependent on the superior power of the advanced countries, and the periphery is still exploited by the center. The underdevelopment of the periphery is a function of its external dependence as affected by the operation of transnational capitalism.

Not surprisingly, the alternative to the logic of modernization radical dependency theory-has as its objective not merely exposing some of the deficiencies in this or that principle or practice, but showing systematically why modernization theory fails. Radical dependency theory, like the Marxist critique of capitalism from which it derives, focuses on relations between center and periphery. It shifts the focus away from endogenous to exogenous causes of class polarization, a process universalized by such instrumentality as multinational corporations and compradore classes. Dependency theory thus attacks liberal modernization theory at the point of discrepancies wean its theory and practice, and, systemically, as a discourse (Apter, 1987: 25).

Comment

These theories concerning capital supply were constructed without quantitative information. Quantitative information later available confirms the realism of some of them, but shows that others have little relation to reality. It is true that traditional elites do not provide savings for economic growth, but the paucity of their saving is probably not a result of their contact with the West. As already noted, they would in any even have distaste for engaging themselves in the grubby (in their eyes) management of industrial production or associating with persons who do so to the extent of lending them money.

The inequality of income distribution is high in many LDCs. However, research studies on the question of the difference in capital-income groups reach conflicting results. The high–income groups spend part of their income for foreign goods, capital-intensive goods, and foreign travel, but they also spend part for the employment of household servants and for other personal services that use no or negligible amounts of foreign exchange. The low-income groups would increase their consumption of food if their incomes were increased. That increase in consumption of staples would either reduce food exports or increase food imports, and in either case would reduce the amount of foreign exchange available for other uses. Relevant research studies have been made in 10 LDCs. Some conclude that if income were transferred from high-to low-groups, the saving of foreign exchange or of capital would be significantly high, others that it would be modest or even negative. Studies in Colombia by (Ballentine & Soligo, 1978), Sierra Leone (Byerlee; Eicher; Liedholm; & Spencer, 1983), Turkey (Sunman,

1973), Pakistan (Soligo, 1973), show that modest to significantly large capital or foreign exchange saving would be accomplished by transfer of income from relatively affluent to poor. W.R.Cline reports studies in Mexico, Brazil, Venezuela and Colombia showing that variations among classes in the capital intensivity of consumption goods are not great (Cline, 1975). Mellor points to the high labor-intensivity of unprocessed foods eaten by the poor. But studies in Ecuador by (Tokman, 1975); Chile (Foxley, 1976); and South Korea (Adelman & Robinson, 1976), indicate that redistribution of income from the rich to the poor may actually increase the capital-intensivity of production, largely. Because it would increase the demand for food and decrease the demand for personal services. In any event, inequality of income distribution and its effects are not a barrier especially affection the present lower- income countries; they are a fact of life in every country.

In many instances, that MNCs drain foreign exchange from the country is an illusion. An MNC may or may not do so. If it does, the net drain is smaller than the total of interest or dividend payments to the parent. For the operations of the subsidiary in the country may save imports or increases exports or both, and the foreign exchange gained or saved may exceed the payments to the parent company.

The charge that the MNC subsidiary in the country by borrowing capital within the country reduces the amount available to domestic entrepreneurs has more substance. On the average, foreign subsidiaries of American corporations raise more than twice as much capital within the country in which they operate as the amount contributed by the parents. Some of the capital raised domestically is offered only because the securities of the foreign corporation are regarded as entirely safe; the capital would not have been offered to domestic borrowers. The total amount of capital raised for industrial projects or other use in economic development may therefore be greater because of the MNC loans, but on balance the MNC borrowing must considerably reduce the amount available to domestic borrowers.

Raul Prebisch

In the post-war period questions of international specialization are not based on the resurrection of the antediluvian debate between the tariff fanatics and their no less fanatic adversaries. The classical theory of international trade preaches that the configuration of the world into primary producers and manufacturing nations is compatible with theory of comparative costs and advantages. This branch of international trade theory has lost all relevance (on the assumption that it once had) to the modern world, despite its dreary recurrence American economic literature textbooks.

In the first place, comparative costs doctrine, the major premise of the *Paley Report,* is not concerned with the cyclical downswings of and economy strongly oriented towards the production for export of one, or a few, price-sensitive raw materials. Secondly, it is a static doctrine that does not allow for the technological dynamism accompanying industrialization that may affect conditions of production throughout the economy. Rational allocation of resources today may turn out to be irrational tomorrow. How does a market left to its own devices define rationality?

Even in terms of policy recommendation the nostrum of comparative costs has helped to determine attitudes towards development. A case in point is the Curried Mission on the Economic Development of Colombia, undertaken under the auspices of the International Bank. The mission opposed the establishment of an iron and steel industry at Paz de Rio, basing their verdict on the fact that domestic production costs were higher than the price of imported iron and steel.

Whatever its merits or technical demerits, or other considerations such as the level of internal demand or size of the internal market, the fact is that production costs are not the over-riding criterion for the establishment of an industry in Colombia or elsewhere. Indeed, if it were, industrialization would hardly have got under way in the United States, let alone Latin America and Asia.

Even if costs are higher than foreign prices an industry can be economical if the net increase in product derived from the factors employed is greater than that existing in other occupations. No verdict could, there fore, be passed in this specific case without reviewing the other investment alternatives and without discussing the possibilities for import substitution which a country must effect by virtue of its own growth and national priorities. An illustration of this is to be found in the rise in the iron and steel industry in Italy notwithstanding that it imports the great bulk of its iron ore pyrites and all the coal use din its blast furnaces. Reaction of enlightened theory to comparative costs is that it perceives development in terms of the national characteristics of an underdeveloped country, of which disguised unemployment and economic instability are some of the key features.

The theoretical position was first formulated in the addendum of the *Committee on Finance and Industry* presented to Parliament in 1931. It was argued that the basic reason for unrestricted *laissez-faire* is inapplicable without qualification to an economic system, which is neither in equilibrium nor in sight of equilibrium. For if a country's productive resources are normally fully employed, a tariff cannot boost output, but can only divert output from one direction to another. But this applies only to a condition of full employment. If this condition is neither fulfilled nor likely to be fulfilled for some time, then the position is entirely different, since "a tariff may bring about a net increase of production and not merely a diversion." The advance towards a Latin America common market is not easy. But there is no other alternative. It is indispensable for the acceleration of development. In turn, the development process as the favorable effects of economic expansion make themselves felt, will tend to lessen the difficulty of the adjustment involved (Prebisch, 1970: 175-76).

We are confronted in the periphery with exploitable resources in terms of a vast reservoir of disguised unemployment In his critique of orthodoxy, Reder suggests that the argument in favor of multilateralism is invalid when unemployed resources exist. "We do not create goods and services; we create jobs, and the goods and services which flow from employment are more or less incidental. Insofar as resources are idle, the things they can produce are akin to 'free goods' and any scheme to capture them becomes sound economy and hence the need for diversification.

For most primary producers, dependence on a narrow range of exports is a source of

permanent instability of real income. Demand for such products is inelastic and subject to violent fluctuations. In the absence of diversification a country runs the risk of exposing its low-level economy to violent cyclical tremors.

Theotonio Dos Santos

Santos defines dependence in this form: "by dependence 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 is such that some countries (the dominant ones) can expand and can be self-sustaining, while others (the dependent ones) can do this only as a reflection of expansion, which can have either a positive or negative effect on their intermediate development." Unequal development must be seen as an integral part of the world capitalist system. Inequality is inevitable because development of some parts of the system occurs at the expense of others. Monopoly power in trade excised by the center leads to the transfer of the economic surplus from the dependent countries to the center, and financial relations which are based on loans and the export of capital by the center ultimately lead to reverse flows and strengthen the position of the dominant country in the dependent country.

Underdevelopment, far from constituting a state of backwardness prior to capitalism, is rather a consequence and a particular form of capitalist development known as dependent capitalism...Dependence is a conditioning situation in which the economies of one group of countries are conditioned by the development and expansion of others. A relationship of interdependence between two or more economies or between such economies and the world trading system becomes a dependent relationship when some countries can expand through self-impulsion while others, being in a dependent position, can only expand as a reflection of the expansion of the dominant countries, which may have positive or negative effects on their immediate development. In either case, the basic situation of dependence causes these countries to be both backward and exploited. Dominant countries are endowed with technological, commercial, capital and socio-political predominance over dependent countries-the form of this predominance varying according to the particular historical moment-and can therefore exploit them, and extract part of the locally produced surplus. Dependence, then, is based upon an international division of labor which allows industrial development to take place in some countries while restricting it in others, whose growth is conditioned by and subjected to the power center of the world (Dos Santos, 1969).

Different forms of dependence may be distinguished as they have evolved historically, First, there is colonial dependence based on trade and the exploitation of natural resources, Secondly, there is financial-industrial dependence, which consolidated itself at the end of the nineteenth century, and which has geared the economic structure of dependent notions to the needs of the center, Thirdly, a new type of dependence has emerged in the post-war era since 1945 based on multinational corporations which began to invest in industries geared to the internal market of developing countries. This is a technological industrial dependence. Dos Santos argues that each of these forms of dependence has so conditioned the internal structure of peripheral countries, that this itself has become part of the dependency relation; for example,

the highly dualistic structure, the income inequality and conspicuous consumption of the wealthy classes, a dependency mentality and the ingrained habit of seeking outside help and the unholy alliance between the domestic ruling elite and foreign interests, all conspire to impede internal development. Dependency is not simply an external phenomenon, it also has to do with the supportive power groups within the poor countries themselves who find the status quo profitable if dependency defines the internal situation and is structurally linked to it, a country cannot break out of it simply by isolating herself from external influence; such action would simply provoke chaos in a society which is of its essence dependent. The only solution therefore would be to change its internal structure; a course which necessarily leads to confrontation with the existing international structure (Dos Santos, 1973).

No Production for the Poor

Among the several theories, an early one explains underdevelopment in terms of the usurpation of surplus produced by labor by international capitalism. This deprivation causes shortages of resources for capital accumulation in these countries. The mechanism, whereby this transfer of surplus takes place, is in built into the very system of capitalism. Within the poor countries, the surplus produced in rural areas (both in fields and mines) is sucked by towns through merchants and employers of labor. This in turn is taken to the cities where capitalists operate. A part of this surplus is carried away to foreign developed capitalist countries by foreign investors. This happens through several instruments: high profits; high interest rates; high charges for the services rendered by foreigners in the fields of management, technologies etc. This expropriated surplus had been made possible by the political factor in the past in the form of colonization of these countries by the European capitalist countries. In modern times since the independence of most of these colonies, the major instrument has been the multinational corporations. The result of this exploitation, starting with the colonial era, is the distortion of these economies. They have been forced into a position of the producers of raw materials. The export-orientation of these countries has also blocked the growth for their domestic markets. As such the potential for their industrialization remained untapped.

Production by an MNC subsidiary within a LDC, it is said, will be production of goods purchased by the elites of the country, not by the poor. The reason, it is argued, is that because MNCs devote their capital to production of, say, durable, which only the affluent buy, they have too little left for production by modern methods of products that can be sold at low prices to the poor. Hence the purpose of economic development, to raise the level of living of the poor, is frustrated. The argument implies that the interests of the MNCs are so closely related to those of the country's elites than the MNCs sacrifice the opportunity to produce for a mass market in order to serve the interests of the elite.

That goods produced within the country by and MNC subsidiary for sale within the country are likely to be goods purchased by the affluent is true with some qualification. The MNC may make (or package) some medications purchased by the poor, but is not likely to produce foods, pots and pans, or articles of clothing of the sorts that the lowest-income groups use. It is not necessary to assume either shortage of capital or purposes of the elites to explain

why the MNC does not. There is a simple reason; the cost of machine production of pots and pans, processed food, clothing, and so forth, is higher than the cost of producing ruder products serving the same purposes by traditional hand methods, and at the difference in price the lower-income classes of the low-income LDCs prefer the traditional products.

Malign Purpose

There is another distinctly dependency theory concerning the purposes of MNCs when they have penetrated the economy. (Dependency theorists use the term penetration; it implies the malign purposes of the MNCs). The MNCs, the argument runs, produce only luxuries in the LDCs and do so by capital–intensive methods in order that there shall be employment for only a few workers in manufacturing industry, for they wish to force LDC workers to work at low incomes in the primary sector of the economy in order that agricultural and other primary products will be produced at low cost for purchase at low prices by the industrial countries. A luxury is a relative term. When the writer was doing research in Colombia moke than 40 years ago, the shop preferred by the affluent in Bogota, in which one bought the most chic clothes and distinguished furnishing was Sears, Roebuck & Co. And indeed this relative evaluation of Sears was correct.

They see polarization, the permanent, enforced specialization of MNCs in low-income agriculture and other primary production while the industrial nations reserve for themselves high–income industrial production, as the goal and the result. Development in the high–income countries and under-development) negative development) in the LDCs, Osvaldo Sunkel writes in a fervent and rather elegant (1977) article, are two facets of a single process. Some of the dependency theorists cry out almost in anguish at their sense of the helplessness of LDCs in the face of oppression by powerful groups.

More widely held than this notion of a conspiracy to perpetuate poverty is a sense that the MNCs extort too much from the economy for whatever benefits their activities yield and do not take actions, which they might reasonably take, that would benefit the country. They practice monopsonistic purchasing of primary materials, generally shopping them in rude from to the MNCs home country rather than processing them where grown or extracted. (MNCs do this for some 80 percent of minerals production; they state that it is more economic). They use "transfer pricing" (reporting higher prices paid for materials imported from affiliates and lower prices for products exported to them than the true ones) in order to understate profits and cheat the country out of taxes due it. They withdraw profits from the country so far as they can unless they judge that further investment in the country is more advantageous than withdrawal of the funds; they fail to make reinvestments in the country that would benefit the country. There area many other similar claims.

Comment

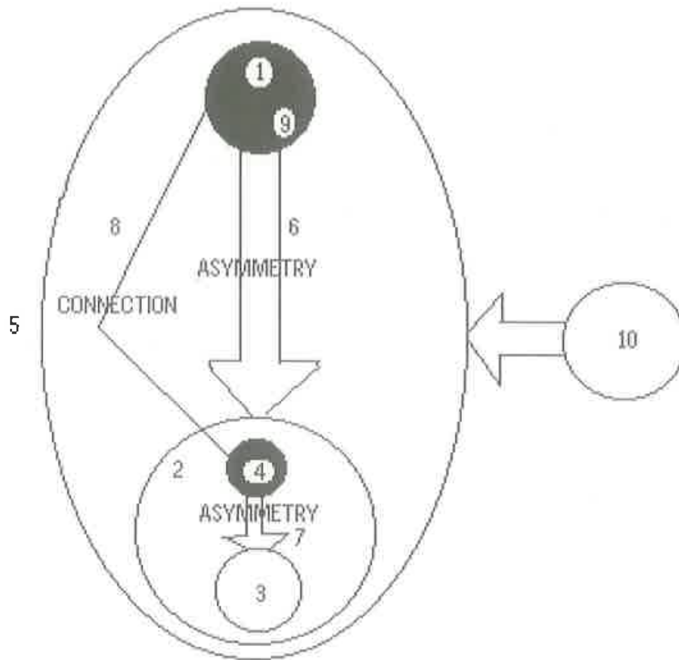
Many of the charges stated in the proceeding paragraph are correct, though not necessarily universally. The dominant purpose of MNCs normally is to maximize their profits and they

normally desire to leave no more capital than necessary subject to controls by LDC governments, which they often do not regard as reasonable. However, and MNC may provide capital, technology, employment (usually at wages higher than going local rates), training, an increase in GNP, and other favorable effects Whether a given proposed MNC project is likely to have a positive or a negative balance of payments effect, and, if negative whether other benefits will outweigh that, must be decided by the government in deciding whether to grant the MNC permission to enter the country, and on what terms. There is no calculus by which a general decision, applicable either everywhere or to all potential MNC ventures in a given country, can be made.

The notion that MNCs cooperate in order to minimize factory employment in and LDC, and the conception that if they did so this would have an important effect on agricultural or other primary sector wages and incomes, are absurd.

Rudiments of Dependency

The relationship between the Center and the Periphery is asymmetrical, an asymmetry that is reproduced with in the Periphery–and, as explained above, for some authors, also in the Center as in figure given below. It is asymmetrical in terms of favoring one of the parties (the center), and of that party's deriving greatest benefit for at least of the time.



1. Center (Metropolis, Core, North, capitalist, imperialist, Developed) countries.
2. Periphery (Satellite, South, non-communist, developing, LDCs, Third World) countries.
3. Periphery in the Periphery (class structure of the Periphery)
4. Center in the Periphery (indigenous bourgeois or semi-bourgeois, elites).
5. Predicament of parts-a consequence of the whole structure of the international system.
6. Asymmetrical, unequal, exploitative relationship favors mainly the Center.
7. Asymmetrical, unequal, exploitative relationship reproduced within the Periphery.
8. "Symbiotic" connection between the Center and center in Periphery.

Optional features

9. Analysis of the (class) structure of the Center.

10. Addition to the model of another 'unit' in different positions diluting, mediating or offsetting the main relationship with corresponding changes to the remaining parts of the model, as for example (a) semi-periphery, (b) 'Second World' (in the Chinese model); (c) 'Socialist bloc' excluded from the Dependency relationship and capable of assisting the Periphery (Third World) in breaking out of the relationship.

Karl Marx: Surplus Value

The true value of any good, Marx wrote, is measured by the number of units of labor embodied in it, including the labor embodied in the capital consumed (depreciated) in producing it. Skilled or technical labor counts as more than one unit. To Marx all capitalist employers are monopolists and are able to charge a price for goods that are above the value of the labor embodied in it—a price that includes interest and profit. Marx called the excess over the value of labor "surplus value." Because of this excessive price, the income paid out in the process of production is not sufficient to take al goods off the market. (This would be true if capitalists spent none of the surplus value they received for either consumer goods or the production of capital goods.) Because of this inadequacy of demand, Marx argued, there is always unemployment—*a reserve army of the unemployed—and immiseration,* in his terms (Marx, 1962). Because this reserve army exists, capitalists can force wages down to the subsistence level and hold them there.

The growing disenchantment with the Modernization theory, owing to its failure to explain growing inequalities, poverty, violence and military coups in the newly independent nations in Asia, Africa and Latin America, forced development economists to ask new questions and seek new answers, using an alternative paradigm. The intellectual foundation of the new paradigm was rooted in the ideas of Karl Marx, Frederick Engels and other Marxist thinkers. Marx (1818-1883) and Engels (1820-1895) were the contemporaries of the proponents of the Modernization Theory, notably Durkheim (1858-1917) and Weber (1864-1924). Marx and

Engels believed that the process of social change was not gradual and evolutionary, as assumed by the Modernization theory instead it was characterized by conflict of interests between classes and society, or class struggle. The Marxists saw class struggle as the engine of social change and development.

The Marxists argued that imperialism, rather than being a benign political outgrowth of European civilization (as argued by the Modernization theorists), was an exploitative system of economic, social and political relations. The system changed the colonized nations into sources of cheap inputs to production in the capitalist nations, as well as markets for their products. This arrangements always worked to the advantage of the imperial power such a view of the dynamics at work in the capitalist system meant a complete reversal of the logic of modernization from the promise of development to impoverishment. This was the fundamental argument of Marxist School of thought, which came to be known as the "Dependency Theory".

Successive economic crises, increasing in severity, will occur under the capitalist system until one occurs so great that the workers will arise throw off their chains, seize control of the means of production, and establish socialism.

Many economists of today who are highly critical of capitalist economic system, as Marx was are termed neo-Marxist even though their theories do not closely follow Marx. Paul Baran and Andre Gunder Frank are examples. Ingredients of Baran's presentation are a version of all of the hypotheses of peculiar barriers. The market is too small because of the profits retained by the ruling coalition of owning classes. These classes receive income ample for saving for investment, but they do not invest. In general, the situation is marked by monopolistic market arrangements and by production that yields no external economies, contributes nothing to public welfare, and stimulates no investment for growth. An alliance between fuedal landlords, industrial royalists, and the rising bourgeois capitalist middle class, imposing a government that can take no forward-looking step. The conception of constructing infrastructure "transcends by far the financial and mental horizon" of these groups. No technical or entrepreneurial problems exist. If the ruling alliance had the will, economic development and social progress could proceed without difficulty.

A decade after Baran and Andre Gunder Frank presented in a more vehement statement a neo-Marxist view of the causes as they saw them of slow or negative development in Latin American countries.

Neo-Marxist Theories

One last group of theories that may be considered to be theories of barriers to growth is the neo-Marxist theories. Though two of them discussed briefly here use Marxist terminology, they are not strictly Marxist theories. They are based in only a very loose sense on Karl Marx's 19th century theory of historical evolution.

Paul Baran: Political Economy of Dependency

There is no doubt that the 'father' of this approach is Paul Baran (Meier, 1984: 139; Palma, 1978: 899). His principal contribution to the general literature on development continues the central line of Marxist thought regarding the contradictory character of the needs of imperialism and the process of industrialization and general economic development of the backward nations. Thus he affirms at the outset that what is decisive is that economic development in undeveloped countries is profoundly inimical to the dominant interests in the advanced capitalist countries (Baran, 1968: 28).

According to the neo-Marxists, the relationship between the center and periphery is, by virtue of the nature of the structural needs of the center, necessarily one of exploitation: surplus or profit is transferred, through various channels, from the periphery to the center. This, in turn, aggravates the surplus-absorption difficulties of the center and induces further outward expansion. Thus, the LDCs are caught in the explosive vicious spiral of the center's surplus-absorption problem; at the same time, the surplus drain they are subjected to and other factors make their economic development impossibility.

The neo-Marxists also reject the "vicious circle" arguments of the early mainstream development literature. These theories, they claim, have served as ideological weapons for the creation of a climate of dependency, fatalism, and resignation in poorer nations, thus helping to perpetuate their poverty and their habit of looking for outside help for their development. Baran's criticism of the vicious circle theories is most often quoted. He argues: it would seem that we are faced with a vicious circle. There can be no modernization of agriculture without industrialization, and there can be no industrialization without an increase of agricultural output and surplus. Yet, as is usual in the universe of social and economic relations, the interlocking of factors appears thus stringent, and the circularity of a constellation thus compelling, only so long as it is considered merely abstractly-merely 'speculatively', as Marx would have said. In a concrete historical situation there are a number of elements that enter the process and permit a breakthrough where in the 'grayness of theory' an exit appears impossible (Baran, 1968: 277).

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

The different Marxist explanations of underdevelopment are simply an extension of the general law of capitalist development on an international scale. Just as the capitalist class in a

country, developed or underdeveloped, exploits the working class, the capitalists of the developed countries exploit the labor-surpluses of the poor countries. Just as within a capitalist society, the working class is a part of the exploitative system, the poor countries get drawn into the ironclad relation of dependency in relation to the dominance of the capitalist class of the developed countries. The exploitation–process works in the same manner as it does within a country.

European colonial expansion was an inevitable growth of the development of capitalism. Besides, such an expansion was considered necessary. It was to jerk them from the old production relations of feudalism and impregnate them with the seeds of capitalist development. This signifies construction elements in a process of destruction. The construction or production of wealth took place through the new class, the bourgeoisie. The pattern was the same: accumulation of wealth at one end and poverty at the other end (Gurley, 1979).

Comment

For Baran, the real problem in LDCs is not the presence of the vicious circle–a phenomenon whose existence is acknowledged-but the lack of a significant stimulate to development aggravated by the surplus drain. The emphasis on the surplus drain, the early neo-Marxist saw imperialism as a system that created a necessary polarity between an extremely poor periphery and a prospering center. Poverty and wealth were thus seemed as the two faces of the same coin. This view, implying as it does the impossibility of capitalist development of LDCs, is, in its resemblance to zero-sum game, unrealistic, dogmatic, and subject to damaging criticism. Quite arbitrarily, the early neo-Marxist assumed that a very large part of the surplus is drained and that part of the surplus not drained is not utilized in a way conducive to local development.

Andre Gunder Frank: Development of Underdevelopment

Underdevelopment is a natural outcome of the world capitalist system since the development of some countries inevitably means the distorted development or under development of others. Development itself perpetuates underdevelopment, a process which Frank has coined 'the development of Underdevelopment.' Frank sees the origins of the process in colonization, which started as a form of economic exploitation, and which has distorted the economic structure of third world countries ever since. The developing countries were forced into the position of suppliers of raw materials for industrial countries, thus effectively blocking industrial development in the primary producing countries themselves. The whole export orientation and foreign dominance of these countries has limited the growth of domestic market and the establishment of basic national industries for widespread development throughout the whole economy. The international, national and local capitalist system alike generates economic development for the few and underdevelopment for the many. The solution would appear to be nothing short of social and political revolution.

Chronic Underdevelopment is ascribed to a Marxist theory of capitalism–not to pre-capitalist traditions or institutions. The present economic, social, and political conditions prevailing in the periphery are not the reflection of an "original' undeveloped state of affairs, but have been created by a historical international process: the process of capitalism that brought development to the presently advanced capitalist economies resulted in the underdevelopment of the dependent periphery. The global system is such that the development of part of the system occurs at the expense of other parts. Underdevelopment of the periphery is the Siamese twin of development at the center.

The driving force in this process is a capital seeking profit motive-which existed in the imperialistic period of capitalistic merchants and capitalist bankers and is carried on in the present period of multinational corporations. As a Marxist analysis of Latin American affairs, Andre Gunder Frank, states, if it is satellite status which generates underdevelopment, then a weaker or lesser degree of metropolis-satellite relations may generate less deep structural underdevelopment and/or allow for more possibility of local development. It is capitalism, world and national, which produced underdevelopment in the present (Frank, 1967: 11). Underdevelopment according to Frank, is not simply non-development, but is a unique type of socioeconomic structure that results from the dependency of the underdeveloped country on advanced capitalist countries. This results from foreign capital removing a surplus from the dependent economy to the advanced country by structuring the underdeveloped economy in an "external orientation" that is characterized by the export of primary commodities, the import of manufactures, and dependent industrialization (Frank, 1969).

Frank has reaffirmed his ideas in a series of articles published jointly in 1969; a year later he sought to enrich his analysis with the introduction of some elements of Latin America class structure (Frank, 1970). Frank asserted that the relation between rich and poor nation was not only not beneficial to the latter, but also positively destructive, hindering and distorting their development. In his view, development and underdevelopment were both results of interactions between societies. He drew up detailed historical case studies of Chile and Brazil to support his assertions. The following are the main arguments of the Dependency Theory (McKay 1990: 55-56).

1. The developed countries (the First World) could not have achieved the level of development that they have, without the systematic exploitation of the developing countries (the Third World).
2. That the process of development passes through a series of stages is an illusion Developing countries cannot attain development following the path adopted by developed countries, so long as the exploitative world system exists.
3. Countries that are now poor were not so to begin with: rather they have been forced into the stage of underdevelopment by a global system of capital exploitation.
4. Developing countries can develop only by snapping their links with the developed countries.
5. The Dependency Theory was very popular in the 1970s, as it provided a plausible

explanation to the perpetuation of the problems of poverty and stagnation in developing countries, despite concentrated efforts at solving then.

Development Economists realized the need for critically examining the existing relations between rich and poor countries, to find out whether they were benign and beneficial to the poor notions, or harmful. However in the 1980s, the theory lost much of its initial popularity, and was criticized as being too deterministic and too simplistic. The basic argument of the theory that 'underdevelopment' in developing countries (the periphery) is the result of development in developed countries (the center) was falsified by the experience of East Asian tigers. These tigers were initially dependent on the developing countries, (i.e. they were on the periphery), but in course of time they became highly developed and competitive, i.e. they moved from the periphery to the center. Although Frank did not go very far in his analysis of the capitalist system as a whole, its origins and development, Immanuel Wallerstein tackled this tremendous challenge (Wallerstein, 1974).

Comment

Frank has been criticized from all sides and on almost every point in his analysis. Prominent among his critics is Laclau (1971), concludes that Frank makes no contribution, leaving the analysis exactly where it started. Robert Brenner, takes Laclau's analysis of Frank and demonstrates how the work of Frank put forward first by Adam Smith. As a result, he fails to take into account either the way in which class structures once established, will in fact determine the course of economic development or underdevelopment over an entire epoch, or the way in which these class structures themselves emerge: as the outcome of class struggles whose results are incomprehensible in terms merely of market forces (Brenner, 1977: 27).

Two neo-Marxist African economists Arghiri Emmanuel and Samir Amin, apply their theory to the economic relationship between the countries of the periphery and those the center.

Arghiri Emmanuel: Unequal Exchange

Emmanuel presents his explanation of differences among nations in income levels in a 1972 book entitled *Unequal Exchange*. The monetary return per unit of capital invested, that is, the surplus value per unit of capital, is the same in all branches of production and all countries, he asserts, because capital is mobile and capitalists move it about until the return is equal. Because it is equal, the price of the product will be higher relative to its true value, the greater the amount of capital used. Because the industrial countries use much capital, their prices are higher relative to true value than in countries in which little capital is used. The industrial countries will thus sell goods at a high price and buy them cheaply. This is unequal exchange.

Unequal exchange between the rich and the poor countries is caused by the unequal wage-rates with a lower wage-rate in the periphery (or LDCs) and a higher wage-rate in the center (MDCs). Wages in poor countries are lower in general. But these are lower also because

the profits in poor countries are high (Emmanuel, 1972). Since profits tend to equal high in developed countries, wages remain lower than what they would have been if the rate of profit in these countries were not as high as in developed countries. These wages, according to Emmanuel, are determined institutionally and as such are outside the model of unequal exchange. This theory seems to be close to the approach according to which terms of trade are the vehicle through which trade–gains are unequally distributed between the rich and the poor countries.

The prices of industrial countries are high for a further reason. Wages in any country are fixed by the needs of labor. The needs of labor are a social and psychological fact, not a physiological fact. They are determined by the institution and social development that has occurred in the country. This is Marx's conception, which Emmanuel adopts. It seems to mean that wages are determined by the conception of a minimum living level that has evolved in each country. If because of this historical background, wages are higher in an industrial country than in a less developed country, the discrepancy between prices in the two countries and the inequality of exchange will be all the greater.

If the countries of the periphery–the less developed countries- combined to insure that their products traded for the products of the center on terms proportionate to the number of units of labor embodied in each, exchange would be equal, and apart from skills differences, the level of living in the LDCs would be equal to that in the industrial countries, as it should be.

Dependencistas further contend that the developing metropolis exploits the underdeveloped periphery in various ways–by biasing its structure of production toward the supplying of raw materials, by the external drain of foreign capital, and by thwarting autonomous national development. Center-periphery trade is also characterized by "unequal exchange." This may refer to deterioration in the peripheral country's terms of trade. It may also refer to unequal bargaining power in investment, transfer of technology, taxation, and relations with multinational corporations. Considering relations between multinational corporations and host countries, Dependencistas commonly allege that the multinationals siphon off an economic surplus that could otherwise be used to finance domestic development, and that foreign investment causes both economic distortions and political distortions in the host society.

Some of the alleged economic distortions are that the multinational corporations use inappropriate capital-intensive technology that adds to the host country's unemployment, that they worsen the distribution of income, that they alter consumer tastes and promote a consumerism characteristic of developed societies, and that they centralize research and entrepreneurial decision making in the home country so that subsidiaries and affiliates of the multinational are not integrated with the local economy.

Political distortions, it is claimed, arise when the multinational brings the laws, politics, and foreign policy of the parent country into the subsidiary country. Multinationals may even reduce the ability of the government to control the economy, and they may structure the international system of finance and trade to respond to their multinational needs to the detriment of host authorities.

Comment

Emmanuel needed his conception that surplus value per unit of capital is the same for capital in all uses and all places in order to conclude those prices are higher, the greater the amount of capital used. But if capital must move until it can do no better by moving further, then prices are not determined by the amount of capital used. Rather, the market determines the use of capital and the return to capital. Emmanuel unwittingly admits conventional (neoclassical) general equilibrium theory of the price and allocation of inputs and products into his theoretical structure, and thus destroys his argument that the amount of capital used determines the excess of prices over true value and causes unequal exchange.

The notion of a great cartel of all of the countries of the periphery is pertinent to a mode in which the LDCs produce all primary products and the industrial countries produce all industrial products. In reality the industrial countries produce a large share of the primary products produced in the world. The countries of the periphery now produce many industrial products. A cartel of these countries would immediately fail because it would stimulate greatly increased production by the industrial countries of both primary and manufactured products that they now import. The theory of unequal exchange too is regarded as unsatisfactory (Immanuel, 1974; Thirlwall, 1983).

Samir Amin: Unequal Development

Samir Amin, an Egyptian economist who has specialized in African economies, has presented a neo-Marxist analysis of unequal exchange. Amin also analyzes world capitalism in terms of two categories-center and periphery. Capitalist relations in the periphery are introduced from outside, and peripheral formations are fundamentally different from those of the center because the periphery's economic structure as a whole, which is subjected to and shaped by the requirements of the external market. The economics of the periphery "are without any internal dynamism of their own" (Amin, 1976: 179). Amin's argument, which is best stated in a 1976 book entitled *Unequal Development,* is closely related to domination–dependence–neocolonialism theory, but with some interesting additions.

The dependence of these countries has taken on several forms, which prevailed at the early stage, were that of colonial dependence. This resulted in the exploitation of these countries through the transfer of natural resources in raw or semi-processed form as also via deterioration in the terms of trade. Another form of dependence, which developed later, was in respect of the use of foreign capital, which was invested in activities that suited the developed countries. These were, for example, plantations, mines or the like. Transport was also favored as it helped in carrying raw materials from the interior of these countries to the ports and manufactured goods from the ports to the various parts of these countries. The latest form of dependency, in existence since independence of these countries around 1945, is the investment by foreign countries (largely by multinational corporations) in industries, which cater to the internal market of these countries. All these facets of dependency have resulted in a sort of development, which caters to the needs of the dominant developed countries. As for the development of their potential for their own needs, there is little that has taken place in the underdeveloped countries.

Amin may have realized the lack of logic in Emmanuel's argument and also the fragility of the Marxist thesis that incomes are higher in the developed countries merely because of institutional and social development. Like the dependency theorists, he argues that incomes are higher simply because the capitalist powers of the center have imposed low wages on the countries of the periphery. Since about 1880, he states, the function imposed on the periphery has been to increase the rate of profit by providing cheap labor of their own countries through the maintenance of the reserve army of the unemployed. (This date is about the time when the export of agricultural staples and raw materials for industry from the low-income countries to the industrial countries swelled in amount). Amin's discussion of the purposes and the methods of accomplishing this closely parallel the *dependencia* argument. However, Amin goes beyond the argument of the dependency theorists by acknowledging the advantage of specializing according to comparative advantage. The problem, he says is that the center engages in the more dynamic branches of production and the periphery in the less dynamic. The reason for this specialization is that the center has consigned the less dynamic branches to the periphery.

Fully three fourths of the exports of the peripheral countries, Amin notes, are minerals and oil, other primary products perhaps with initial processing, and products of plantation economies, in all of which, he asserts, the productivity of labor is equal to that in the center. (This seems to mean that manual labor in agriculture or other primary production is as capable in LDCs as in industrial countries.) Hence, in justice, incomes in the two areas should be equal.

As Amin concludes, "So long as the underdeveloped country continues to be integrated in the world market, it remains helpless ...[and] the possibilities of local accumulation are nil" (Amin, 1974: 131). He therefore advocates a new development strategy, which he divides into three complementary aspects:

1. the choice of a 'self-reliant' development based on the principle of relying on one's own resources,
2. the priority given to cooperation and economic integration between the countries of the Third World ('collective self-reliance'), and
3. the demand for a New International Economic Order based on higher prices for raw materials and the control of natural resources, access for the manufactures of the Third World to the markets of the developed countries, and the acceleration of the transfer of technologies.

Comment

Amin's notion that countries of the periphery are consigned to less dynamic branches of production needs no comment in view of the progressive movement of LDCs away from agriculture and the increasingly dynamic nature of agriculture itself, but his conception that the productivity of labor is as high in the countries of the periphery as in those of the center merits brief discussion.

'An American and a resident of a low-income country, each digging a ditch with a spade, may have equal physical productivity. But Americans rarely dig ditches with an unimproved spade. Where direct comparison is possible, the physical product per unit of labor is far higher in high-income countries than in low-income one because of the greater amount of physical and human capita used per unit of labor, and the physical product per unit of total inputs is also far higher because technical advance has greatly increased the productivity of capital, labor, and land inputs. Because physical productivity is so much higher, American farmers sell rice and wheat in international trade at prices as low as the money costs at which low-income peasants produce them, even while the American farmers earn high incomes and farm workers are paid high wages. The Americans, then, also have far higher value-productivity per unit of labor and per unit of total inputs than do the low-income-country workers. They have far higher value-productivity in the production of non-comparable products also. High – income-country workers who perform physical functions identical with those performed in low-income countries-there are not many-are paid much higher wages because competition for their services will draw wages up to equality with their marginal value productivity. These physically comparable jobs are performed at these high wages only where, as a component in high-value production per unit of output, or to produce a product that complements others, these jobs too have high marginal value-productivity.

Emmanuel, captive of the Marxist conception that the true value of a product is measured by the number of units of simple labor embodied in it, and Amin, captive of the need to prove that incomes in low-income countries ought to be as high as in the advanced countries, do not understand this concept of high real value-productivity.

The proponents of the structuralist, dependency, and neo-Marxist theories have, or have had, an emotional investment in their theories. So do most, perhaps all, theorists in all disciplines, but the degree of the emotional investment varies. The theories discussed here illustrate the danger that the emotional investment may blind the theorist to inconsistencies within the theoretical model and inconsistencies of the theory with facts. They also illustrate the fact that whatever the logical defects of an analytical model, it may direct attention to pertinent matters to which an individual with a different emotional bias would not have paid attention.

The theories of barriers to growth discussed in this chapter call our attention to the importance of innovational activity and of capital, but apart from noting the importance of innovators, they present greatly exaggerated claims of the importance of the barriers asserted as obstacles to economic growth.

Summary of the Difference between Classical Marxist Theories of Imperialism and Neo-Marxism and Dependency

	Classical Marxist Theories of Imperialism	Neo-Marxist and Dependency
Focus	Eurocentrist	Third World Centrist or Global Theories
Main impetus	New Imperialism of the nineteenth century, aggressive behavior of Western states	Economic plight of ex-colonies/poverty of the Third World
Type of relationship between Center and Periphery, i.e. in whose favor	Asymmetry: rich countries depend on poor for survival of capitalism	Asymmetry: Poor countries depend on rich for their survival
Main concern	Effects on metropolis (prolongation of existence of capitalism)	Effects on Third World and how to undo damage
Driving force	Internal contradictions of modes of production	International aspects of exploitation
Economic consequences	Disposition of surplus export of capital	Underdevelopment
Key sociological group/class	Labor aristocracy (corrupted and deflected from its revolutionary path)	Lumpen-bourgeoisie (Center in Periphery in a 'symbiotic' relationship with the Center
General outlook	Optimistic	Pessimistic

Source: Weisband (1989).

Conclusion

There are two important elements, which run through various Marxian theories of underdevelopment. One is that it is the capitalist development that creates economic progress in some countries, and underdevelopment in others. The mechanism through which this happens is the exploitation of labor-surpluses produced in the underdeveloped countries, which are partly expropriated by the elite classes of these countries, and partly by the capitalists of the foreign developed countries. The channels through which this takes place are specific to the character of capitalism. These are foreign investment, dependence of these countries on

developed capitalist countries for finance, industries, and technology, as also unequal exchanges. The instruments are both political as under colonialism, and economic as free market forces and multinational corporations. Second is that the solution of underdevelopment lies in revolution of a socialist character. These countries could have developed even within the capitalist frame if only the capitalist class had broken with the old feudal system and had become progressive. In that case development would have taken place with all the ills of capitalism, namely inequalities of income and wealth, unemployment, and misery for the large number of poor people.

Some countries have never been formally annexed, and most Latin American countries have been formally independent for a century and a half, but they have been draw into a system of inequality, exploitation and dominance almost as deeply as have areas subjected to direct colonial rule. Underdeveloped countries still participate on very unequal terms in a world system of trade and investment. These days developed countries export their internal conflicts with commodities.

References

Adelman, I., and S. Robinson (1976). *Income Distribution Policy in Developing Countries: A Case Study of Korea*, Stanford: Stanford University Press.

Amin, S. (1972). "Underdevelopment and Dependency," *Journal of Modern African Studies*, 10.

Amin, S. (1974). *Accumulation on a World Scale: A Critique of the Theory of Underdevelopment,* New York: Monthly Review Press.

Amin, S. (1976). *Unequal Development: An Essay on the Social Formation of Peripheral Capitalism.* New York: Monthly Review Press.

Apter, D.A. (1987). *Rethinking Development: Modernization, Dependency, and Postmodern Politics*, Delhi: Sage Publication.

Bacha, E. L. (1978). "An Interpretation of Unequal Exchange from Prebisch-Singer-Emmanuel," *Journal of Development Economics*, 5.

Baran, P. (1968). *The Political Economy of Growth*, New York: Monthly Review Press.

Baran, P. (1975). *The Political Economy of Neo-Colonialism*, London: Heinemann.

Brenner, R. (1977). "The Origins of Capitalist Development: a Critique of Neo-Smithian Marxism," *New Left Review*, July-August, 25-93.

Byerlee, D., C.K. Eicher, C. Liedholm, and D.S.C. Spender (1983). "Employment Output Conflicts, Factor-Price Distortions, and Choice of Techniques: Empirical Results from Sierra Leone," *Economic Development and Cultural Change*, January.

Cardoso, F.H. (1972). "Dependency and Development in Latin America," *New Left Review*, July-August.

Chenery, H.B. (1979). *Structural Change and Development Policy*, Baltimore: Johns Hopkins University Press.

Cline, W. R. (1975). "Distribution and Development: A Survey of the Literature," *Journal of Development Economics*, February.

Cohen, B.J. (1973). *The Question of Imperialism: The Political of Dominance and Dependence,* New York: Basic Books.

Dos Santos, T. (1969). "The Crisis of Development Theory and the Problem of Dependence in Latin America," *Siglo,* 21.

Dos Santos, T. (1970). "The Structure of Dependence," *American Economic Review*, May.

Dos Santos, T. (1973). "The Crisis of Development Theory and the Problem of Dependence in Latin America," In H. Bernstein (ed.) *Underdevelopment and Development*, Penguin.

Emmanuel, A. (1972). *Unequal Exchange: A study of the Imperialism of Trade*, New York: Monthly Review Press.

Frank, A. G. (1967). *Capitalism and Underdevelopment in Latin America*, New York: Monthly Review Press.

Frank, A.G. (1969). "The Development of Underdevelopment," *Monthly Review* 18, No 4.

Frank, A. G. (1970). *Crisis in the World Economy*. New York: Holm & Meier.

Foxley, A. (1976). "Redistribution of Consumption: Effects on Production and Employment," *Journal of Development Studies*, April.

Furtado, C. (1964). *Development and Underdevelopment*, Berkeley: University of California Press.

Furtado, C. (1979). "The Brazilian 'Model' of Development," In C.K. Wilber (ed.) *The Political Economy of Development and Underdevelopment*, New York: Random House.

Gurley, J.G. (1979). "Economic Development: A Marxist View," In K.P. Jameson and C.K.Wilber (eds.). *Directions in Economic Development*, University of Notre Dame Press.

Hagen, E. E. (1986). *The Economics of Development*, Illinois: Irwin.

Immanuel, W. (1974). "Dependence in an Interdependent World," *African Studies Review*, 17.

Keith, G. and H. Gurley (1985). "Radical Analysis of Imperialism, the Third World and the Transition to Socialism: A Survey Article," *Journal of Economic Literature* 23.

Laclau, E. (1971). "Feudalism and Capitalism in Latin America," *New Left Review*, May-June, 19-38.

Lall, S. (1975). "Is Dependence a Useful Concept in Analyzing Underdevelopment?" *World Development*, Vol. 2, No.11.

Lewellen, T.C. (1995). *Dependency and Development: An Introduction to the Third World*, Westport: Bergin and Garvey.

Lewis, W.A. (1954). *Economic Development with Unlimited Supply of Labor*, Manchester School.

Marx, K. (1962). *Capital: A Critique of Political Economy Vol. 3*. Moscow: Foreign Language Publishing.

McKay, J. (1990). "The Development Model," *Development Journal of the Society for International Development*, Vol. 33, No. 3-4. Meier, G. M. (1984), Emerging from Poverty.

Meier, G. M. (1984). *Leading Issues in Economic Development*, New York: Oxford University Press.

Meier, G. M. (1997). *Leading Issues in Economic Development*, Delhi: Oxford University Press.

Palma, G. (1978). "Dependency: A Formal Theory of Underdevelopment or a Methodology for the Analysis of Concrete Situations of Underdevelopment," In *World Development*, Vol. 6. Pergaman Press.

Prebisch, R. (1962). "The Economic Development of Latin America and Its Principal Problems," *Economic Bulletin for Latin America*, February.

Prebisch, R. (1970). *Change and Development, Latin America's Great Task*, Washington D.C.: Inter-American Development Bank.

Singer, H. (1970). "Dualism Revisited: A New Approach to the Problems of Dual Societies in Developing Countries," *Journal of Development Studies* 7.

Soligo, R. (1973). "Factor Intensity of Consumption Patterns, Income Distribution and Employment Growth in Pakistan," *Program of Development Studies Discussion Paper* No. 44. Rice University.

Sunkel, O. (1969). "National Development Policy and External Dependence in Latin America," *Journal of Development Studies*, October.

Sunkel, O. (1972). "Big Business and Dependencia: A Latin American View," *Foreign Affairs*, April.

Sunman, T. M. (1973). "Paper on Factor Intensivity of Production of Goods and Services Consumed by the Rich and by the Poor," *Program of Development Studies Discussion Paper,* No. 46. Rice University.

Thirlwall, A.P. (1983). "Foreign Trade Elasticities in Center-Periphery Models of Growth and Development," *Quarterly Review*, September.

Thirlwall, A.P. (1994). *Growth and Development: With Special Reference to Developing Economies*. Hong Kong: ELBS.

Todaro, M.P. (1989). *Economic Development in the Third World*, Delhi: Orient Longman.

Todaro, M.P. (1998). *Economic Development*, Delhi: International Student Edition.

Tokman, V. (1975). "Income Distribution, Technology and Employment in Developing Areas: an Application to Ecuador," *Journal of Development Economics.*

Wallerstein, I. (1974). *The Modern World System: Capitalist Agriculture and the Origins of the European World-Economy in the Sixteenth Century*, New York: Academic Press.

Weisband, W. (ed.). (1989). *Poverty Amidst Plenty: World Political Economy and Distributive Justice,* San Francisco & London: Westview Press.