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**THE TWISTS AND TURNS OF DEVELOPMENT THEORY
- A Comment on "The European Experience"
by Dieter Senghaas**

by
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THE TWISTS AND TURNS OF DEVELOPMENT THEORY.

A Comment on "The European Experience" by Dieter Senghaas.

Introduction

A prevailing viewpoint in research on the development of European countries from agrarian to modern, industrialized societies has been to look at the whole process as something obvious and inevitable: A process open to description and classification but not demanding justification or the careful identification of causal relations. As far as theorists of that time is concerned, this is hardly surprising. The central tenet of 18th and 19th century theorists of evolution was to look at development and change as something natural taking society to ever higher levels of development through its own in-built dynamics.¹ This was a time when the rapid expansion of capitalism provided ample basis for optimism and the process of growth and development was envisioned ultimately to involve all areas of the world.²

As is known, classical marxist thinking shared this basic view of the dynamics of capitalism although the theoretical framework was of course radically different.³

However, when post-World War 2 development theory turned its attention to the "developing countries" of the 3rd World, problems of development in these areas were contrasted with a similar kind of inevitability as far as the industrialized, already modern countries were concerned. In the case of the theories of modernization, this is undoubtedly tied in with the basic position of this line of thinking, according to which all societies must pass through stages of development from "traditional" at the outset towards "modern" in the "end", with the industrialized societies of the West occupying the highest stage of development.⁴

The theories of dependency turned against modernization theory and criticized in particular the latter's lack of occupation with international economic exploitation and surplus transfers. But again there was no focus on the industrialized countries of the core. These were seen as a monolithic bloc of exploiters, creating underdevelopment in the peripheral areas. The centre of attention was exactly these destructive effects in the 3rd World.⁵

In recent years, however, it has appeared that the employment of approaches, concepts and questions normally used in the study of the 3rd World is also highly relevant for the study of European history of development. Europe (meaning all of Europe and not only the North-Western part) emerges as differentiated entity, which had both "winners" and "losers" in the process of development, both peripheral and core areas. In this way, former inevitability of European development is replaced by a fascinating mystery: why did some countries "make it" in the 19th and early 20th century while others did not?⁶

Clearly, in order to ask this type of question, one needs a conceptualization of underdevelopment, of "losing out" in the process of development. Such concepts of dependent, peripheral societies on the one hand and auto-centred, "metropolitan", core-societies on the other have been developed within dependency theory.⁷ Not surprisingly, it is scholars indebted to dependency theory who have put these concepts to good use in the context of European history of development.⁸ This also means, however, that some of the analytical and theoretical problems pertaining to dependency thinking⁹ are now brought to bear on the European problematique. They are simply built into the theoretical framework used on the European experience.

Two such problems are explored in the following in the context of commenting upon Dieter Senghaas' fascinating study of Europe. But it should immediately be emphasized that the following is

not doing justice to this study by the way of introducing all - or even most - of its important contributions to development theory and to the study of Europe. The aim is that of focusing on a few pertinent theoretical issues. I start with the issue of internal versus external factors in the process of development and underdevelopment.

Internal versus External: What's to Blame?

One of the main accusations of early dependency thinking against theories of modernization was the latter's neglect of external factors in coming to grips with the development problems of the Third World. The charge was undoubtedly justified: theories of modernization did in most cases study problems of development within the framework of the single nationstate.¹¹

With the emergence of dependency thinking this failure was remedied, but almost to an extent where the pendulum swung to the other extreme and focus was exclusively on external factors, as can be seen from the definition of dependence by Teotonio Dos Santos:

"Dependence is a conditioning situation in which the economics 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 as a reflection of the expansion of the dominant countries, which may have positive or negative effects of their immediate development." (12)

The message was that Latin American and indeed most Third World countries were subject to a situation of dependency inhibiting their possibilities for development.

However, beyond the harsh and in many cases justified criticism against theories of modernization, most contributors were ready

to admit that external factors could not explain everything and could not be made solely responsible for the predicament of the Third World. Dos Santos made a distinction between conditioning and determining factors, implying that external factors were "only" conditioning developments in the periphery,¹³ and there were a host of other contributions to clarify the external/internal-relationship.¹⁴

Probably nobody would deny that both internal and external factors (the definition of which is which is itself a problem) play a role in the process of development of any given country. The point in the present context is, however, that the distinction between external and internal has continued to haunt the debate on development and has continued to provide a dividing line between those who find one or the other aspect most important. This also applies to the debate on the development of Europe. Thus, the world system analysis connected with the name of Immanuel Wallerstein¹⁵ take pains to underline the external factors when analysing developments of any single country,¹⁶ while the opposite position is taken by Dieter Senghaas.

The starting point for Senghaas is that economically advanced countries invariably threaten to underdevelop (peripheralize) more backward economies due to their economic superiority, being able to outcompete the latter's industrial products and thus keep these countries in a backward position as exporters of raw materials/primary products.¹⁷ In the late 18th and in the 19th century, England threatened other European (and non-European) countries in this way. The response developed by the country on which pressure of peripheralization is exerted is decisive for whether underdevelopment or not will result. Here Senghaas goes into a comparative, historical analysis of the development processes of a number of countries. Most interesting in the present context is his analysis of export economies in the 19th and early 20th century, examining the con-

ditions under which these countries turned into peripheral or auto-centred economies respectively.¹⁸ Focus is on relatively small export-economies, more often than not relying on one or very few non-manufacture export articles, in other words, countries likely to be victims of underdevelopment according to dependency theory. Cases where local political autonomy is non-existent due to colonial status and/or total imperial political dominance are omitted from the examples.

Senghaas' conclusion is that the cases examined,¹⁹

"developed the basis for core or peripheral status within the societies proper, subjected as they were to similar world market conditions; these developments reflected the different internal preconditions for dealing with the opportunities and restrictions that the world market brought to bear upon each state.

There was in no way the causal interrelationship suggested by World System Analysis, between the development of some societies to core-states and other to peripheral states. The reasons for developing core-status or for peripheralization should, in other words, be found in the differences of transformation- and innovation-capabilities pertaining to single societies." (20)

Senghaas' particularly stresses internal factors of a socio-structural kind conducive to an auto-centred process of development. The most important element in this context is that socio-economic inequality is not too excessive, particularly in the agrarian sector. With too much inequality, growth impulses from the export sector are barred from spreading; the surplus is appropriated by a small elite who spends it mostly on imported luxuries, there being no demand incentives for investment and accumulation. Conversely, with a measure of equality, export earnings may contribute to a "good circle", pushing internal dynamics and the development of a national economy.²¹

In sum, the claim is that external relations of dependency were much less important for peripheralization than were internal, socio-structural factors; and the other way around: development of core-status was possible, even against harsh internal odds, when internal factors were conducive to such a process.

While Senghaas' analysis is a healthy corrective against the dependency thinking that focused exclusively on external factors in the analysis of underdevelopment one cannot help to speculate why a jump is attempted all the way back to square one where external factors are granted no significance whatsoever.²² This undertaking is executed in three steps in Senghaas' analysis. The first step has to do with the definition of what is internal and what is external. While no strict definitorial discussion is offered it is implied that the external is equal to the economic conditions prevailing on the world market. Particular attention is given to the price-/demand situation for the export articles of the countries analyzed. Proceeding from this notion of the external, the second step involves the assertion that external factors were close to equal for countries with similar export articles. For example, it is asserted that the external factors, i.e. world market conditions, were very much equal for Denmark and Uruguay in the latter part of the 19th and the early 20th century.²³ Having come this far, the third step is purely logical: when external factors are close to equal for two countries in a phase where the one country (Denmark) exhibits auto-centred development and another country peripheralizes, responsibility for such developments simply have to come from internal factors, and this is exactly the conclusion offered by Senghaas, as quoted above.

However, this is not the way that most dependency thinking treats the notion of the external and consequently Senghaas' conclusion cannot refute this thinking. Firstly, the notion of the external is invariably much broader in the dependency tradition than is the case in Senghaas' approach. In dependency theory, the external has to do with situating the state in question in the world system, paying attention to both an economic and a political level of analysis.²⁴ And moreover, the "internal" economic, social and political structure of a state at any given time is always the product of previous dynamic interplay between the "external" and the "internal" factors. Secondly,

one very important part of the external for much dependency thinking is foreign capital commanded by foreign bourgeoisies, in particular in the form of direct foreign investment. Thus, direct foreign investment situates an "external" force in the "internal" structure of the host country. For Cardoso and Faletto this mixture of local and international interests lies at the heart of the external/internal-relationship:

"We conceive the relationship between external and internal forces as forming a complex whole whose structural links are not based on mere external forms of exploitation and coercion, but are rooted in coincidences of interests between local dominant classes and international ones, and, on the other side, are challenged by local dominated groups and classes." (25)

Foreign bourgeoisies do not take an active interest in the promotion of auto-centred development. Indeed, most often foreign bourgeoisies act to impede the promotion of auto-centred development in their respective host countries, conducting transfers of capital to their home countries, creating situations of technological dependence, being import intensive, etc. This is the gist of much dependency thinking on the subject and also the conclusion by Senghaas himself in dealing with the matter.²⁶ In that way, foreign capital becomes part of the internal socio-structural setting which is not conducive for attaining auto-centred development, and part of the disagreement between Senghaas and the dependency tradition is resolved: Senghaas has simply classified something that is normally considered an external factor by dependency thinking under the heading of internal factors, and logically this has to tip the balance when considering the obstacles to auto-centred development set up by external and internal factors respectively.

Meanwhile, foreign bourgeoisies are not the only elements in the socio-structural setting impeding auto-centred development. Of decisive importance is also - as shown by Senghaas - the vested interests of local elites, most often agrarian oligarchies holding on to the power and privilege stemming from highly unequal structures of ownership and spending export

earnings mostly on imported luxuries, taking no particular interest in local accumulation.²⁷

In some countries, like for example Hungary and Romania, the agrarian oligarchies were the main or even the sole social force standing in the way of auto-centred development,²⁸ but in most of the cases examined by Senghaas, there is a clear coincidence between countries embarking on a process of auto-centred development with absence/negligible presence of foreign economic interests on the one hand and countries being peripheralized having a dominant/substantial presence of foreign economic interests on the other. This coincidence is clearly present in the two export economies analyzed most carefully in Senghaas' study of auto-centred and peripheral export economies respectively, namely the cases of Denmark and Uruguay and there is certainly no attempt by Senghaas to hide the dominant foreign (English) influence in the case of Uruguay, on the contrary.²⁹

Again, the pointing to local oligarchies impeding auto-centred development is a healthy corrective against the often excessive occupation with foreign influence in much dependency thinking; but why is this point taken as far as to implying that foreign economic interests cannot do a similar thing (i.e. impede auto-centred development)? This is what happens when Senghaas states that foreign economic interests in the form of direct private investment do not act as a block to auto-centred development if and when it comes to function under socio-structural conditions that are conducive to such a process.³⁰ The point is, of course, that foreign economic interests are constitutive elements of these socio-structural conditions, consequently being deeply involved in deciding whether "internal" socio-structural conditions are favourable to auto-centred development or not, a point which is succinctly demonstrated in Senghaas' analysis of Uruguay.³¹ Moreover, if foreign economic interests from economically more advanced countries were not

admitted this role of potentially impeding auto-centred development, it would be difficult to understand the whole point of departure for Senghaas' analysis which is that the advanced countries invariably treaten to peripheralize the late-comers.

The reason for Senghaas' neglect of the negative role of foreign economic interests when it comes to drawing together the theoretical implications of his analysis is probably that he is out to correct the preponderance that dependency theory gives this element; and, in the process he is haunted by the inexpedient distinction between internal and external factors

My aim here is not to defend dependency theory against any real or perceived attacks. What I would like is to contribute to moving the debate on obstacles to development beyond the awkward distinction between "external" and "internal" factors involved in this process. Clearly, both "external" and "internal" factors may impede a process of development; similarly, class forces of both "external" and "internal" origin may impede a process of development. The important thing is of course the identification of such elements and forces. Their "external" or "internal" origin is, from an analytical point of view, not significant.

Winning or Losing? - Auto-Centred Development versus Peripheralization.

In the heyday of theories of modernization, there was a tendency to avoid conceptualizations on what 'development' was all about, letting the term be equal to "economic growth" and "modernization", the latter in turn being roughly equal to "industrialization".

It did not take long to realize, however, that even though many Third World countries were able to record "economic growth" and often also a certain measure of "industrialization", these countries did not experience "development" in the way that was the case for the advanced, industrialized countries of the West. This situation called for further considerations on the real content of this Western "development" and "industrialization". The result, mainly due to the efforts of dependency theorists, was more refined concepts, dealing mainly with a structural-economic level of analysis, pointing to the structural differences between auto-centred and peripheral economies. Formulated very briefly,³² auto-centred economies are characterized by having developed producer- as well as (mass-)consumer-goods industries; the level of productivity is high, and fairly uniform across industries and there is a high degree of inter- and intra-sectoral linkages, also involving agriculture. In auto-centred economies, there is a dynamic internal market, laying the basis for further advance in production, developing local technological capabilities, etc.

Peripheral capitalism lacks all this. The economic structure is highly heterogenous, ranging from subsistence farming in the agrarian sector to highly productive enclaves of capitalist undertakings, often directed towards the world market. There is no adequately developed producer-goods sector and world market dependency for vital inputs is significant. The interlinkage between economic sectors is rather weak and the internal market is undynamic, focused as it is on luxury items for upper-level incomes.

Proceeding from these concepts gave the possibility of advancing the analysis of "development" beyond the notions of "growth" and "industrialization". And, as we have seen, it is exactly the intention of Senghaas to identify the conditions under which the countries examined embarked on auto-centred development or peripheralized.

But simultaneously, the new concepts give way to a narrowing of the way in which the process of development is perceived, in two ways: firstly, through a rigid understanding of development: either you (society) have it or you don't have it while in the real world, societies are often "auto-centred" on some counts, and "peripheral" on others; secondly through almost exclusive focus on what has to do with materialistic issues, while non-materialist aspects of development (freedom, identity, security) were overlooked. This latter point is not pursued in what follows; I concentrate on the issue of rigidity.

The first thing to say is that the distinction between auto-centred (or plainly 'centre-countries') and peripheral societies leaves us with two very large categories within each of which diversity is bound to be enormous. In an earlier work,³³ Senghaas has pointed to the necessity of working out a typology of peripheral societies, as the category covered the whole range from countries with rather undifferentiated enclave-structures functioning as mono-product exporters (like for example Mauretania), to countries with great diversity in the economic structure (like for example Brazil). In the category of centre-economies, the need for differentiating is certainly no less, and there is a contribution towards this end in Senghaas' analysis, as he distinguishes various type of auto-centred development in Europe.³⁴

However, when it comes to deciding the basic reasons for "winning" or "losing" in the process of development, for embarking on auto-centred or peripheral development, such differentiation tends to be left out. Focus is on basic differences between the two categories of "winners" and "losers". While there can be no objection against this procedure - provided that it can be shown that the decisive reasons for the type of development of the country in question lies on this basic level - stopping the analysis here pays the price of letting the actual dynamics of development experienced in the "losers"-category go relatively unnoticed, or discarding them outright as "superficial",

"unimportant" or whatever. This is what tends to happen in Senghaas' analysis of the "losing" export economies.

Thus, for example, while Uruguay has in no way reached the level of auto-centred development that is the case for Denmark, even though both countries "started" from "similar" economic levels in the late 19th century, this does not mean that there have been no dynamics of any kind in Uruguay. On the contrary, a substantial amount of import substitution industrialization has taken place in Uruguay, especially during the first three decades of this century. In the contemporary picture, the GNP-distribution between sectors in Uruguay is roughly equal to the Danish distribution (Uruguay: Agriculture, 12%, industry, 36%, service, 52%).³⁵ Even the distribution of the economically active population on these same sectors roughly equals the Danish distribution.³⁶

Most certainly, these aggregated figures cover large discrepancies on lower levels of analysis: the producer goods sector is not nearly developed to the same degree in Uruguay (3% of industry) as in Denmark (26% of industry); undoubtedly, there is a much higher intensity of intra-and inter-sectoral interlinkages in the Danish economy. Similarly, Danish exports are rather diversified: the 15 most important articles take up 52% of exports; in the Uruguayan case, only 3 articles - wool, meat and rice - make up for a similar percentage. In total, Danish exports cover 171 types of articles, while the figure for Uruguay is 85.³⁷

It is not difficult to come up with examples of Third World countries which are even farther away from the "classical" picture of a peripheral, underdeveloped, raw-material mono-exporter than in the case with Uruguay. Argentina³⁸ and Brazil³⁹ are cases in point.

The important issue in the present context is not the exhaustive empirical demonstration that such cases can be found. Senghaas would not deny this; the above data on Uruguay, for example, are mentioned in his analysis. The important point is the way in which these examples are valued in the larger context of development and underdevelopment. There are some countries from the auto-centred category, like for example Canada, New Zealand and Australia, who on many counts are more similar to some countries from the periphery category, like for example Argentina, Uruguay and Brazil, than they are similar to other auto-centred societies; and, of course, vice-versa.⁴⁰ If a number of countries are as far away from the ideal type description of a peripheral economy as they are from the ideal type description of an auto-centred economy, are they then half-"winners" or are they half-"losers"? Is the one-pint glass that contains half a pint of beer half full or is it half empty?

The point is, of course, that development is not a uniform, one-dimensional process proceeding smoothly, taking society from underdeveloped/peripheral to developed/auto-centred in any fixed period of time. It is a process involving struggles and setbacks; dynamic periods and phases of stagnation; perhaps even involving phases of simultaneous "development" (e.g. industrialization in an auto-centred sense) on some counts and "underdevelopment" (e.g. widespread and increasing poverty) on others.

This is not to imply that the socio-structural elements brought forward in Senghaas' perceptive analysis are unimportant for or not conducive to a process of development. I see no reason to question the significance of these elements. The point is, however, that dynamics of development can obviously take place even in spite of the absence of the development-conducive socio-structural setting stressed by Senghaas. If this was not the case, peripheral societies lacking Senghaas' conducive setting would have been totally stagnant and undynamic, and they most certainly have not been like that, cf. the examples above.

Indeed, the glass is both half full and half empty. It is important to analyse why some countries peripheralize and some countries embark on a process of auto-centred development. This is the issue faced in Senhaas' analysis and dependency theory tries to come to grips with the same type of problem, although emphasis differ in the reasons given for success/failure. But it is of course equally important to identify and analyse the dynamics which have taken various peripheral countries part of the way along a path of development, even though these same societies may still be termed "basically" peripheral. This latter aspect was neglected in much dependency thinking, some of which even went as far as to characterize the situation as "blocked" in peripheral societies.⁴¹ The analysis by Senhaas has "inherited" a substantial part of this neglect, through its adoption of the centre/periphery-distinction and subsequent main focus on differences between these two large categories.⁴²

There is another aspect of this line of reasoning which has to do with the auto-centred countries; for in the case of these countries, Senhaas' analysis tends to focus one-sidedly on the "winning" aspects of the process of development, following the logic of emphasizing the "losing" aspects in the case of the peripheral societies.

This means that in the case of the centre countries, the process of development becomes almost too smooth, characterized by rising productivity in agriculture and industry, increasing diversification of industry, rising real wages, mass-market on an economic level, mass-participation on a political level, etc. But even in the case of Denmark, where the early phases of industrialization were accompanied by rising real wages,⁴³ the extent of poverty was significant.

Thus, in a recent contribution, Søren Mørch⁴⁴ estimates the extent of poverty inflicting physical damage to involve roughly 20 per cent of the population by 1880; at the same point in time,

he estimates the share of the population who have in periods of their lives experienced starvation to lie between 60 and 90 per cent. There were substantial improvements in the decades following 1880, but it was only after World War 1 that the poor sections of the working class - the rural laborers - were free of problems of starvation.

These remarks only in order to demonstrate that even in the case of rather small export economies a dynamic and expanding local market (profiting from distributions of income and resources (land) that were only moderately unequal from a comparative perspective) could well go hand in hand with a significant extent of poverty. It would of course be important to identify relative and absolute thresholds beyond which the extent of poverty impedes a dynamic development of a local market, but this could probably not be undertaken without specifying the other relevant sources of demand, which in turn may vary across countries and time-periods.⁴⁵

In sum, the "winners", going for auto-centred development, are not "winners" on all counts; and perhaps even more important: the "losers", the economies peripheralized, are not complete "losers". There are dynamics of development in these societies, even dynamics that lead part of the way towards auto-centred development, in spite of the lack of a socio-structural setting conducive to auto-centred development. The reasons for "winning" or "losing" in the process of development identified by Senghaas are important, but the dynamics of development which do not fit into the grand distinction between peripheral and auto-centred dynamics respectively are equally important. One way of combining these two approaches would be to develop a more finely meshed distinction between various levels of peripheralized auto-centred development.⁴⁶ In that way, perhaps a middle-road could be found between the very abstract level of analysis involving centre versus periphery, and the very concrete level of analysis involving the single case in focus.

What Can And What Can Not Be Learned From Europe?

Auto-centred development in the vein of the European "winners" is no paradise on earth. It comes much closer to trading one set of development problems (namely that of the Third World) with another set which may be farther away from problems of mere physical survival and material welfare, but which remains serious enough anyhow: alienation, a sense of meaninglessness in life, pollution, general depletion of environment, just to mention a few examples from a long list of human and social pathologies in auto-centred societies.⁴⁷

However, it seems difficult to contest that some kind of industrialization in the vein of the West is necessary to cover the need for material welfare.⁴⁸ If this is so, and provided you want to learn something from the experience of the successful West in this regard, what is most important?

Senghaas stresses a cluster of factors under the general heading of the "socio-structural setting" of the country in question. All elements in this setting are important; but the one thing stressed in particular is the existence of a not too excessive socio-economic inequality, particularly in the agrarian sector.

There can be little doubt that the elements in the structural setting analysed by Senghaas are important for a process of development. The critique in the preceding section have not attempted to deny this. The contribution there was limited to modifying Senghaas' conclusions on two counts: firstly, as far as the mixture of "external"/"internal" forces against auto-centred development is concerned; secondly, the stressing of the fact that the non-presence of the development-conducive socio-structural setting mentioned by Senghaas does not mean a doom to non-development: dynamics of development are possible in spite of this.

However, it might be equally important to consider what can not be learned from Europe, i.e. to which extent are the Third World countries of today faced with new problems and circumstances that render the European experience less relevant?

One important point in this context is mentioned by Senghaas. He stresses that auto-centred development is getting progressively more difficult as time goes by: the farther we get from the first industrial revolution the harder the odds against attempts at auto-centred development. As a consequence, the social carriers of auto-centred development are subject to change. Whereas earlier such developments were possible in economies left to private undertakings operating in a (more or less) free market, no auto-centred development within the last 60 years has been successful without comprehensive political action, state-planning and intervention in the economy. The necessity of political action is particularly pertinent in the case of comparatively small export-economies.⁴⁹

I would like to supplement two additional "clusters" of circumstances which face Third World countries today in a way quite different from auto-centred developers of the previous century. The first set of issues is of a technico-economic nature. It has to do with the types of industries and technologies that are necessary in order to achieve auto-centred development. The types of industries and technologies lying at the core of this process are subject to historical change. In this way, for example, steel industry has historically been a key element in the sector for the manufacture of producer goods, and, accordingly, one of the major "industrializing industries" in the de Bernis sense. Although steel industry is still important, it may not have this role any longer. Technological change brings new industries into the strategic role of prime pushers of industrialization, which is another way of saying that the contents of the technical coefficients of intra-/inter-industry linkages are subject to change.

In other words, in order to be historically specific about what auto-centred development actually means, we should be able to point out those industries/sectors which are at the core of the current phase of capitalist development. During the recent phase of structural crisis, for example, the most advanced core economies have pushed new systems of producer-goods linking R&D resources, mechanical and electronics industries.⁵⁰

I am not implying that every single Third World country should go through exactly the same kind of build-up in order to achieve core status, but being, most often, forced to a significant degree of involvement in the world market, this is the kind of competitive odds that Third World countries looking for industrial expansion including erection of producer goods industries, are up against.

The second set of issues has to do with the "external" social forces pro or con auto-centred development. Without attempting to exhaust the subject, I would like to mention two points. As regards foreign bourgeoisies, the types of involvement in the Third World and the ensuing economic interests show a much more differentiated picture than was the case only some decades ago. The "classical" foreign economic interest in raw materials from the Third World is now accompanied by foreign firms producing manufactures for the local market or for export, and firms selling producer goods or even setting up facilities for the manufacture of producer goods. For the achievement of auto-centred development in the Third World, these developments are ambiguous: on the one hand, it is no longer the sole or even primary interest of foreign bourgeoisies to keep the Third World countries in a role as raw material mono-exporters. Those firms selling producer goods or looking for profitable local markets would like to see some measure of industrialization, of economic development. On the other hand, the capacity for foreign firms to control and profit from such processes of industrialization in the Third World has increased enormously. For example

le, foreign majority ownership of the activities has for long ceased to be a necessary precondition for the exercise of foreign control;⁵¹ there is, in other words, a much higher risk now than previously for processes of industrialization in the Third World to be controlled from the outside.

The last point is about the politics of the advanced countries, the imperial powers themselves, versus the Third World. Differentiation has taken place here also, on two counts: intra-block, i.e. the "traditional" system of one single hegemonic power (England, United States) is gradually being replaced by a number of significant powers; and interblock, i.e. the contradiction between the planned economies of the "East" and the market-economies of the "West".

Although there is a tendency for the powers or blocs of powers to carve out their "own" spheres of influence in the Third World, this whole process of differentiation provides a certain leeway for Third World countries to gamble on contradictions and competition between foreign interests and thus be able to gain "favours" which would not have been possible under previous systems of a single, dominant power.⁵² On the other hand, this can well go hand in hand with a strengthening of the imperial grip in what is considered vital areas of interest, cf. the U.S. policies towards Central America.⁵³

Many additional economic, institutional and political developments which separate the situation of the present Third World countries from the situation of 19th century developers could of course be mentioned. Senghaas and his close collaborator, Ulrich Menzel, are of course aware of this. At present, they are conducting a comparative study of South Korea and Taiwan in the context of the debate over auto-centred development in the so-called newly industrializing countries.⁵⁴ It remains to be seen which weight they are going to allot these "new" developments in proportion to the factors that were also present in the earlier European experience.

NOTES

- 1) See, for example, R.A. Nisbet: Social Change and History, New York 1969.
- 2) Cf. E.J. Hobsbawm: The Age of Capital, London 1977, p. 83: "There is no doubt that the bourgeois prophets of the mid-nineteenth century looked forward to a single, more or less standardised, world where all governments would acknowledge the truths of political economy and liberalism carried throughout the globe by impersonal missionaries more powerful than those Christianity or Islam had ever had; a world reshaped in the image of the bourgeoisie, perhaps even one from which, eventually, national differences would disappear."
- 3) Cf. Nisbet, op.cit.; the extent of Marx' "optimism" is debated in Colin Leys: Underdevelopment in Kenya. The political Economy of Neo-Colonialism 1964-71, Berkeley & Los Angeles 1974, ch. 1.
- 4) Cf. Björn Hettne: The Modernization Paradigm, in: Development Theory and the Third World, Sarec Report R:2, Helsingborg 1982, pp. 29-39. The most well-known contribution to modernization theory is probably the economic one by Walt W. Rostow: The Stages of Economic Growth, Cambridge 1960.
- 5) Hettne 1982, op.cit., pp. 39-55. Cf. the famous contribution from Andre Gunder Frank: Capitalism and Underdevelopment in Latin America. Historical Studies of Chile and Brazil, New York 1969 (1967).
- 6) Cf. Lars Mjøset: Kommentar. Norge i utviklingsteoretisk lys, Tidsskr. f. samfunnsforskning 1983, bd. 24, pp. 565-77.
- 7) Frank 1969, op.cit. Dieter Senghaas: Weltwirtschaftsordnung und Entwicklungspolitik. Plädoyer für Dissoziation, Frankfurt am Main 1977, ch. 1. Immanuel Wallerstein: The Capitalist World-Economy. Essays. Cambridge 1979.
- 8) Immanuel Wallerstein: The Modern World System, New York 1974, and The Modern World-System II, New York 1980. Dieter Senghaas: Von Europa Lernen. Entwicklungsgeschichtliche Betrachtungen, Frankfurt am Main 1982; now also in English: The European Experience. A Historical Critique of Development Theory, Leamington 1984. I have also consulted the work by Senghaas' close associate, Ulrich Menzel: Der Entwicklungsweg Dänemarks (1880-1940). Ein Beitrag zum Konzept autozentrierter Entwicklung, mimeo, Universität Bremen 1980.
- 9) Dependency thinking gets its "unity" from the critique of modernization theory. But beyond this "negative" common denominator, the positive formulations of single contributions vary substantially, cf. Hettne 1982, op.cit., pp. 39-47.

- 10) The study by Senghaas introduced in note 8.
- 11) Hettne 1982, op.cit.; Aidan Foster-Carter: From Rostow to Gunder Frank: Conflicting Paradigms in the Analysis of Underdevelopment, World Development, 4:3, 1976.
- 12) T. Dos Santos: The Crisis of Development Theory and the Problem of Dependence in Latin America, in H. Bernstein (Ed.): Underdevelopment and Development, Harmondsworth 1973.
- 13) T. Dos Santos: Dependence Relations and Political Development in Latin America: Some Considerations, Ibero Americana, Vol. VII:1, 1977.
- 14) Cf. for example F.H. Cardoso & E. Faletto: Dependency and Development in Latin America, Berkeley 1979, especially the Post Scriptum.
- 15) Cf. the work by Wallerstein introduced in note 7 and 8.
- 16) Wallerstein 1979, op.cit.; Georg Sørensen: How Much Poison is Another Man's Meat? - Notes on the Logic of World System Analysis, Aalborg University, Development Research Group, Working Papers No. 7, 1984. Cf. also I. Wallerstein: One Man's Meat: The Scottish Great Leap Forward, Review III, spring 1980, pp. 631-40.
- 17) Senghaas 1982, op.cit., in the following identified as DS-82, p. 26n.
- 18) DS-82, p. 147n.
- 19) Reference is made to the following cases: Denmark, Uruguay, New Zealand, The Netherlands, Ireland, Cuba, Hungary, Romania, Thailand, U.S. southern states, Spain, Australia, and Argentine, DS-82, pp. 147-244.
- 20) DS-82, p. 218n. My translation from German, GS.
- 21) DS-82, p. 244n.
- 22) Of course, this very position can only be understood in relation to the one it is implicitly (and explicitly for that matter) criticizing.
- 23) DS-82, p. 177.
- 24) I readily admit that it is difficult to pinpoint exactly what "dependency theory" thinks on this matter, cf. the discussion above. The formulation in the main text refers to the work by Immanuel Wallerstein, in particular, cf. Wallerstein 1979, op.cit.

- 25) Cardoso & Faletto 1979, op.cit., preface.
- 26) DS-82, p. 254, p. 54; cf. Dieter Senghaas/Ulrich Menzel (Eds.) Multinationale Konzerne und Dritte Welt, Opladen 1976, pp. 47-67.
- 27) DS-82, ch. 3.
- 28) DS-82, pp. 199-201.
- 29) DS-82, pp. 160-68.
- 30) DS-82, p. 219n. However, a role to foreign capital in vein of dependency thinking is hinted at in other contexts of the book, cf. p. 54, p. 254.
- 31) DS-82, pp. 160-68.
- 32) Cf. Senghaas 1979, op.cit., ch. 1.
- 33) Ibid., p. 66.
- 34) DS-82, p. 41n.
- 35) DS-82, p. 221.
- 36) DS-82, p. 221.
- 37) DS-82, p. 172.
- 38) Carlos F. Diaz-Alejandro: Essays on the Economic History of the Argentine Republic, New Haven 1970; Cardoso & Faletto, op.cit.
- 39) Cf. Thomas Hurtienne: Peripherer Kapitalismus und autozentrierte Entwicklung - Zur Kritik des Erklärungsansatzes von Dieter Senghaas, PROKLA 44, 11. Jhg. 1981, Nr. 3, pp. 105-39. Georg Sørensen: Transnational Corporations in Peripheral Societies: Contributions Towards Self-Centred Development? Aalborg 1983.
- 40) Cf. P. Ehrensaft/W. Armstrong: Dominion Capitalism: A First Statement, Australia & New Zealand Journal of Sociology, Vol. 14, No. 3, October 1978.
- 41) Gunder Frank 1969, op.cit.; Samir Amin: Unequal Development, New York 1976. In DS-82, p. 217, Senghaas hints at a similar process of "growth without development", taking place in Brazil.
- 42) A similar focus is revealed when Menzel in the context of South Korean case ponders whether this is an example of real auto-centred development or not, cf. Ulrich Menzel: Länder-

studie Südkorea, mimeo, Bremen 1983, p. 16n. My point here is of course that a significant process of development actually has taken place in South Korea, irrespective of the classification or not of this process as "real" auto-centred development.

- 43) Cf. Vagn Dybdahl: Det nye samfund på vej. Dansk Socialhistorie 5, København 1982; Jørgen Pedersen: Arbejdslønnen i Danmark under skiftende konjunkturer i perioden ca. 1850-1913, København 1930.
- 44) Søren Mørch: Den ny Danmarkshistorie 1880-1960, København 1982. It should be added that Senghaas also makes a general statement to the effect that the relationship between economic growth and the existence/eradication of poverty is far from automatic, cf. DS-82, p. 140n.
- 45) Cf. Hurtienne 1981, op.cit.
- 46) Cf. for example the attempt at differentiation made by Morten Ougaard: Some Remarks Concerning Peripheral Capitalism and the Peripheral State, Science and Society No. 4, Winter 1982-83, pp. 385-405.
- 47) Cf. Johan Galtung et.al.: Why the Concern with Ways of Life? UN University, GPID project, printed in: The Western Development Model and Life Style, Council for International Development Studies, University of Oslo, 1980.
- 48) Cf. Gavin Kitching: Development and Underdevelopment in Historical Perspective. Populism, Nationalism and Industrialization, London 1982; Georg Sørensen, Peace and Development: Looking for the Right Track, Aalborg University, Development Research Group, Working Papers No. 8, 1984.
- 49) DS-82, p. 56n.
- 50) Daniel Malkin: New patterns of Capital Goods Production and Trade and Developing Countries' Technological Dependence, in Dieter Ernst (Ed.): The New International Division of Labour, Technology and Underdevelopment. Consequences for the Third World. Frankfurt am Main 1980, pp. 232-55.
- 51) Cf. Georg Sørensen: Transnational Corporations in Peripheral Societies: Contributions Towards Self-Centred Development? Aalborg 1983.
- 52) Cf. for example Poul Engberg-Pedersen: The United Nations and Political Intervention in International Economic Processes, Copenhagen 1982; Hans-Henrik Holm/Georg Sørensen: The World System - Towards Dissolution? Paper for the 10th IPRA Conference, Győr, Hungary, August 1983; Fred Halliday: The Making of the Second Cold War, London 1983.

- 53) Cf. James Chace: Deeper into the mire, New York Review of Books, March 1, 1984, pp. 40-48.
- 54) Cf. Menzel 1983, op.cit.

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