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SOCIOLOGY OF DEVELOPMENT AND UNDERDEVELOPMENT OF SOCIOLOGY

ANDRE GUNDER FRANK*

INTRODUCTION

This essay examines the sociology of development currently being produced in the developed countries, especially the United States, for export to and use in the underdeveloped countries. On critical examination, this new sociology of development is found to be empirically invalid when confronted with reality, theoretically inadequate in terms of its own classical social scientific standards, and policy wise ineffective for pursuing its supposed intentions of promoting the development of the underdeveloped countries. Furthermore, the inadequacy grows along with the development of the society which produces it. Like the underdeveloped society to which it is applied, this sociology is becoming increasingly underdeveloped.

To permit a careful and detailed evaluation of this sociology of development, I shall examine the theoretical modes or trends represented by particular writings of selected social scientists. Nonetheless, my critique extends to the whole of this sociology of development. To avoid arbitrary selection, it is convenient to permit representatives of this sociology of development themselves to select the major modes and most of the authors to be examined here. Accordingly, they are given the first word.

Manning Nash, until recently editor of *EDCC*, has said,¹

* I am indebted, both for substantive and editorial help in the preparation of this study, to Nancy Howell Lee, Philip Wagner, Rodolfo Stavenhagen, Alonso Aguilar, Said Shah, and especially to Marta Fuentes Frank, David Aberle, and Barton Parks and other editors of *Catalyst*. I have full responsibility, however for the critique and critical tone of this essay, especially as concerns the theses associated with the Research Center in Economic Development and Cultural Change and its Journal, hereinafter referred to as *EDCC*, of which I am a former staff member and contributor. I have, perhaps mistakenly, not followed the good advice of some of the above named to try here to accompany my critique with a constructive alternative. But I have attempted to advance such an alternative in "The Development of Underdevelopment," *Monthly Review*, Vol. 18, No. 4 (September 1966), and in *Capitalism and Underdevelopment in Latin America: Historical Studies of Chile and Brazil* (New York: Monthly Review Press, 1967).

1. Manning Nash, "Introduction, Approaches to the Study of Economic Growth"

There are, in my view, only three modes of social change and economic development.

The first mode is the independent development of a developed economy are abstracted from reality with the equally ideal typical features. In this mode, development is viewed as a process of transition into the other. Developed examples are given in Hoselitz's *Sociological Factors in Economic Structure and Process in Modern Societies* (New York: the sociologist Marion J. Levy, Jr., 1955).

The second mode is the acculturation of the underdeveloped. The West (taken here as a model) exports its institutions and their overseas outgrowths, its values, technology and capital, its society, culture and personnel to the underdeveloped. The Atlantic community economic model of reasoning can be found in Manning Nash's *Economic and Social Change in Developing Countries* (New York: Manning Nash and Hoselitz), and in Lerner's *The Passing of Traditional Society* (New York: the many accounts of how the Soviet Union is being developed).

The third mode . . . is the development of a smaller scale hypothesis, to a smaller scale hypothesis, to a view of social change, to a full view of social change, to a full cultural context of development.

Nash's discussion of these current theories of economic development and cultural change is the introduction to a collection of essays by Manning Nash, first introduced his thesis in the paper

in "Psycho-Cultural Factors in Asian Economic Development" (Manning Nash and Robert Chin), *Journal of Social Issues*, Vol. 18, No. 3 (1962).

2. Bert F. Hoselitz, *Sociological Factors in Economic Development* (New York: Free Press, 1960). Hoselitz is the founder and editor of *EDCC*.

3. Talcott Parsons, *Structure and Process in Modern Societies* (New York: Free Press, 1960).

4. See especially, Marion J. Levy, Jr., "The Development of China and Japan," *EDCC*, Vol. 2, No. 3 (1962); also see W. E. Moore and J. J. Spengler, eds. *Economic and Social Change in Developing Areas* (New York: Free Press, 1955). Levy refers to the problem of individualism and the problem of modernization in *EDCC*, Vol. 10, No. 3 (April 1962).

5. Wilbert Moore and David Feldman, *Economic and Social Change in Developing Areas* (New York: Social Science Information, 1962).

6. Daniel Lerner, *The Passing of Traditional Society: An Comparative Study* (Glencoe: The Free Press, 1958).

7. Manning Nash, *op. cit.*

8. Everett Hagen, "The Theory of Economic Development" (April 1957); also see his *On the Theory of Economic Development* (New York: Free Press, 1962).

DEVELOPMENT AND
THE THEORY OF SOCIOLOGY

EDWARD FRANK*

INTRODUCTION

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...ptember 1966), and in *Capitalism and Under-
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...roaches to the Study of Economic Growth"

There are, in my view, only three modes of attacking the problem of social change and economic development.

The first mode is the index method: the general features of a developed economy are abstracted as an ideal type and then contrasted with the equally ideal typical features of a poor economy and society. In this mode, development is viewed as the transformation of one type into the other. Developed examples of this mode are to be found in Hoselitz's *Sociological Factors in Economic Development*,² or Parsons' *Structure and Process in Modern Societies*,³ or in some of the work of the sociologist Marion J. Levy, Jr.⁴ . . .

The second mode is the acculturation view of the process of development. The West (taken here as the Atlantic community of developed nations and their overseas outliers) diffuses knowledge, skills, organization, values, technology and capital to a poor nation, until over time, its society, culture and personnel become variants of that which made the Atlantic community economically successful. Examples of this line of reasoning can be found in Moore and Feldman, *Labor Commitment and Social Change in Developing Areas*⁵ [which also includes essays by Nash and Hoselitz], and in Lerner's *Passing of Traditional Society*,⁶ or in the many accounts of how the Soviet Union and Japan 'did it'. . . .

The third mode . . . is the analysis of the process as it is now going on in the so-called underdeveloped nations. This approach leads to a smaller scale hypothesis, to a prospective rather than a retrospective view of social change, to a full accounting of the political, social, and cultural context of development. . . .⁷

Nash's discussion of these currents in contemporary American work on economic development and cultural change is found in his introduction to a collection of essays by, among others, Everett Hagen (who first introduced his thesis in the pages of *EDCC*),⁸ David McClelland

1. in "Psycho-Cultural Factors in Asian Economic Growth," (Issue Editors: Manning Nash and Robert Chin), *Journal of Social Issues*, Vol. 29, No. 1 (January 1963), p. 5.

2. Bert F. Hoselitz, *Sociological Factors in Economic Development* (Glencoe: The Free Press, 1960). Hoselitz is the founder and editor of *EDCC*.

3. Talcott Parsons, *Structure and Process in Modern Societies* (Glencoe: The Free Press, 1960).

4. See especially, Marion J. Levy, Jr., "Contrasting Factors in the Modernization of China and Japan," *EDCC*, Vol. 2, No. 3 (October 1953); reprinted in S. Kuznets, W. E. Moore and J. J. Spengler, eds. *Economic Growth: Brazil, India, Japan*, (Durham: Duke University Press, 1955). Levy refers to a related theme in his "Some Aspects of Individualism and the Problem of Modernization in China and Japan," *EDCC*, Vol. 10, No. 3 (April 1962).

5. Wilbert Moore and David Feldman, *Labor Commitment and Social Change in Developing Areas* (New York: Social Science Research Council, 1960).

6. Daniel Lerner, *The Passing of Traditional Society: Modernizing the Middle East* (Glencoe: The Free Press, 1958).

7. Manning Nash, *op. cit.*

8. Everett Hagen, "The Theory of Economic Development," *EDCC*, Vol. 6, No. 3 (April 1957); also see his *On the Theory of Social Change* (Homewood: Dorsey Press, 1962).

(who reviewed Hagen's book in the pages of *EDCC*),⁹ and John H. Kunkel (who recently discussed the third approach in *EDCC*).¹⁰ Nash describes these authors' essays as representative of the third approach and commends them for their "dialectic of social knowledge, of confrontation of bold assertion against fact in even bolder more elegant assertion."¹¹ Robert Chin, co-editor of the collection, says that these writers "are performing a pioneering service."¹²

Nash's classification, summary, and evaluation of the "only three modes of attacking the problem of social change and economic development" can serve as a useful point of departure for our own examination and evaluation of these approaches which Nash is quite mistaken in claiming that these modes exhaust the possibilities of attacking the problems of social change and economic development. He is substantially correct, however, in observing that they virtually exhaust the approaches of American social scientists to these problems of vital contemporary concern.¹³

I propose, therefore, to examine and evaluate the empirical validity, theoretical adequacy, and policy effectiveness of these three approaches to the problems of development. In terms of their relative importance, we should begin with the criterion of policy effectiveness, and then consider theoretical adequacy, and empirical validity, in that order. For if the recommended policy is ineffective, it renders suspect the theory from which it is derived; if the theory used is inadequate, it matters relatively little whether the claims made about particular aspects of reality are in fact empirically accurate. Contrary to the logic of the case, however, expository convenience leads me to begin with an examination of the empirical validity of each approach, for this permits us to familiarize ourselves with the approach under review. We will then proceed to the questions of theoretical adequacy and policy effectiveness in turn.

9. David McClelland, "A Psychological Approach to Economic Development," *EDCC*, Vol. 12, No. 3 (April 1964); and *The Achieving Society* (Princeton: Van Nostrand, 1961).

10. John H. Kunkel, "Values and Behavior in Economic Development," *EDCC*, Vol. 13, No. 3 (April 1965).

11. Manning Nash, *op. cit.*, pp. 5-6.

12. Robert Chin, "Preface, A New Social Issue," *Journal of Social Issues*, *op. cit.* p. iii.

13. A still unpublished 111 page essay by Seymour Martin Lipset, "Elites, Education and Entrepreneurship in Latin America," was unfortunately not available to me in time to be included in this review. In this essay, Mr. Lipset, who is probably the most technically skillful and influential contemporary American political sociologist, masterfully constructs an interpretation of Latin American development out of all the major and most of the minor empirical, theoretical, and policy errors criticised here.

THE IDEAL TYPICAL

The index method is an attempt to describe development and cultural change in terms of polar ideal types. Referring to the index method and to those of the World Bank and others who long ago labeled this mode the gallop-and-lead typical features or indices of underdevelopment, and the remainder is your duty to distinguish two major variants of the index method: the pattern variable approach exemplified by the stage approach now mostly associated with the underdeveloped countries differs from the first in that it draws attention to the developed countries to interpret the development and underdevelopment of the underdeveloped countries. The historical variations approach examined here, draws on this same index method to examine the possibility of variation into the index method of the developed countries. Common to both is the view that underdevelopment is an original characteristic of the underdeveloped countries by indices of traditionality, and that the process of abandoning these characteristics is a process of development of the underdeveloped countries.

PATTERN VARIABLES

This mode is derived not only from the index method but also from the ideal type in general but also from the pattern variable approach of T. Parsons. Hoselitz takes the pattern variable approach and applies them to the study of economic change.

Hoselitz first advanced his theory in "Social Structure and Economic Growth,"¹⁴ and later, again (more penetratingly, he says) in his book with the title "Social Stratification and Economic Change."¹⁵

14. Charles P. Kindleberger, "Review of *Social Structure and Economic Growth*," *Journal of Development of Guatemala; Report on Guatemala*, Vol. 34, No. 4 (November 1952).

15. Talcott Parsons, *The Social System*.

16. Bert F. Hoselitz, "Social Structure and Economic Change," *Rivista di Sociologia Nazionale*, Vol. 6, No. 3 (August 1953); reproduced in *Social Structure and Economic Change*, *op. cit.*, chapter 2. This is not only a summary of the work of Hoselitz, which on the whole is a masterpiece, but also the fields of sociology, economics, history, and anthropology. Hoselitz' work organizes and summarizes a vast amount of work of other scientists.

17. Bert F. Hoselitz, "Social Stratification and Economic Change," *International Social Science Journal*, Vol. 16, No. 2.

the pages of *EDCC*),⁹ and John H. Nash (the third approach in *EDCC*).¹⁰ Nash is representative of the third approach in the dialectic of social knowledge, of constant fact in even bolder more elegant form. The editor of the collection, says that these are "in the best service."¹²

... and evaluation of the "only three approaches" of social change and economic development. This is a departure for our own examination of the theories which Nash is quite mistaken in overlooking the possibilities of attacking the problem of economic development. He is substantiating that they virtually exhaust the possibilities for scientists to these problems of vital

... to define and evaluate the empirical validity and policy effectiveness of these three approaches to development. In terms of their relative merits, with the criterion of policy effectiveness, adequacy, and empirical validity, in that if a policy is ineffective, it renders suspect the theory used; if the theory used is inadequate, it renders the claims made about particular policies empirically inaccurate. Contrary to the logic of convenience leads me to begin with a critical evaluation of the validity of each approach, for this is consistent with the approach under review. The questions of theoretical adequacy and

... "The Ideal Typical Approach to Economic Development," *The Achieving Society* (Princeton: Van Nostrand, 1955).

... "Behavior in Economic Development," *EDCC*,

... "Social Issue," *Journal of Social Issues*, *op. cit.*

... essay by Seymour Martin Lipset, "Elites, Education, and America," was unfortunately not available to me. In this essay, Mr. Lipset, who is probably the most influential contemporary American political sociologist, his interpretation of Latin American development out of the context of empirical, theoretical, and policy errors

THE IDEAL TYPICAL INDEX APPROACH

The index method is an attempt to attack the problem of economic development and cultural change through the comparative statics of polar ideal types. Referring to the approach of economists generally, and to those of the World Bank in particular, Charles Kindleberger long ago labeled this mode the gap approach: you subtract the ideal typical features or indices of underdevelopment from those of development, and the remainder is your development program.¹⁴ We may distinguish two major variants of this ideal typical gap approach: the pattern variable approach exemplified by Hoselitz, and the historical stage approach now mostly associated with Rostow. The second variant differs from the first in that it draws on the historical experience of the developed countries to interpose stages into the gap between development and underdevelopment. A further variant of the latter, the historical variations approach of Gerschenkron, which is not examined here, draws on this same historical experience to introduce the possibility of variation into the development stages of the underdeveloped countries. Common to all three variants is the assumption that underdevelopment is an original state which may be characterized by indices of traditionality, and that, therefore, development consists of abandoning these characteristics and adopting those of the developed countries.

PATTERN VARIABLES

This mode is derived not only from Max Weber's conception of the ideal type in general but also from some of Weber's particular ideal types, which were later elaborated and further systematized by Talcott Parsons. Hoselitz takes the pattern variables of Parsons' *Social System*¹⁵ and applies them to the study of economic development and cultural change.

Hoselitz first advanced his theory in 1953 under the title "Social Structure and Economic Growth;"¹⁶ and he repeated the same thesis again (more penetratingly, he says in a footnote) in 1963 under the title "Social Stratification and Economic Development."¹⁷ He argues

14. Charles P. Kindleberger, "Review of *The Economy of Turkey; The Economic Development of Guatemala; Report on Cuba*," *Review of Economics and Statistics*, Vol. 34, No. 4 (November 1952).

15. Talcott Parsons, *The Social System* (Glencoe: The Free Press, 1951).

16. Bert F. Hoselitz, "Social Structure and Economic Growth," *Economia Internazionale*, Vol. 6, No. 3 (August 1953); reprinted in *Sociological Factors in Economic Development*, *op. cit.*, chapter 2. This is not to say, of course, that this approach exhausts the work of Hoselitz, which on the contrary ranges exceptionally widely over the fields of sociology, economics, history, etc. On the other hand this part of Hoselitz' work organizes and summarizes a very wide range of work by other social scientists.

17. Bert F. Hoselitz, "Social Stratification and Economic Development," *International Social Science Journal*, Vol. 16, No. 2 (1964).

that developed countries exhibit the pattern variables of universalism, achievement orientation, and functional specificity, while underdeveloped ones are characterized by their opposites—particularism, ascription, and functional diffuseness. To develop, Hoselitz counsels, underdeveloped countries should eliminate the pattern variables of underdevelopment and adopt those of development. It may be added that *EDCC* has devoted many pages to the diffusion of this approach to the study of economic development and cultural change.¹⁸

Empirical Validity

Hoselitz characterizes the developed countries as universalist and not particularist. They are, as we shall see, normatively universalist. Yet the reality, the literature, and even the sociological treatment of many developed countries reveal substantial particularism. This is specifically the case for Japan,¹⁹ France,²⁰ and of Europe in general,²¹ where the existence of particularism has been demonstrated among both upper and lower classes. Particularism is deep and widespread especially in the working class in both Europe²² and the United States, in recent migrants from the former to the latter, and among non-white, rural, or recent rural-urban migrant groups in the United States. Moreover, much of what flies a universalist flag in the United States and other developed countries is little more than the cover for unsavory particularist private interests. We will have occasion below to observe that the developed countries export particularism to the underdeveloped ones, wrapped in such universalist slogans as freedom, democracy, justice, the common good, the economic liberalism of free trade, the political liberalism of free elections, the social liberalism of free social mobility, and the cultural liberalism of free flow of ideas such as the ones we are examining here.²³

Hoselitz also characterizes developed countries as achievement oriented. To examine the counterpart of this pattern variable in reality,

18. In addition to the already cited article by Levy, see for instance, "India's Cultural Values and Economic Development: A Discussion," *EDCC*, Vol. 7, No. 1 (October 1958); Clifford Geertz, "Religious Belief and Economic Behavior in a Central Japanese Town: Some Preliminary Considerations," *EDCC*, Vol. 4, No. 2 (January 1956).

19. James Abegglen, *The Japanese Factory* (Glencoe: The Free Press, 1958).

20. Nicole Delefortrie-Soubeyroux, *Les dirigeants de l'industrie française* (Paris: Armand Colin, 1961).

21. David Granick, *The European Executive* (Garden City: Doubleday, 1962).

22. Ferdynand Zweig, *The British Worker* (Harmondsworth: Penguin Books, 1952); *The Worker in an Affluent Society: Family Life and Industry* (London: Heinemann, 1962); Raymond Williams, *Culture and Society 1780-1950*, (Harmondsworth: Penguin Books, 1961).

23. Frederick Clairmonte, *Economic Liberalism and Underdevelopment—Studies in the Disintegration of an Idea* (Bombay and London: Asia Publishing House, 1960).

it is important to divide it into three and motivation. In the United States substantially dependent on achievement although perhaps substantially a middle class, is very much based on of business management, as Granick American and Soviet management,²⁴ in the Other America, as Michael demonstrated. The ascription of role the American Negro speaks silently his contemporary Freedom Movement that far from becoming less ascriptive top and at the bottom (and perhaps progressively more ascriptive.²⁵

On the other hand, role recruitment on achievement, as Abegglen among the assignment of reward within the ascriptive, being based on such factors. The important distinction between made in discussions of achievement differences between Japanese and American would seem to explain a large part of. For example, Bellah²⁷ and Levy,²⁸ would orientation as a cause of its development. On the other hand, Abegglen,²⁹ would pattern is apparently thinking of rewardment variable, individual achievementment as David McClelland³⁰ calls it, the Weberian category of social role, another matter and will be discussed in a third mode.

Thirdly, Hoselitz claims that institutionally specific rather than diffuse, generate development while role diffuse. This claim, we must first question the necessity dichotomy to the structure of institutions.

24. David Granick, *The Red Executive* (New York: Macmillan, 1963).

25. Michael Harrington, *The Other America* (New York: Macmillan, 1963); Gabriel Kolko, *Wealth and Power and Income Distribution* (New York: Basic Books, 1962).

26. James Abegglen, *op. cit.*

27. Robert Bellah, *Tokugawa Religion* (New York: Oxford University Press, 1967).

28. Marion J. Levy, *op. cit.*

29. James Abegglen, *op. cit.*

30. David McClelland, *The Achieving Society* (New York: Free Press, 1961).

the pattern variables of universalism, functional specificity, while undermined by their opposites—particularism, asness. To develop, Hoselitz counsels, undermine the pattern variables of underdevelopment. It may be added stages to the diffusion of this approach and cultural change.¹⁸

developed countries as universalist and we shall see, normatively universalist. and even the sociological treatment of substantial particularism. This is specificity,²⁰ and of Europe in general,²¹ where been demonstrated among both upper is deep and widespread especially in pe²² and the United States, in recent e latter, and among non-white, rural, groups in the United States. Moreover, it flag in the United States and other e than the cover for unsavory particularism have occasion below to observe that particularism to the underdeveloped ist slogans as freedom, democracy, economic liberalism of free trade, the ons, the social liberalism of free social ism of free flow of ideas such as the developed countries as achievement part of this pattern variable in reality,

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ty: Family Life and Industry (London: Heinemann,
ture and Society 1780-1950, (Harmondsworth:

Liberalism and Underdevelopment—Studies in
and London: Asia Publishing House, 1960).

it is important to divide it into three subvariables: reward, recruitment, and motivation. In the United States, reward within roles is indeed substantially dependent on achievement. But recruitment into roles, although perhaps substantially a matter of achievement among the middle classes, is very much based on ascription in both the high levels of business management, as Granick has shown in his comparison of American and Soviet management,²⁴ and among the masses of poor in the Other America, as Michael Harrington has so dramatically demonstrated. The ascription of roles, and the consequent reward, to the American Negro speaks silently and eloquently for itself through his contemporary Freedom Movement. Harrington shows, moreover, that far from becoming less ascriptive, American Society, both at the top and at the bottom (and perhaps also in the middle), is becoming progressively more ascriptive.²⁵

On the other hand, role recruitment in Japan is very much based on achievement, as Abegglen among others has pointed out.²⁶ However, the assignment of reward within the role, Abegglen argues, is highly ascriptive, being based on such factors as age, family obligations, etc. The important distinction between recruitment and reward (rarely made in discussions of achievement or ascription) and the obvious differences between Japanese and American practices in this respect would seem to explain a large part of the disagreement on this matter. For example, Bellah²⁷ and Levy,²⁸ who emphasize Japan's achievement orientation as a cause of its development, refer to role recruitment. On the other hand, Abegglen,²⁹ who emphasizes Japan's ascriptive pattern is apparently thinking of reward within roles. The other achievement variable, individual achievement motivation or *n*(eed for) achievement as David McClelland³⁰ calls it, while increasingly confused with the Weberian category of social role assignment and reward, is quite another matter and will be discussed when we come to examine the third mode.

Thirdly, Hoselitz claims that in developed societies roles are functionally specific rather than diffuse, and that role specificity helps generate development while role diffuseness does the contrary. To assess this claim, we must first question the relevance of the specificity-diffuseness dichotomy to the structure of interaction which is being examined.

24. David Granick, *The Red Executive* (Garden City: Doubleday, 1960).

25. Michael Harrington, *The Other America, Poverty in the U. S.* (New York: Macmillan, 1963); Gabriel Kolko, *Wealth and Power in America, an Analysis of Social Class and Income Distribution* (New York: Praeger, 1962).

26. James Abegglen, *op. cit.*

27. Robert Bellah, *Tokugawa Religion* (Glencoe: The Free Press, 1957).

28. Marion J. Levy, *op. cit.*

29. James Abegglen, *op. cit.*

30. David McClelland, *The Achieving Society, op. cit.*

Is it useful to distinguish the structure of interaction between ego and alter that is normatively defined in one diffuse role as a complex father-son, teacher-student, general-soldier, etc., relationship, from the structure of interaction in functionally specific roles which are integrated in such a way that ego is systematically father, teacher, general, etc., and alter is son, student, soldier, etc.? In a word, how important is the difference between role specificity and role diffuseness if the socially significant and dominant specific roles are collected together in one or a few individuals who wear many hats simultaneously or in quick and institutionalized succession? For the latter is the "functionally specific" role structure of the society in which, according to C. Wright Mills, the power elite dominates what President Eisenhower dubbed the military-industrial complex, and in which Douglas Dillon of Dillon and Reed & Co., comes to sit in the cabinet as Secretary of the Treasury; Robert McNamara, President of the Ford Motor Company, becomes Secretary of Defense—as successor to "Engine Charley" Wilson, who gave us the *bon mot*, "What's good for General Motors is good for the country;" and in which the bulk of military purchases are from a half dozen giant corporations who employ large numbers of retired high level military officers.³¹

Our own profession is not as isolated from this role structure as Hoselitz' characterization of role specificity might suggest: Roosevelt's and Kennedy's brain trusts co-opted all sorts of American social scientists. Harvard historian Arthur Schlesinger Jr.'s aid to the development of underdeveloped countries has so far consisted in writing the now famous White Paper on Cuba which was intended to justify the coming invasion of that country at the Bay of Pigs. He later admitted lying about the invasion in "the national interest." Stanford economist Eugene Staley wrote *The Future of Underdeveloped Countries*³² and then planned it in the renowned Staley—(General Maxwell) Taylor Plan to put 15 million Vietnamese in the concentration camps they euphemistically christened "strategic hamlets." Since the failure of that effort at development planning, M.I.T. economic historian Walt Whitman Rostow has escalated the effort by writing *The Stages of Economic Growth: A Non-Communist Manifesto*.³³ He wrote of these stages at

31. C. Wright Mills, *The Power Elite* (New York: Oxford University Press, 1956); Fred J. Cook, *The Warfare State* (New York: Macmillan, 1962); also see Tristan Coffin, *The Armed Society* (Baltimore: Penguin Books, 1964);

32. Eugene Staley, *The Future of Underdeveloped Countries* (New York: Harper, 1964).

33. Walt Whitman Rostow, *The Stages of Economic Growth, A Non-Communist Manifesto* (Cambridge: Cambridge University Press, 1962). The recent *New York Times* profile of Rostow observes: "Since McGeorge Bundy and Bill D. Moyers left the White House, Mr. Rostow, a former professor at the Massachusetts Institute of Technology, has been emerging as the White House spokesman on foreign affairs. . . . He now organizes and attends the President's Tuesday luncheon conferences. Secretary

the CIA financed Center for International and has been operationalizing the Kennedy's Director of Policy and Planning and President Johnson's chief advisor on Vietnamese economic growth that architect of escalation, from napalm and beyond. Then, doubtlessly due to his achieved ascription, Eugene Rostow moved from law at Yale University to practicing in London. Meanwhile, after performing his duties at Harvard University, McGeorge Bundy moved to Washington and goes on television and in the press and incredulous why this economic humanitarian (after which he goes to the CIA) and its influence on education and research is so manifest and institutionalized role summary of humane scholarship and professional activity in the clandestine direction of Project Camelot and the financing of the United States by the CIA pale into the shadows.

However, Hoselitz' and my concern is with the development and cultural change of the underdeveloped world. Before more important to examine the role of the underdeveloped countries as part of the world. Yet normatively, underdeveloped countries are not. A glance at the press, radio, and television of any underdeveloped country, and one can see as do their counterparts in the developed world. The newspaper publishes more columns than the *New York Times* outside of the United States; and one of the most popular, *Digest*, which excels in getting across the message and ideology, has a higher circulation than all Mexican magazines combined.³⁴ What is that this kind of universalism goes on in the underdeveloped countries than it does in the developed world. Instead, a cover for underlying particularities are forms of universalism in the underdeveloped world, the superficial façade of the particularities

of State Dean Rusk, Secretary of Defense Robert McNamara, Press Secretary, George Christian, are usually in the White House. April 13, 1967.

34. Pablo Gonzalez Casanova, *La Democracia* 202.

structure of interaction between ego defined in one diffuse role as a complex father-soldier, etc., relationship, from the socially specific roles which are integrated functionally father, teacher, general, etc., etc.? In a word, how important is the identity and role diffuseness if the socially specific roles are collected together in one many hats simultaneously or in quick succession? For the latter is the "functionally specific society in which, according to C. Wright Mills, is what President Eisenhower dubbed the "Great Society" and in which Douglas Dillon of Dillon's cabinet as Secretary of the Treasury; if the Ford Motor Company, becomes known as "Engine Charley" Wilson, who worked for General Motors is good for the sake of military purchases are from a half century employ large numbers of retired high

as isolated from this role structure as the specificity might suggest: Roosevelt's adopted all sorts of American social scientists—Schlesinger Jr.'s aid to the development as so far consisted in writing the now which was intended to justify the coming of the Bay of Pigs. He later admitted lying "in the national interest." Stanford economist *Stages of Underdeveloped Countries*³² and named Staley—(General Maxwell) Taylor these in the concentration camps they "legic hamlets." Since the failure of that M.I.T. economic historian Walt Whitworth by writing *The Stages of Economic Development Manifesto*.³³ He wrote of these stages at

Stages of Economic Growth, A Non-Communist Manifesto (New York: Oxford University Press, 1956); (New York: Macmillan, 1962); also see Tristan Coffin, *Stages of Economic Growth* (New York: Harper, 1964);

Underdeveloped Countries (New York: Harper, 1964); *Stages of Economic Growth, A Non-Communist Manifesto* (New York: Oxford University Press, 1956). The recent *New York Times* since McGeorge Bundy and Bill D. Moyers left their professor at the Massachusetts Institute of Technology White House spokesman on foreign affairs. . . . President's Tuesday luncheon conferences. Secretary

the CIA financed Center for International Studies on the Charles River and has been operationalizing them on the Potomac as President Kennedy's Director of Policy and Planning in the State Department and President Johnson's chief adviser on Vietnam. It is on behalf of Vietnamese economic growth that Rostow has become the principal architect of escalation, from napalming the south to bombing the North, and beyond. Then, doubtlessly due to universalist particularism and achieved ascription, Eugene Rostow moves from professing international law at Yale University to practicing it at his brother's side in Washington. Meanwhile, after performing his role as Dean of Humanities at Harvard University, McGeorge Bundy becomes W. W. Rostow's superior in Washington and goes on television to explain to the misguided and incredulous why this economic development theory and policy is humanitarian (after which he goes on to direct the Ford Foundation and its influence on education and research). In the light of the manifest and institutionalized role summation and diffuseness of these deans of humane scholarship and professors of applied social science, the clandestine direction of Project Camelot by the Department of Defense and the financing of the United States National Student Association by the CIA pale into the shadows.

However, Hoselitz' and my concern is with the economic development and cultural change of the *underdeveloped countries*. It is therefore more important to examine the reality of underdevelopment and Hoselitz' ideal typical mis-characterization of it. Hoselitz characterizes the underdeveloped countries as particularist rather than universalist. Yet normatively, underdeveloped countries are also substantially universalist. A glance at the press, radio, and much of the educational ideology of any underdeveloped country exhibits just as much universalism as do their counterparts in the developed ones. Mexico's most influential newspaper publishes more column inches about the "universalist" United States than the *New York Times* does about the whole world outside of the United States; and one American magazine, the *Reader's Digest*, which excels in getting across the American "universalist" norms and ideology, has a higher circulation in Mexico than the eight largest Mexican magazines combined.³⁴ What makes Hoselitz right in a sense is that this kind of universalism goes no deeper in the underdeveloped countries than it does in the developed ones; for there too it is, instead, a cover for underlying particularism. On the other hand, there are forms of universalism in the underdeveloped countries apart from the superficial façade of the particularly interested organs of public

of State Dean Rusk, Secretary of Defense Robert S. McNamara and the White House Press Secretary, George Christian, are usually the only other guests." *New York Times*, April 13, 1967.

34. Pablo Gonzalez Casanova, *La Democracia en México* (Mexico: Era, 1965), p. 202.

opinion formation. There are general and political strikes, decried by so many of these same observers from the developed countries; militant nationalism, which the same observers frown upon as opposed to the universal good and therefore to the particular one of this or that underdeveloped country; and widespread support in underdeveloped countries for the anti-colonial and anti-neocolonial movements, which the developed countries are combatting by force of arms and universalistic sounding propaganda about freedom, etc., in Vietnam, Malaysia, the Congo, the Dominican Republic and elsewhere. This evidence suggests that universalism is after all quite widespread and deeply ingrained in the underdeveloped countries among groups which are not the privileged ones in command of the universalist organs of communication.

Hoselitz departs even further from reality when he says that social, economic, and political roles in the underdeveloped countries are distributed almost exclusively in terms of ascriptive norms. He specifically claims that the underdeveloped countries pay little attention to economic achievement in their determination of status and that political leadership is mainly determined by ascriptive norms.³⁵ Someone who had never lived in the universalist castle of American social science would be shocked to find that Hoselitz and many others characterize as ascriptive the national political leadership produced by the interminable military coups in Latin America,³⁶ and by the emerging "national" bourgeoisies all over Africa.³⁷ Yet the unreality of American popular and ostensibly scientific understanding of the world, permits Hoselitz and others to suggest that Latin American political power is in the hands of some traditional landed or even feudal oligarchy. They fail to see that in all capitalist underdeveloped countries the power behind the throne, be it military or civil, rests (if it is in national hands at all) with the people who occupy the top roles in the economic organization, and particularly with those who have commercial and financial ties to the developed metropolis.³⁸ This metropolis is increasingly the United States—precisely the vantage point from which these social scientists make their curious observations and characterizations of the under-

35. Bert F. Hoselitz, "Social Stratification and Economic Development," *op. cit.*

36. John J. Johnson, ed., *The Role of the Military in Underdeveloped Countries* (Princeton: Princeton University Press, 1962); *The Military and Society in Latin America* (Stanford: Stanford University Press, 1964); Edwin Lieuwen, *Arms and Politics in Latin America* (New York: Praeger, 1960); *Generals and Presidents, Neo-Militarism in Latin America* (New York: Praeger, 1964).

37. Frantz Fanon, *Les damnés de la terre* (Paris: Maspero, 1961). Published and mistranslated as *The Wretched of the Earth* (New York: Grove Press, 1966).

38. José Luis Ceceña, *El Capital Monopolista y la Economía de México* (Mexico: Cuadernos Americanos, 1963); Ricardo Lagos, *La Concentración del Poder Económico en Chile* (Santiago: Editorial del Pacífico, 1961); Carlos Malpica, *Guerra a la Muerte al Latifundio* (Lima: Ediciones Voz Rebelde, 1963); Jaqinto Oddone, *La Burguesía Terrateniente Argentina* (Buenos Aires: Populares Argentinas).

developed part of the world. In sup Latin America, many present incu political roles have achieved their p —often more so than in the achiev of Europe and North America.³⁹ TH cally and politically most significan is decidedly achieved and not ascrib

It should be pointed out, howev ment is also common among the low countries. This has been the case at ist penetration totally transformed. Only the social scientists from the i see how efficiently this penetration dominant world system and how social organization and alienation o has called the damned of the earth.⁴⁰

Evidently, the distribution of re at least in high level roles, is als Hoselitz uses that term. In the mono even more than in the developed or by successful speculation and extort of income is even more unequal. TH Hoselitz says, ascription counts less distribution of reward in the underde that we may call this sort of success standards, which the present author

Finally, Hoselitz says that roles functionally diffuse rather than speci in the underdeveloped countries, wh primary, secondary, or tertiary secto fessions at a time, such as farmer, tra thief, and provider of social security body and soul together.⁴² The roles

39. See for instance, José Luis de Imaz, *L* 1964).

40. Frantz Fanon, *op. cit.* The degree of countries was observed long ago by Rosa Lux (New York: Monthly Review Press, 1964), e have explored the same in *Capitalism and U cit.*; "El Nuevo Confusionismo del Precapitalis (Mexico), No. 4 (mayo-junio 1965).

41. United Nations Economic Commissi *Development of Latin America in the Post-W* 1963) E/CN. 12/659.

42. United Nations Economic Commissi *opment of Latin America during the Post-W* 1963) E/CN.12/660.

general and political strikes, decried by observers from the developed countries; militant observers frown upon as opposed to the particular one of this or that underdeveloped country. The widespread support in underdeveloped countries for anti-neocolonial movements, which are often attained by force of arms and universalistic freedom, etc., in Vietnam, Malaysia, the Congo, and elsewhere. This evidence suggests that the process is quite widespread and deeply ingrained in the social structure among groups which are not the privileged universalist organs of communication.

Farther from reality when he says that social scientists in the underdeveloped countries are distorted in terms of ascriptive norms. He specifically criticizes underdeveloped countries pay little attention to economic differentiation of status and that political leadership is determined by ascriptive norms.³⁵ Someone who had been a castle of American social science would be surprised that Frantz Fanon and many others characterize ascription of leadership produced by the interminable process of modernization,³⁶ and by the emerging "national" state.³⁷ Yet the unreality of American popular understanding of the world, permits Hoselitz to see Latin American political power is in the hands of a few or even feudal oligarchy. They fail to understand that in underdeveloped countries the power behind the scenes, rests (if it is in national hands) on the hands of a few who occupy the top roles in the economic organization—those who have commercial and financial interests in the metropolis.³⁸ This metropolis is increasingly the vantage point from which these social scientists make their observations and characterizations of the under-

development and Economic Development," *op. cit.* *Role of the Military in Underdeveloped Countries* (New York: Praeger, 1962); *The Military and Society in Latin America* (New York: Praeger, 1964); Edwin Lieuwen, *Arms and Politics in Latin America* (New York: Praeger, 1960); *Generals and Presidents, Neo-Military Rule in Latin America* (New York: Praeger, 1964).

Man and the Earth (Paris: Maspero, 1961). Published as *Man and the Earth* (New York: Grove Press, 1966).

El Monopolista y la Economía de México (Mexico: Siglo Veintiuno Editores, 1961); Carlos Malpica, *Guerra a la Muerte* (Buenos Aires: Rebelde, 1963); Jacinto Oddone, *La Burguesía* (Buenos Aires: Populares Argentinas).

developed part of the world. In supposedly ascriptive Asia, Africa, and Latin America, many present incumbents of these top economic and political roles have achieved their positions, and done so quite recently—often more so than in the achievement oriented developed countries of Europe and North America.³⁹ Thus, role assignment in the economically and politically most significant roles in underdeveloped countries is decidedly achieved and not ascribed.

It should be pointed out, however, that role assignment by achievement is also common among the lower level roles in the underdeveloped countries. This has been the case at least since mercantilist and capitalist penetration totally transformed these societies, often centuries ago. Only the social scientists from the invading metropolis seem unable to see how efficiently this penetration integrated these societies into the dominant world system and how universally the latter imposed its social organization and alienation on the people whom Frantz Fanon has called the damned of the earth.⁴⁰

Evidently, the distribution of rewards in underdeveloped countries, at least in high level roles, is also determined by achievement, as Hoselitz uses that term. In the monopolistic underdeveloped economies, even more than in the developed ones, financial success is determined by successful speculation and extortion, and the resulting distribution of income is even more unequal. This suggests that, contrary to what Hoselitz says, ascription counts less, and achievement more, in the distribution of reward in the underdeveloped countries.⁴¹ (This assumes that we may call this sort of success "achievement" by our universalist standards, which the present author would not wish to do.)

Finally, Hoselitz says that roles in underdeveloped countries are functionally diffuse rather than specific. This is true in part. The poor in the underdeveloped countries, whether classified as working in the primary, secondary, or tertiary sector, do indeed practice many professions at a time, such as farmer, trader, peddler, artisan, odd jobber, thief, and provider of social security to others, in the attempt to keep body and soul together.⁴² The roles at the other end of the socio-

39. See for instance, José Luis de Imaz, *Los que Mandan* (Buenos Aires: EUDEBA, 1964).

40. Frantz Fanon, *op. cit.* The degree of capitalist penetration of underdeveloped countries was observed long ago by Rosa Luxemburg in *The Accumulation of Capital* (New York: Monthly Review Press, 1964), especially Section Three, pp. 329-467. I have explored the same in *Capitalism and Underdevelopment in Latin America op. cit.*; "El Nuevo Confusionismo del Precapitalismo Dual en América Latina," *Economía* (Mexico), No. 4 (mayo-junio 1965).

41. United Nations Economic Commission for Latin America, *The Economic Development of Latin America in the Post-War Period* (New York: United Nations, 1963) E/CN.12/659.

42. United Nations Economic Commission for Latin America, *The Social Development of Latin America during the Post-War Period* (New York: United Nations, 1963) E/CN.12/660.

economic scale are no less diffuse. One need only read the daily press or suffer the consequences of monopoly control in underdeveloped countries to know that the controlling roles are indeed diffuse, as Hoselitz suggests, and also that economic roles predominate in that control, as Hoselitz denies. On the other hand, it is also well to observe that a whole series of intermediate roles in underdeveloped societies, occupied by such members of the middle classes as military officers, government bureaucrats, junior executives, administrators, policemen, and others, are functionally quite specific. Their incumbents serve specific functions of making the whole exploitative system function in the diffuse but particular interest of those who have achieved control, in the same sense that the plantation administrator runs the owner's slave plantation for him. It is perhaps not surprising that it is among precisely these middle role incumbents that universalist values are predominant.⁴³

In a word, if we examine the patterns of social roles in the developed and underdeveloped countries, instead of being blinded by a hand-me-down ideal typical perspective of adulterated Weberian parentage, we conclude that the characteristics Hoselitz and others attribute to developed and underdeveloped countries present a distorted and inadequate conception of social reality. This is, however, the least of the deficiencies of Hoselitz' and allied approaches to economic development and cultural change. That it is so easy to challenge the empirical validity of Hoselitz' conception of development and underdevelopment—that Hoselitz can find some particularism, ascription, and diffuseness in underdeveloped countries, whereas we can easily find universalism, achievement, and specificity there—already suggests that probably neither the one nor the other of the patterns of variables Hoselitz selects for emphasis is important for characterizing, or crucial for determining, either development or underdevelopment. It raises the suspicion that the important determining factors of development and underdevelopment are not these but others: that is, the theoretical adequacy of Hoselitz' whole approach is cast in doubt.

Theoretical Adequacy

Having disposed of the empirical validity of Hoselitz' claims, we may examine the theoretical adequacy of his thesis in terms of, first,

43. Theodore R. Crevanna ed., *Materiales para el Estudio de la Clase Media en América Latina* (Washington: Unión Panamericana, 6 volumes, 1950-1951); Marshall Wolfe, *Las Clases Medias en Centro-América: Características que Presentan en la Actualidad y Requisitos para su Desarrollo* (New York: United Nations) E/CN.12/CCE/Rev. 2; and United Nations, *The Social Development of Latin America*, *op. cit.*; John L. Johnson, *Political Change in Latin America: The Emergence of the Middle Sectors* (Stanford: Stanford University Press, 1958).

his selection of roles for study; second, for analysis; and third, and most important, the structure of development and underdevelopment.

It may be best to begin by asking whether the pattern of variables or roles in underdevelopment is different from that in development. Part of the answer will be found in the roles we deem important for underdevelopment. It appears that in Hoselitz' analysis almost all roles in characterizing and determining development or underdevelopment are ascriptive, and diffuse, and become functionally specific. The greater the number of roles, the more one pattern to the other, it would be difficult to distinguish. My review, on the other hand, has been concerned with the top and some at the bottom of the social systems, because they are more important than the roles-in-general.

If social roles do not all carry the same weight in development and underdevelopment, it is not legitimate to assign them the same weight. In Hoselitz, we construct ideal type models of development and underdevelopment (a dubious procedure). In constructing the ideal-type we must surmise which roles that in fact are more important for development or underdevelopment, even if they be less numerous. Yet in the case of developed and underdeveloped societies, a specific examination of the top economic roles in development or underdevelopment lent these roles the weight that Hoselitz lent them. The nature of development or underdevelopment is characterized as universalist, achievement-oriented, and specific a society in which the power elite is a military complex pursues particularism, ascription, and functionalism, governed by oligarchies with economic power that is derived from commercial morality, and that is derived from commercial morality that is derived from commercial morality. He is able to rest his theoretical case on this empirical base.

Secondly, we may ask what social roles are important when he says that development is characterized by universalism and underdevelopment by other characteristics. Particularism, ascription, and functionalism, with the extended family, the primitive

One need only read the daily press monopoly control in underdeveloped controlling roles are indeed diffuse, as economic roles predominate in that other hand, it is also well to observe the roles in underdeveloped societies, the middle classes as military officers, executives, administrators, policemen, etc. specific. Their incumbents serve the whole exploitative system function in that of those who have achieved control, the nation administrator runs the owner's perhaps not surprising that it is among incumbents that universalist values are

patterns of social roles in the developed instead of being blinded by a hand-me-down adulterated Weberian parentage, we as Hoselitz and others attribute to countries present a distorted and incoherence. This is, however, the least of the approaches to economic development easy to challenge the empirical validity of development and underdevelopment—that particularism, ascription, and diffuseness in that as we can easily find universalism, which already suggests that probably neither patterns of variables Hoselitz selects for characterizing, or crucial for determining, development. It raises the suspicion that the development and underdevelopment the theoretical adequacy of Hoselitz'

empirical validity of Hoselitz' claims, we the adequacy of his thesis in terms of, first,

Materiales para el Estudio de la Clase Media en Iberoamérica, 6 volumes, 1950-1951); Marshall *América: Características que Presentan en el Desarrollo* (New York: United Nations) E/CN.12/ *Social Development of Latin America*, *op. cit.*; *Latin America: The Emergence of the Middle Class* (New York: Basic Books, 1958).

his selection of roles for study; second, his selection of a social system for analysis; and third, and most important, his treatment of the social structure of development and underdevelopment.

It may be best to begin by asking how Hoselitz and I can characterize the pattern of variables or roles in underdeveloped countries so differently. Part of the answer will be found in the difference between the roles we deem important for underdevelopment and development. It appears that in Hoselitz' analysis all roles have about the same weight in characterizing and determining underdevelopment. Thus Hoselitz' prescription for development is that the maximum number of roles, almost irrespective of which they are, change from being particularist, ascriptive, and diffuse, and become universalist, achievement based, and functionally specific. The greater this quantitative change of roles from one pattern to the other, it would seem, the greater the development. My review, on the other hand, has lent more emphasis to roles at the top and some at the bottom of the economic and political stratification systems, because they are more important for development than just roles-in-general.

If social roles do not all carry the same weight or importance for development and underdevelopment, as they evidently do not, then it is not legitimate to assign them the same weights in theory. If, like Hoselitz, we construct ideal type role patterns for development and underdevelopment (a dubious procedure to begin with) then in constructing the ideal-type we must surely assign more weight to the roles that in fact are more important for development or underdevelopment, even if they be less numerous. Yet in his characterization of both developed and underdeveloped societies, Hoselitz systematically evades the specific examination of the top economic and political roles. If Hoselitz lent these roles the weight they clearly have in the determination of development or underdevelopment, he would be unable to characterize as universalist, achievement based, and functionally specific a society in which the power elite of the industrial-governmental-military complex pursues particularist ends; or to characterize as particularist, ascriptive, and functionally diffuse those countries which are governed by oligarchies with economic, political, and military power that is derived from commercial monopoly privileges and the recurrent recourse to force of arms to protect and augment them. Still less would he be able to rest his theoretical case for development and underdevelopment on this empirical base.

Secondly, we may ask what social universe Hoselitz has in mind when he says that development is characterized by some pattern variables and underdevelopment by others. Hoselitz and many others associate particularism, ascription, and diffuseness in underdevelopment with the extended family, the primitive tribe, the folk community, the

traditional sector of a dual society, and with the underdeveloped countries and part of the world in general. But the connection is never made with the developed part of the world nor with the contemporarily dominant social organization in the world taken as a whole. Indeed, he seems to be indifferent about where change should take place, since in discussing underdevelopment he moves quite easily and almost imperceptibly from referring to one of these units to talking about another (although never, of course, to the last two). Hoselitz leaves far from clear just which is the social whole whose role patterns he would change from one set of variables to another in order to effect development. Here the theoretical inadequacy is even more glaring, for it contravenes the generally accepted rule of social and all scientific theory to look for and refer to the systemic whole in terms of which the reality (in this case underdevelopment) can be explained and changed. The social system which is today the determinant of underdevelopment certainly is not the family, tribe, community, a part of a dual society, or even, as I shall argue below, any underdeveloped country or countries taken by themselves.

The folk characteristics which were studied by Robert Redfield, and which Hoselitz seems to associate with the pattern variables of underdeveloped society, do not characterize any whole society existing today. At best, they may characterize "tribal societies," few if any of which still remain independent. Redfield himself only spoke in terms of a nontribal folk society when he first studied Yucatan and Tepotzlan, and even then he entitled his book *The Folk Culture of Yucatan*.⁴⁴ When he later began to concentrate his attention on *Peasant Society and Culture*,⁴⁵ Redfield took great pains to point out that peasants with folk characteristics live only in *parts* of societies inasmuch as they are peasants only by virtue of their relation to the city, whose function complements theirs within the same wider social whole that incorporates them both. Furthermore, in his study of the Guatemalan peasant community, Cantel,⁴⁶ Manning Nash himself pointed out that the appearance of the universalist, achievement oriented, and functionally specific characteristics associated with labor unionism—and their renewed disappearance after the 1954 military coup of which John Foster Dulles was so proud—must be traced beyond the boundaries of the community to the national system. In view of the well known source of that military coup we might add that it should be traced further to the functioning

44. Robert Redfield, *The Folk Culture of Yucatan* (Chicago: University of Chicago Press, 1941); "The Folk Society," *American Journal of Sociology*, Vol. 52, No. 4 (January 1941).

45. Robert Redfield, *The Little Community and Peasant Society and Culture* (Chicago: University of Chicago Press, 1960); also see *The Primitive World and its Transformations* (Ithaca: Cornell University Press, 1955).

46. Manning Nash, *Machine Age Maya* (Glencoe: The Free Press, 1958).

and structure of the international Hoselitz, but of which Cantel, C form integral if unhappily deter matter of empirical, theoretical, or system is selected for study and cl nomic development. Hoselitz' sele cause he does not choose to study the determinant ones for developm procedure is theoretically unsatisi himself to the determinant social w scientists must do.⁴⁷

Thirdly, Hoselitz' treatment o change is unsatisfactory on still r his analysis belies its own title, "So by neglecting structure and espec ment. The previously discussed em in analyses such as Hoselitz' are o lect. However, the failure of those account of structure is of such far more specific commentary of its ow Hoselitz follows the lead of T the one-hundredth anniversary of t the theoretical significance and po "modern sociological theory":

Marx, however, tended to treat t enterprise as a single indivisible analytically into a set of the dis analytical breakdown which is fo feature of modern sociological a of the Marxian view. . . . The falls on . . . the theory of expl occupational roles. . . .⁴⁸

The felicity of Parsons' analysis empirically confirmed for us by H confining his attention to the arith and of forgetting about the social, a particular society under study.

Herein, Parsons, Hoselitz, and eral not only modify Marx but also turalism and holism is confined to model of any and all real or imagin

47. Robert Redfield, *The Little Comm*

48. Talcott Parsons, "Social Classes a Sociological Theory," in *Essays in Sociolog Press, 1954*, p. 324.

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 1960); also see *The Primitive World and its*
 rsity Press, 1955).
 aya (Glencoe: The Free Press, 1958).

and structure of the international system, which is never mentioned by
 Hoselitz, but of which Cantel, Guatemala, and all their inhabitants
 form integral if unhappily determined parts. Therefore, it is not a
 matter of empirical, theoretical, or policy indifference just which social
 system is selected for study and change with a view to promoting eco-
 nomic development. Hoselitz' selection is empirically unacceptable be-
 cause he does not choose to study the system whose characteristics are
 the determinant ones for development and underdevelopment. Hoselitz'
 procedure is theoretically unsatisfactory because he does not address
 himself to the determinant social whole as Redfield counseled that social
 scientists must do.⁴⁷

Thirdly, Hoselitz' treatment of economic development and cultural
 change is unsatisfactory on still more important theoretical grounds:
 his analysis belies its own title, "Social Structure and Economic Growth,"
 by neglecting structure and especially the structure of underdevelop-
 ment. The previously discussed empirical and theoretical shortcomings
 in analyses such as Hoselitz' are of course part and parcel of this neg-
 lect. However, the failure of those using this approach to take adequate
 account of structure is of such far reaching importance that it requires
 more specific commentary of its own.

Hoselitz follows the lead of Talcott Parsons who, to commemorate
 the one-hundredth anniversary of the *Communist Manifesto*, explained
 the theoretical significance and political consequences of his own and
 "modern sociological theory":

Marx, however, tended to treat the socio-economic structure of capitalist
 enterprise as a single indivisible entity rather than breaking it down
 analytically into a set of the distinct variables involved in it. It is this
 analytical breakdown which is for present purposes the most distinctive
 feature of modern sociological analysis. . . . It results in a modification
 of the Marxian view. . . . The primary structural emphasis no longer
 falls on . . . the theory of exploitation but rather on the structure of
 occupational roles. . . .⁴⁸

The felicity of Parsons' analysis of this approach has already been
 empirically confirmed for us by Hoselitz' aforementioned practice of
 confining his attention to the arithmetic sum of social roles in general,
 and of forgetting about the social, political, and economic structure of
 a particular society under study.

Herein, Parsons, Hoselitz, and recent sociological theorists in gen-
 eral not only modify Marx but also depart from Weber. Parsons' struc-
 turalism and holism is confined to the analysis of a wholly abstract
 model of any and all real or imaginary societies and not with the study

47. Robert Redfield, *The Little Community*, *op. cit.*

48. Talcott Parsons, "Social Classes and Class Conflict in the Light of Recent
 Sociological Theory," in *Essays in Sociological Theory* (Rev. ed.; Glencoe: The Free
 Press, 1954), p. 324.

of any existing real society. However much Marx and Weber may have relied on theoretical models and ideal types, neither ever ventured to depart so far from reality. Other recent sociological theorists, mostly social anthropologists of the British structural-functionalist school, who have devoted themselves to the study of existing whole societies, fall short of the standards of classical sociology in other ways. They select small "societies" in Africa and elsewhere for study and analyze them as though they had an isolated existence independent from the imperialist system of which they formed an integral part at the time of study. Hoselitz abandons classical sociology and carries recent sociology still further. He leaves behind the structural holism of Parsons because it is not suited to any but abstract wholes. Yet he does not join the anthropologists on their field trips to study the social structure of social "wholes." Hoselitz is satisfied to abandon both holism and structuralism and to devote his attention to pattern variables. The above theorists deviate further from classical theory, which is a most serious handicap for those who would study economic development and cultural change. "Modern sociological theory" at best appeals to holism and structuralism to explain the existence of the parts, or merely to demonstrate the relations among them, but not to analyze or account for the existence of the social structure as a whole. Consequently, these theorists, who pretend to analyze economic *development* and cultural *change*, fail to direct their theoretical analysis to the past origins, the present transformations, or the future prospects of the existing social system as a system.

Yet Hoselitz and, as we shall see, also the advocates of the second and third modes of analysis all take another step beyond Parsons—and far beyond what would have occurred to Weber in his moments of wildest fancy. They argue that to eliminate underdevelopment and produce development it is only necessary to change particular variables, roles, or parts of the social system—that it is not necessary to change the structure of the system itself. Logically, Hoselitz and others can take this position only if they maintain one or the other of the following: (1) that underdevelopment and development are associated only with the characteristics of the simple majority of the society's roles, and not with the structure of that society; or (2) granted that development and underdevelopment are associated with the structure of the social system, the system's structure can be changed simply by changing some of its parts or their characteristics. The first violates all standards of social scientific theory; the second is contrary to all empirical reality.

The importance of the empirical and theoretical deficiency of the approach of Hoselitz and others cannot be stressed too much. The empirical evidence which has been discussed reveals that this criticism of Hoselitz' and related analyses on theoretical grounds is not based

on an isolated appeal to arbitrary weight of the scientific standards, not so much in their universal accuracy and efficacy: if Hoselitz and other analyses of economic development, standards of structuralism and holism, empirically erroneous conclusions in general is keeping underdeveloped would have seen not only that the underdeveloped countries are ass— which is the least of it, since it is—ment which is really important—incumbents are no more than some structure of development and under system that gives rise to these roles serve to maintain the system and u

Policy Effectiveness

Three examples may suffice to show that descriptions do not lead to the consequences, or the increase, if we would believe H. Whyte,⁵⁰ of role ascription and military circles in the United States country into an underdeveloped one that the supposed achievement of full of universal standards among, for instance their military executors in Latin American countries and still gives no signs of development.

Although perhaps not the most convincing evidence against Hoselitz' thesis is provided by Hoselitz himself. As we have seen, middle classes of development are associated with middle classes; and such students of development in the United States and Gino Germani, others, have argued that the greater the middle class, the more developed

49. C. Wright Mills, *The Power Elite*, Oxford, 1956.

50. William H. Whyte, Jr., *The Organization Man*, 1956.

51. John J. Johnson, *Political Change in Latin America: The Role of the Latin American Middle Sectors*, *Journal of Political and Social Science*, Vol. 334 (March 1962).

52. Gino Germani, *Política y Sociedad en Argentina* (Buenos Aires: Paidós, 1962); *Política e Massa* (Belo Horizonte: Estudos Políticos, 1960).

er much Marx and Weber may have deal types, neither ever ventured to recent sociological theorists, mostly a structural-functionalist school, who study of existing whole societies, fall sociology in other ways. They select somewhere for study and analyze them existence independent from the impe- ed an integral part at the time of sociology and carries recent sociology structural holism of Parsons because ct wholes. Yet he does not join the ps to study the social structure of d to abandon both holism and struc- tion to pattern variables. The above ssical theory, which is a most serious ly economic development and cultural "ory" at best appeals to holism and nce of the parts, or merely to demon- but not to analyze or account for the as a whole. Consequently, these the- economic *development* and cultural tical analysis to the past origins, the uture prospects of the existing social

see, also the advocates of the second take another step beyond Parsons—and curred to Weber in his moments of to eliminate underdevelopment and necessary to change particular variables, m—that it is not necessary to change f. Logically, Hoselitz and others can tainain one or the other of the follow- and development are associated only ple majority of the society's roles, and iety; or (2) granted that development iated with the structure of the social be changed simply by changing some cs. The first violates all standards of d is contrary to all empirical reality. irical and theoretical deficiency of the cannot be stressed too much. The em- a discussed reveals that this criticism s on theoretical grounds is not based

on an isolated appeal to arbitrary theoretical standards. That is, the weight of the scientific standards which such analyses fail to meet lies not so much in their universal acceptance as it does in their realism and efficacy: if Hoselitz and others had guided their observations and analyses of economic development and cultural change by these stand- ards of structuralism and holism, they could not have come to the empirically erroneous conclusion that ascriptive role assignment in general is keeping underdeveloped countries underdeveloped. They would have seen not only that the crucial political and economic roles in underdeveloped countries are assigned and rewarded by achievement —which is the least of it, since it is not, after all, ascription or achieve- ment which is really important—but also that these roles and their incumbents are no more than some of the manifestations of the real structure of development and underdevelopment of a world embracing system that gives rise to these roles and whose incumbents in turn serve to maintain the system and underdevelopment in particular.

Policy Effectiveness

Three examples may suffice to indicate that Hoselitz' policy pre- scriptions do not lead to the consequences he predicts. First, the exist- ence, or the increase, if we would believe C. Wright Mills⁴⁹ or William H. Whyte,⁵⁰ of role ascription and diffuseness in business, government, and military circles in the United States has not so far turned that country into an underdeveloped one. A second piece of evidence is that the supposed achievement of functionally specific roles and pursuit of universal standards among, for instance, the business magnates and their military executors in Latin America has not so far developed their countries and still gives no signs of doing so.

Although perhaps not the most important one, a third piece of evidence against Hoselitz' thesis is particularly interesting because it is supplied by Hoselitz himself. As we saw above, Hoselitz' pattern vari- ables of development are associated particularly with the rise of the middle classes; and such students of Latin America as John Johnson⁵¹ in the United States and Gino Germani⁵² in Argentina, among many others, have argued that the greater the social mobility and the bigger the middle class, the more development. Yet Hoselitz recently took

49. C. Wright Mills, *The Power Elite*, *op. cit.*

50. William H. Whyte, Jr., *The Organization Man* (New York: Simon and Schus- ter, 1956).

51. John J. Johnson, *Political Change in Latin America*, *op. cit.*; "The Political Role of the Latin American Middle Sectors," *The Annals of the American Academy of Political and Social Science*, Vol. 334 (March 1961).

52. Gino Germani, *Política y Sociedad en una Época de Transición* (Buenos Aires: Paidós, 1962); *Política e Massa* (Belo Horizonte: Publicações de Revista Brasileira de Estudos Políticos, 1960).

the initiative to test this thesis by confronting it with the hard facts of reality in Latin America. There he found and wrote that the countries with the largest middle classes, Argentina and Chile, are not at all the ones with the most development.⁵³

Three things however are true of middle classes in Latin America. First, their social pattern closely corresponds to the one to which Hoeselitz wishes to attribute economic development and cultural change. Secondly, as in Nazi Germany and Fascist Italy, it is precisely these groups which provide the principal "popular" support for the ultra-reactionary military dictatorships, as these groups again demonstrated in an impressively manifest fashion in the 1964 military coup in Brazil.⁵⁴ A third fact, which is not unrelated to the foregoing one or to the unviability of the development prescriptions of Hoeselitz. Johnson, Germani, and others, is that throughout the underdeveloped countries (as well as in the United States as Gabriel Kolko has recently shown⁵⁵), when the income of these middle classes rises it does so not at the expense of the rich but at the expense of the large masses of the poor, whose relative and often absolute income in the underdeveloped countries is thereby forced still lower.⁵⁶ Economic development and cultural change of an underdeveloped country through the promotion and rise of the middle classes (or their pattern variables) has not occurred because, among other reasons, it is physically impossible for it to occur given the structure of the system: it only leads to the further underdevelopment of the majority.

STAGES OF GROWTH

Within the first ideal typical mode, which Nash calls the index mode and which I call the gap approach, we may distinguish a second variant. Here the identification of the gap between the characteristics of development and underdevelopment includes the specification of intermediate stages and their characteristics. Although Nash mentioned Rostow in connection with his earlier work on development propensities,⁵⁷ it is preferable to take Rostow's *Stages of Economic Growth*⁵⁸ as

53. Bert F. Hoeselitz, "Economic Growth in Latin America," *Contributions to the First International Conference in Economic History*, Stockholm 1960 (The Hague: Mouton & Co., 1960).

54. Andrew Gunder Frank, "Brazil; The Goulart Ouster," *The Nation* (New York), April 27, 1964.

55. Gabriel Kolko, *Wealth and Power in America*, *op. cit.*

56. Anibal Pinto, "Concentración del Progreso Técnico y de sus Frutos en el Desarrollo Latinoamericano," *El Trimestre Económico*, Vol. 32, No. 125 (January-March 1965). See also his *Chile: Una Economía Difícil* (Mexico: Fondo de Cultura, 1965).

57. Walt Whitman Rostow, *The Process of Economic Growth* (New York: Norton, 1952).

58. W. W. Rostow, *The Stages of Economic Growth*, *op. cit.*

the example of this variant of the first of Rostow's and similar "stage" approaches cause first, much of the criticism against them as well and, second, Rostow's much specific criticism from others. Rostow's *Stages of Economic Growth* depends on empirical, theoretical, and political received.

Rostow's stages and thesis are in fact not correspond at all to the past or to the open countries whose development is explicit in Rostow, as it is implicit in the original stage of what are supposed to be there were no stages prior to the present is further explicit in Rostow that the once underdeveloped. But all this is an approach to economic development in history to the developed countries by the developed ones. The countries that are now have had a history no less than have the developed for example India,⁶⁰ is today the way it was ago. Moreover, reference to even any one that the history of the now underdeveloped is intimately related to the history of the past several centuries.

Indeed, the economic and political history of the fifteenth century has come to incorporate the underdeveloped countries into a single stream of world history. It is not only contemporaneously to the present development but also the underdevelopment of others. However, the theory and policy for the underdeveloped countries have examined the developed countries.

59. Most of the criticism of Rostow's thesis is largely limited to quibbling about details in which superficiality is notably evident in the "Apprentice Doctrine" by Meier, Kuznets, Cairncross, Hoeselitz, *Issues in Development Economics*, ed. Gerald D. Sweeney (New York: Basic Books, Inc., 1964). It is revealing of the narrowness of the approach whose book has been very favorably reviewed whose appraisals did not include the probably most important by Paul A. Baran and Eric Hobsbawm, "The Underdevelopment of the Underdeveloped," *The Review of Economics and Statistics* (Basel), Vol. 14, Fasc. 2 (1961).

60. R. Palme Dutt, *India Today and Tomorrow* (London: George Allen and Unwin, 1955); A. R. Desai, *Social Background of Indian History* (New York: Dover Publications, 1959); Jawaharlal Nehru, *The Discovery of India* (New York: Oxford University Press, 1946); V. B. Singh, *Indian Economy Yesterday and Tomorrow* (New York: Oxford University Press, 1964).

by confronting it with the hard facts he found and wrote that the countries Argentina and Chile, are not at all the
 of middle classes in Latin America. corresponds to the one to which Hose- development and cultural change. and Fascist Italy, it is precisely these pal "popular" support for the ultra- as these groups again demonstrated in the 1964 military coup in Brazil.⁵⁴ related to the foregoing one or to the prescriptions of Hoselitz. Johnson, throughout the underdeveloped countries Gabriel Kolko has recently shown⁵⁵, classes rises it does so not at the ex- pense of the large masses of the poor, income in the underdeveloped coun- Economic development and cultural ntry through the promotion and rise (pattern variables) has not occurred is physically impossible for it to occur it: it only leads to the further under-

al mode, which Nash calls the index approach, we may distinguish a second of the gap between the characteristics development includes the specification of characteristics. Although Nash mentioned earlier work on development propensi- Rostow's *Stages of Economic Growth*⁵⁸ as growth in Latin America," *Contributions to the Economic History*, Stockholm 1960 (The Hague: D. The Goulart Ouster," *The Nation* (New mer in America, *op. cit.* del Progreso Técnico y de sus Frutos en el *Estre Económico*, Vol. 32, No. 125 (January- *Economía Dificil* (Mexico: Fondo de Cultura, *Process of Economic Growth* (New York: Norton, *Economic Growth*, *op. cit.*

the example of this variant of the first mode. My review and evaluation of Rostow's and similar "stage" approaches will require less space because first, much of the criticism already made of Hoselitz applies to them as well and, second, Rostow's stages have already come in for much specific criticism from others.⁵⁹ Nonetheless, I submit that Rostow's *Stages of Economic Growth* deserves more fundamental criticism on empirical, theoretical, and policy grounds than it has thus far received.

Rostow's stages and thesis are incorrect primarily because they do not correspond at all to the past or present reality of the underdeveloped countries whose development they are supposed to guide. It is explicit in Rostow, as it is implicit in Hoselitz, that underdevelopment is the original stage of what are supposedly traditional societies—that there were no stages prior to the present stage of underdevelopment. It is further explicit in Rostow that the now developed societies were once underdeveloped. But all this is quite contrary to fact. This entire approach to economic development and cultural change attributes a history to the developed countries but denies all history to the underdeveloped ones. The countries that are today underdeveloped evidently have had a history no less than have the developed ones. None of them, for example India,⁶⁰ is today the way it was centuries or even decades ago. Moreover, reference to even any schoolboy world history confirms that the history of the now underdeveloped countries has been most intimately related to the history of the now developed ones for at least several centuries.

Indeed, the economic and political expansion of Europe since the fifteenth century has come to incorporate the now underdeveloped countries into a single stream of world history, which has given rise simultaneously to the present development of some countries and the present underdevelopment of others. However, in their attempt to construct theory and policy for the underdeveloped countries, Rostow and others have examined the developed countries as if they had developed in

59. Most of the criticism of Rostow's book has, however, been superficial and largely limited to quibbling about details in the characterization of his stages. This superficiality is notably evident in the "Appraisals and Critiques" of "The Rostow Doctrine" by Meier, Kuznets, Cairncross, Habakkuk, and Gerschenkron in *Leading Issues in Development Economics*, ed. Gerald Meier (New York: Oxford University Press, 1964). It is revealing of the narrowness of American economics that Meier, whose book has been very favorably reviewed for its purported breadth of issues and appraisals did not include the probably most penetrating criticism of Rostow so far by Paul A. Baran and Eric Hobsbawm, "The Stages of Economic Growth," *Kyklos* (Basel), Vol. 14, Fasc. 2 (1961).

60. R. Palme Dutt, *India Today and Tomorrow* (London: Lawrence & Wishart, 1955); A. R. Desai, *Social Background of Indian Nationalism* (Bombay: Popular Book Depot, 1959); Jawaharlal Nehru, *The Discovery of India* (New York: John Day, 1946); V. B. Singh, *Indian Economy Yesterday and Today* (New Delhi: People's Publishing House, 1964).

isolation from this stream of world history. It stands to reason that any serious attempt to construct theory and policy for the development of the now underdeveloped countries has to be based on the examination of the experience of the underdeveloped countries themselves—that is, on the study of their history and of the world historical process which has made these countries underdeveloped. Yet this task of constructing a realistic theory and policy of development has not been pursued by any of the students of economic development and cultural change who employ the modes of approach to the problem which, according to Nash, exhaust all possibilities. We see again, then, that these three approaches to studying and solving the problems of economic development and cultural change only exhaust what is done; but they do not exhaust what can be done, and least of all what must be done.

It is impossible, without closing one's eyes, to find in the world today any country or society which has the characteristics of Rostow's first, the traditional, stage. This is not surprising since the construction of Rostow's stages takes account neither of the history of the now underdeveloped countries, nor of their crucial relations with the now developed ones over several centuries past. Rostow's approach obliterates the fact that through these relations, the now developed countries have totally destroyed the pre-existing fabric of these societies (be it "traditional" or not). This was most notably the case in India which was de-industrialized;⁶¹ Africa, where the slave trade transformed society long before colonialism did so again;⁶² and Latin America, where the high civilizations of the Incas and the Aztecs were wiped out altogether.⁶³ The relationship between the mercantilist and capitalist metropolis and these colonies succeeded in supplanting the pre-existing—or, in the case of the *tabula rasa* situations of Argentina, Brazil, and the West Indies and elsewhere, in implanting—the social, political, and economic structure they now have: that is, the structure of underdevelopment.⁶⁴

This long relationship between the now underdeveloped and now

61. *Ibid.*

62. Basil Davidson, *The African Slave Trade* (Boston: Atlantic-Little, Brown, 1961); and Jack Woddis, *Africa, The Roots of Revolt* (London: Lawrence & Wishart, 1960).

63. Eric Wolf, *Sons of the Shaking Earth* (Chicago: University of Chicago Press, 1959).

64. Sergio Bagú, *Economía de la Sociedad Colonial. Ensayo de Historia Comparada de América* (Buenos Aires: Ateneo, 1949); Celso Furtado, *The Economic Growth of Brazil* (Berkeley: University of California Press, 1963); Aldo Ferrer, *The Argentinian Economy. An Economic History of Argentina* (Berkeley: University of California Press, 1967); Anibal Pinto Santa Cruz, *Chile, Un Caso de Desarrollo Frustrado* (Santiago: Editorial Universitaria, 1958); Andrew Gunder Frank, *Capitalism and Underdevelopment in Latin America, op. cit.*; Ramiro Guerra y Sanchez, *Sugar and Society in the Caribbean* (New Haven: Yale University Press, 1964).

developed countries within the only the export enclave in the universally accepted and just as "dual" society or economy thesis relationship transformed the em countries are now underdeveloped (I shall return to this problem section on diffusionism below.)

If Rostow's first, traditional, developed country today, his conditions for take-off into economic spicuous by its absence. Characteristic penetration of underdeveloped countries mostly in the developed countries, where they destroy traditional pre-conditions that will lead to stage. (This, too, is examined in actual error of the second stage in may be discussed briefly. As we of the now underdeveloped Asian, the world, even if they were traditional their contact with Europe—a dubious zations and technological development three continents—certainly have been in, and penetrated by influences metropolis. Yet these same metropolis which already have a history ranging not brought about economic development into development, in a single one to be called in the 1964 Geneva Development.

This Conference was called world's population living in these metropolitan imposed second stage economic development as Rostow a not only hinder their economic development underdevelopment.⁶⁷ The reason for

65. J. H. Boeke, *Economics and Economic Institute of Pacific Relations, 1953*; Jacques Ministerio da Educação e Cultura, n. d.).

66. Paul A. Baran, *The Political Economy of view Press, 1957*; Andrew Gunder Frank, *Capitalism and Underdevelopment in Latin America, op. cit.* See also footnote 120.

67. See United Nations Conference on Development (1964); U. N. Document Series, E/CONF. I/2, Secretary-General cited in footnote 92.

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Roots of Revolt (London: Lawrence & Wishart,

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Sociedad Colonial. Ensayo de Historia Com-
Ateneo, 1949); Celso Furtado, *The Economic*
y of California Press, 1963); Aldo Ferrer, *The*
History of Argentina (Berkeley: University of
Santa Cruz, Chile, *Un Caso de Desarrollo Frus-*
ria, 1958); Andrew Gunder Frank, *Capitalism*
frica, op. cit.; Ramiro Guerra y Sanchez, *Sugar*
Haven: Yale University Press, 1964).

developed countries within the same historical process did not affect
only the export enclave in the underdeveloped countries, as the almost
universally accepted and just as empirically and theoretically erroneous
"dual" society or economy thesis has it.⁶⁵ On the contrary, this historical
relationship transformed the entire social fabric of the peoples whose
countries are now underdeveloped, just as in the developed countries.⁶⁶
(I shall return to this problem of the dual society or economy in the
section on diffusionism below.)

If Rostow's first, traditional, stage cannot be found in any under-
developed country today, his second stage, which contains the pre-
conditions for take-off into economic development, is even more con-
spicuous by its absence. Characteristic of Rostow's second stage is the
penetration of underdeveloped countries by influences created abroad—
mostly in the developed countries—and diffused to the underdeveloped
ones, where they destroy traditionalism and simultaneously create the
pre-conditions that will lead to the subsequent take-off in the third
stage. (This, too, is examined in the section on diffusionism.) The fac-
tual error of the second stage in Rostow's thesis is so glaring that it
may be discussed briefly. As we observed with respect to the first stage,
the now underdeveloped Asian, African, and Latin American parts of
the world, even if they were traditional in the Rostowian sense before
their contact with Europe—a dubious thesis, considering the high civili-
zations and technological development that had been achieved on all
three continents—certainly have been and still are affected by conditions
in, and penetrated by influences emanating from, the now developed
metropolis. Yet these same metropolitan conditions and influences,
which already have a history ranging from one to several centuries, have
not brought about economic development, or even led to a take-off
into development, in a single one of the "75 countries," as they came
to be called in the 1964 Geneva Conference on World Trade and
Development.

This Conference was called because the nearly two-thirds of the
world's population living in these countries feel and know that these
metropolitan imposed second stage conditions, far from furthering their
economic development as Rostow and other metropolitan pundits claim,
not only hinder their economic development, but even increase their
underdevelopment.⁶⁷ The reason for all this is that the reality of under-

65. J. H. Boeke, *Economics and Economic Policy of Dual Societies* (New York: Institute of Pacific Relations, 1953); Jacques Lambert, *Os Dois Brasis* (Rio de Janeiro: Ministerio da Educação e Cultura, n. d.). See also footnote 121.

66. Paul A. Baran, *The Political Economy of Growth* (New York: Monthly Review Press, 1957); Andrew Gunder Frank, *Capitalism and Underdevelopment in Latin America, op. cit.* See also footnote 120.

67. See United Nations Conference on World Trade and Development (Geneva: 1964); U. N. Document Series, E/CONF. 46, and especially the Report by the Secretary-General cited in footnote 92.

development, which Rostow's first and second stages obscure and even deny, is that the incorporation of these lands and peoples into the expanding mercantilist and then capitalist world system first initiated their underdevelopment; that, furthermore, their continued participation in this same system still maintains and even aggravates that underdevelopment.⁶⁸ As Prime Minister Jawaharlal Nehru said, in his *The Discovery of India*,

... nearly all our major problems today have grown up during British rule and as a direct result of British policy: the princes; the minority problem; various vested interests, foreign and Indian; the lack of industry and the neglect of agriculture; the extreme backwardness in the social services; and, above all, the tragic poverty of the people.⁶⁹

Rather than countering the authority of Rostow and most of his colleagues from the developed countries only with an appeal to the authority of Nehru and his colleagues from the underdeveloped countries, we may also appeal to empirical evidence, which is devastating for the Rostowian thesis. The evidence is from the *tabula rasa* countries that had no population at all before they were incorporated into the developing mercantilist and capitalist system. Today, more than half of both the area and the population of Latin America—especially Argentina, Uruguay, Brazil, and all of the West Indies—occupies regions which, at the time of their incorporation into the European centered mercantile system, were either entirely unpopulated or were repopulated after the rapid extermination of the pre-contact population. None of these countries ever experienced Rostow's first stage: the mercantile metropolis did not conquer and settle these regions to institute Rostow's traditionalism, but to exploit them through the establishment of exclusively commercial mines, sugar plantations and cattle ranches. If anything, these regions and peoples entered world history by stepping right into Rostow's second stage. But after more than four centuries, Rostowian second stage conditions and contact have not led to the third stage take-off in these regions, much less to the fourth or fifth stage of development. Today these previously unpopulated regions are just as underdeveloped as are the previously populated ones which were similarly incorporated into the world embracing capitalist system. Indeed, contrary to Rostow's conception of the second stage—and, as we will see below, contrary to most of the diffusionist thesis—the more intimate

68. Paul A. Baran, *The Political Economy of Growth*, *op. cit.*; Gunnar Myrdal, *Rich Nations and Poor* (New York: Harper & Brothers, 1957), also issued under the title *Economic Theory and Underdeveloped Regions*; Yves Lacoste, *Les pays sous-développés* (Paris: "Que Sais-Je?," France Universitaires Presses, 1959); Frantz Fanon, *Les damnés de la terre*, *op. cit.*; Andre Gunder Frank, *Capitalism and Underdevelopment in Latin America*, *op. cit.*

69. Quoted in Paul Baran, *The Political Economy of Growth*, *op. cit.*, pp. 149-50.

the past contact of these regions developed they are today. Among exporting regions of the Caribbean the ex-mining export regions of Bolivia and Peru in the Andes and Texas and Guanajuato mining regions

Abundant historical evidence shows that Rostow's first two stages are not evidence from them shows that his theory is not dynamic and he does not take account of the fact that if these countries now were to follow Rostow's stages they would drive toward maturity or in the first stage would not call them underdeveloped. Rostow would not invent his stages. What is more, his utopian last two stages are the fictitious first two stages plus the underdeveloped countries it is development—which Rostow whittles down to externally created pre-conditions—developed countries, which Rostow has so long prevented the realization of. To count, we are then left only with the second crucial flaw in Rostow's theory.

Rostow would have us believe that he has theoretically synthesized the structure of underdevelopment. His theory is not dynamic and he does not take account of the fact that if these countries now were to follow Rostow's stages they would drive toward maturity or in the first stage would not call them underdeveloped. Rostow would not invent his stages. What is more, his utopian last two stages are the fictitious first two stages plus the underdeveloped countries it is development—which Rostow whittles down to externally created pre-conditions—developed countries, which Rostow has so long prevented the realization of. To count, we are then left only with the second crucial flaw in Rostow's theory.

That Rostow does not argue for the fact that he places the major burden on the mere rate of investment and the dependence of the theoretical inadequacy and eliminating the structure of

70. Andrew Gunder Frank, "The Development of Capitalism in Latin America," *Journal of Economic History*, 1953, p. 37.

and second stages obscure and even of these lands and peoples into the capitalist world system first initiated furthermore, their continued participation and even aggravates that minister Jawaharlal Nehru said, in his

tems today have grown up during British British policy: the princes; the minority as, foreign and Indian; the lack of industry the extreme backwardness in the social economic poverty of the people.⁶⁹

authority of Rostow and most of his countries only with an appeal to the arguments from the underdeveloped empirical evidence, which is devastating evidence is from the *tabula rasa* countries before they were incorporated into the capitalist system. Today, more than half of Latin America—especially Argentina of the West Indies—occupies regions incorporated into the European centered entirely unpopulated or were repopulation of the pre-contact population. None of Rostow's first stage: the mercantile settle these regions to institute Rostow's plan through the establishment of exclusive plantations and cattle ranches. If any entered world history by stepping right after more than four centuries, Rostow's contact have not led to the third stage as to the fourth or fifth stage of development unpopulated regions are just as underpopulated ones which were similarly embracing capitalist system. Indeed, concerning the second stage—and, as we will see the diffusionist thesis—the more intimate

Economy of Growth, *op. cit.*; Gunnar Myrdal, Harper & Brothers, 1957), also issued under the *Developed Regions*; Yves Lacoste, *Les pays sous-les Universitaires Presses*, 1959); Frantz Fanon, Gunder Frank, *Capitalism and Underdevelop-*

Political Economy of Growth, *op. cit.*, pp. 149-50.

the past contact of these regions with the metropolis, the more underdeveloped they are today. Among the many examples are the ex-sugar exporting regions of the Caribbean and the Brazilian Northeast and the ex-mining export regions of Minas Gerais in the center of Brazil, of Bolivia and Peru in the Andean Highlands and of the famous Zacatecas and Guanajuato mining regions in the center of Mexico.⁷⁰

Abundant historical evidence from the underdeveloped countries shows that Rostow's first two stages are fictional. Contemporary evidence from them shows that his last two stages are utopian. After all, if these countries now were to find themselves in the fourth stage of drive toward maturity or in the fifth one of high mass consumption, we would not call them underdeveloped—and Rostow would not have to invent his stages. What is more, while in Rostow's rendition of reality his utopian last two stages are the mere mechanical summation of the fictitious first two stages plus the third, in the unfortunate reality of the underdeveloped countries it is precisely the structure of their underdevelopment—which Rostow whitewashes with his traditionalism and externally created pre-conditions—and their structural relations with the developed countries, which Rostow fails to mention at all, that have for so long prevented the realization of the last two stages. By Rostow's count, we are then left only with the third stage and by my count with the second crucial flaw in Rostow's entire argument.

Rostow would have us believe that in his third stage, the take-off, he has theoretically synthesized the dynamic qualitative change between the structure of underdevelopment and that of development. However, his theory is not dynamic and he does not isolate structural characteristics or change. Least of all, does he incorporate the real structure of underdevelopment and development into his theory. On the contrary, he fails to consider it altogether. Like most, but not all, stage theories of history, Rostow's is an exercise in comparative statics. While he identifies stages of development, he does not say anything about how to get from one to the other. This is no less the case for the third stage than it is for the four others. The unreality of Rostow's dynamic should not surprise us: for as we have seen, even his statics are entirely unreal; his stages correspond to no reality in the underdeveloped countries at all. How, then, could his development from one stage to another correspond to the underdeveloped world's reality?

That Rostow does not argue from structure is already suggested by the fact that he places the major burden for development in the third stage, on the mere rate of investment and growth. The conclusive evidence of the theoretical inadequacy of Rostow's stages for understanding and eliminating the structure of underdevelopment goes far beyond

70. Andrew Gunder Frank, "The Development of Underdevelopment," *op. cit.*

that, of course. In completely ignoring the history of the underdeveloped countries, Rostow necessarily completely ignores the structure of their underdevelopment. The changes in institutions and investment he posits as the take-off out of underdevelopment do not begin to affect the real structure of underdevelopment. The proof is that countries such as Argentina,⁷¹ which Rostow claims to be taking off into development, are becoming ever more structurally underdeveloped and that, indeed, no underdeveloped country has ever managed to take off out of its underdevelopment by following Rostow's stages.

Rostow's empirical and theoretical errors extend beyond his analysis of the underdevelopment of the underdeveloped countries to his characterization of the development of the developed ones. While the developed countries are not our topic here, it is necessary at least to point out this faulty characterization of development because, like Hoselitz and others, Rostow bases so much of his policy for the underdeveloped countries on his picture of the developed ones. Rostow is particularly explicit in claiming that England was the first country to industrialize and that it did so by domestically mobilizing its own resources after having experienced certain internal structural changes. Others among the now developed countries, he says, also developed on their own except insofar as the prior development of England and others helped to create the preconditions for their take-off. Again, Rostow is wrong both on empirical and theoretical grounds. That England and other countries did not develop by relying only on their own efforts has been exhaustively proven. The English Mercantilists such

71. Aldo Ferrer, *op. cit.*; and "Reflexiones Acerca de la Política de Estabilización en la Argentina," *El Trimestre Económico*, Vol. 30, No. 120 (October-December 1963). "Two Argentinian scholars have recently written doctoral dissertations under Professor Walt Rostow at the Massachusetts Institute of Technology, attempting to identify in the economic history of their own country his series of stages of economic growth. The period of Pre-Conditions, they thought, was completed by 1914 when the railway net was finished and the entire rich area of the Pampas had been brought into pastoral or agricultural use. But somehow development did not follow, and the Take-Off did not occur, again by their reckoning, until 1933. What they did in this situation was to invent a wholly new stage of growth, or rather non-growth, for the Argentinian case, which they called The Big Delay. Even their Take-Off, moreover, has not been followed by rapid progress. Writing in 1959, the experts of the United Nations Economic Commission for Latin America [said], '... Since the time of the great world depression . . . per capita production has increased at an average rate scarcely half the rate of the increase registered between the beginning of the century and the onset of the depression.' It appears, then, that Argentina had in fact attained a relatively high level of income by the earlier part of the century and that in more recent decades . . . the Argentine experience has been characterized by delay, stagnation, and—to take another word from the ECLA economists—'strangulation.'" Carter Goodrich, "Argentina as a New Country," *Comparative Studies in History and Society*, Vol. VII (1964-1965), pp. 80-81.

as Thomas Mun,⁷² had no doubt or Marx.⁷⁴ Among our contemporaries now Prime Minister of Trinidad have again demonstrated the crucial role of the now underdeveloped countries in financing the capitalistic growth of the now developed ones and the peoples to exploit into underdeveloped countries did before them.

This misrepresentation of reality (or does it follow from?) a theory of vital importance for development is common not only to both variations but to three modes of approach to economic development reviewed here.⁷⁸ They each view the

72. Thomas Mun, *England's Treasure by Forraign Trade is the Rule of Our Trade* (London: published in 1664).

73. Richard Cantillon, *Essai sur la nature et l'origine de la richesse humaine* (Paris: 1755) (an English translation and other material published in 1964).

74. Karl Marx, *Capital*, Vol. III (Moscow: 1885) (n. d.).

75. Earl J. Hamilton, "American Trade and the Problem of Foreign Trade," *American Trade Review* (London), No. 27 (1929); *American Trade Review 1501-1650* (Cambridge: Harvard University Press, 1956) (work by P. Vilar, "Problems of the Form of the Trade Review" member 1956).

76. Eric Williams, *Capitalism and Slavery* (Chapel Hill: Carolina Press, 1944); reprinted by Russell Lee (London: in paperback by Andre Deutsch, London, 1964).

77. Basil Davidson, *The African Slave Trade* (London: Gollancz, 1959).

78. The same error also applies to a form of development particularly with Alexander Gerschenkron, *Economic Development of Latecomers* (Cambridge: Belknap Press of Harvard University Press, 1962). Variations into the ideal types of development of the latecomers, such as Gerschenkron's, developed earlier, it is only reasonable to suppose that is the still underdeveloped countries. The established pattern and stages of growth. The major advance over the others. But it is not the first mode, there is no hint in Gerschenkron's work that have a history which requires study; nor their relations with the now developed countries. A serious attempt to understand and remove the study of the history of the developed part quite different. Gerschenkron's variety of development is judged inadequate.

ignoring the history of the underdeveloped country completely ignores the structure of changes in institutions and investment. Underdevelopment do not begin to affect development. The proof is that countries which claim to be taking off into development are structurally underdeveloped and that, no country has ever managed to take off out of Rostow's stages.

Theoretical errors extend beyond his analysis of the underdeveloped countries to his analysis of the developed ones. While the subject of the topic here, it is necessary at least to question the generalization of development because, like Rostow, so much of his policy for the underdevelopment of the developed ones. Rostow is wrong in that England was the first country to take off by domestically mobilizing its own resources and certain internal structural changes. Other countries, he says, also developed on the basis of prior development of England and the conditions for their take-off. Again, the historical and theoretical grounds. That England developed by relying only on their own resources. The English Mercantilists such

Exposiciones Acerca de la Política de Estabilización Económica, Vol. 30, No. 120 (October-December 1963). My written doctoral dissertations under Professor Institute of Technology, attempting to identify in my country his series of stages of economic growth. My dissertation, completed by 1914 when the railway in the area of the Pampas had been brought into operation, showed development did not follow, and the reckoning, until 1933. What they did in this stage of growth, or rather non-growth, for the Argentine Big Delay. Even their Take-Off, moreover, was a failure. Writing in 1959, the experts of the United Nations in Latin America [said], '... Since the time of independence, capita production has increased at an average rate of 1.5% per year, as registered between the beginning of the century and 1950. It appears, then, that Argentina had in fact taken off by the earlier part of the century and that the Argentine experience has been characteristic of another word from the ECLA economists—Argentina as a New Country,' *Comparative Studies in Development* (1965), pp. 80-81.

as Thomas Mun,⁷² had no doubt about it. Neither did Cantillon⁷³ or Marx.⁷⁴ Among our contemporaries, Earl Hamilton,⁷⁵ Eric Williams,⁷⁶ now Prime Minister of Trinidad and Tobago, and Basil Davidson,⁷⁷ have again demonstrated the crucial role played by the underdeveloped countries in financing the capitalization of the now developed ones. If the now underdeveloped countries were really to follow the stages of growth of the now developed ones, they would have to find still other peoples to exploit into underdevelopment, as the now developed countries did before them.

This misrepresentation of reality by Rostow must, of course, lead to (or does it follow from?) a theoretical error of the first magnitude and of vital importance for development theory and policy. This error is common not only to both variants of the first mode but also to all three modes of approach to economic development and cultural change reviewed here.⁷⁸ They each view the characteristics of development and

72. Thomas Mun, *England's Treasure by Forraign Trade, or the Balance of Our Forraign Trade is the Rule of Our Treasure* (Oxford: Basil Blackwell, 1959), first published in 1664.

73. Richard Cantillon, *Essai sur la nature du commerce en général*, edited, with an English translation and other material, by Henry Higgs (New York: A. Kelley, 1964).

74. Karl Marx, *Capital*, Vol. III (Moscow: Foreign Languages Publishing House n. d.).

75. Earl J. Hamilton, "American Treasure and the Rise of Capitalism," *Economica* (London), No. 27 (1929); *American Treasure and the Price Revolution in Spain, 1501-1650* (Cambridge: Harvard University Press, 1934); *War and Prices in Spain 1651-1800* (Cambridge: Harvard University Press, 1947). See also the extension of this work by P. Vilar, "Problems of the Formation of Capitalism," *Past & Present*, November 1956.

76. Eric Williams, *Capitalism and Slavery* (Chapel Hill: University of North Carolina Press, 1944); reprinted by Russell & Russell, New York, 1963; and issued in paperback by Andre Deutsch, London, 1964.

77. Basil Davidson, *The African Slave Trade, op. cit.; Old Africa Rediscovered* (London: Gollancz, 1959).

78. The same error also applies to a further variant which is associated particularly with Alexander Gerschenkron, *Economic Backwardness in Historical Perspective* (Cambridge: Belknap Press of Harvard University, 1962). Gerschenkron introduces variations into the ideal types of development. He reasons that since the pattern of development of the latecomers, such as Germany, differs from that of those which developed earlier, it is only reasonable to suppose that the pattern of those still later—that is the still underdeveloped countries—will differ even more from the already established pattern and stages of growth. This analysis might indeed seem to be a major advance over the others. But it is not. As with the other proponents of the first mode, there is no hint in Gerschenkron that the underdeveloped countries also have a history which requires study; nor is there any hint that their history and their relations with the now developed countries are much more important for any serious attempt to understand and remove the causes of underdevelopment than is the study of the history of the developed part of the world, whose experience has been quite different. Gerschenkron's variety of the first mode must, therefore, also be judged inadequate.

underdevelopment as *sui generis* to the country concerned. When they proceed to the study of any structure at all, as we have already seen in the case of Hoselitz, they confine themselves to examining only parts of the domestic structure of the country concerned. In none of these modes is there an examination of the actual structure of development and underdevelopment—of the structure of the historical system which gave rise to and includes them both. As to the efficacy of the policy recommended by Rostow, it speaks for itself: no country, once underdeveloped, ever managed to develop by Rostow's stages. Is that why, Rostow is now trying to help the people of Vietnam, the Congo, the Dominican Republic, and other underdeveloped countries to overcome the empirical, theoretical, and policy shortcomings of his manifestly non-communist intellectual aid to economic development and cultural change by bombs, napalm, chemical and biological weapons, and military occupation? 78^a

The first or ideal typical mode of approaching problems of economic development and cultural change turns out upon examination to be empirically invalid, theoretically inadequate, and ineffective policy-wise. The fundamental reason why the whole approach must be rejected by those who would meaningfully understand and solve the problems of economic development and cultural change is that the approach, in all its variations, ignores the historical and structural reality of the underdeveloped countries. This reality is the product of the very same historical process and systemic structure as is the development of the now developed countries: the world embracing system within which the now underdeveloped countries have lived their history for centuries; it is the structure of this system which constitutes the historical cause and still contemporary determinant of underdevelopment. This structure is ubiquitous; it extends from the most developed part of the most developed country to the most underdeveloped part of the most underdeveloped country. Even if the first approach were to study the structure of underdevelopment on the domestic level of the underdeveloped countries, which as we have seen it does not, it would be unable adequately to analyze and understand that domestic structure—let alone to permit policy formulation adequate to change it: Those engaging in the first mode of analysis, and as we will see the second and third ones as well, resolutely avoid the study of the

78a. The *New York Times* profile comments: "Mr. Rostow is an architect of the United States policy in Vietnam, and proud of it." *New York Times*, April 13, 1967. "W. W. Rostow once explained the State Department's rationale behind the arms race in the 1950's as forcing the USSR to 'waste' her resources for military purposes and thus denying her the use of these resources to sustain her growth rate." Two Labor Economists, "Tasks of the American Labor Movement," *Monthly Review*, Vol. 18, No. 11 (April 1967), p. 12. Is this also the rationale for the stages of growth Mr. Rostow is proud to impose on Vietnam and China in the 1960's?

international structure of development and the domestic structure of underdevelopment. On these grounds then, empirical, theoretical, and policy shortcomings of economic development and cultural change are inadequate.

THE DIFFUSION

The second mode identified is the diffusion of culture through the diffusion of culture into the underdeveloped countries. This mode is based on the diffusion of these elements on the part of the developed countries. Diffusion is seen to spread from the developed countries out to the national level and from these in turn out to the peripheral hinterland.

According to this view, since development is promoted by diffusion and acculturation, the cause of obstacles or resistance to development is taken to be the original "traditional" mode. There is even less inquiry into the development than in the first mode. It suggests to the peoples of the underdeveloped countries to wait and remove the causes of underdevelopment and to welcome the development from the outside.

Empirical Validity

Nash emphasizes the diffusion of "values, technology, and capital" into the underdeveloped countries. In his mode's view of economic development, for the sake of empirical convenience, we shall refer to the diffusion of technology, including knowledge and skills, and values and organization.

Capital

With respect to the diffusion of capital, the mode begins with the proposition that the underdeveloped countries lack investment capital and are therefore impossible to develop and thereby encourage the richer developed countries to invest in the underdeveloped ones, thereby promoting development. The acceptability of the investment is based on the fact that which hampers the underdeveloped

to the country concerned. When they
 acture at all, as we have already seen
 ine themselves to examining only parts
 e country concerned. In none of these
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international structure of development and underdevelopment of which
 the domestic structure of underdevelopment is only a part. On all
 grounds then, empirical, theoretical, and policy, the first approach to
 economic development and cultural change must be rejected as in-
 adequate.

THE DIFFUSIONIST APPROACH

The second mode identified by Nash views development as occur-
 ring through the diffusion of cultural elements from the developed to
 the underdeveloped countries. This involves, of course, acculturation
 to these elements on the part of the underdeveloped countries. The
 diffusion is seen to spread from the metropolis of the advanced capital-
 ist countries out to the national capitals of the underdeveloped ones,
 and from these in turn out to their provincial capitals and finally to
 the peripheral hinterland.

According to this view, since development consists of and is pro-
 moted by diffusion and acculturation, underdevelopment remains be-
 cause of obstacles or resistance to this diffusion. Underdevelopment is
 taken to be the original "traditional" state as much as it is in the first
 mode. There is even less inquiry into the causes and nature of under-
 development than in the first mode. In effect, the diffusionists do not
 suggest to the peoples of the underdeveloped world that they inquire
 into and remove the causes of underdevelopment; instead they advise
 them to await and welcome the diffusion of developmental aid from
 the outside.

Empirical Validity

Nash emphasizes the diffusion of "knowledge, skills, organization,
 values, technology, and capital" as the primary factors in the second
 mode's view of economic development and cultural change. For ex-
 pository convenience, we shall reclassify these as 1) capital, 2) tech-
 nology, including knowledge and skills, and 3) institutions, including
 values and organization.

Capital

With respect to the diffusion of capital, the thesis of the second
 mode begins with the proposition that, being poor, the underdeveloped
 countries lack investment capital and therefore find it difficult or im-
 possible to develop and thereby escape from their poverty. Therefore,
 the richer developed countries can, should, and do diffuse capital to
 the underdeveloped ones, thereby promoting their economic develop-
 ment. The acceptability of the initial proposition—that it is poverty
 which hampers the underdeveloped countries' efforts at investment and

development—has been strongly challenged on theoretical grounds by Paul Baran;⁷⁹ and this writer has supplied further theoretical and empirical evidence which discounts this proposition.⁸⁰ I shall say no more about this proposition here since it is the assumption—or justification—which serves only as the starting point for the diffusionist thesis. Instead, I shall go on to examine the thesis itself, namely that the developed countries diffuse capital to the underdeveloped ones and thereby aid in their development. This thesis is upheld in the pages of *EDCC* by, among others, Martin Bronfenbrenner,⁸¹ and by Daniel Garnick,⁸² who challenges Bronfenbrenner's argument. Whatever the disagreement between them, however, they both agree that the developed countries actually contribute capital to the underdeveloped ones. The variety of views on foreign aid and investment presented under Gerald Meier's editorship in *Leading Issues in Development Economics*,⁸³ by Raymond Mikesell in *U. S. Private and Government Investment Abroad*,⁸⁴ or by Benjamin Higgins, in his chapter on "Foreign Investment and Foreign Aid" in his *Economic Development*,⁸⁵ exhibit a variety of sharp disagreements. But all these writers, as well as others in *EDCC*,⁸⁶ seem to be in full agreement with the proposition that the flow of capital is from the developed countries to the underdeveloped ones. Again, the only disagreement seems to stem from the facts.

The conservative estimates of the United States Department of Commerce show that between 1950 and 1965 the total flow of capital on investment account from the United States to the rest of the world was \$23.9 billion, while the corresponding capital inflow from profits was \$37.0 billion, for a net inflow into the United States of \$13.1 billion. Of this total, \$14.9 billion flowed from the United States to Europe and Canada while \$11.4 billion flowed in the opposite direction, for a net outflow from the United States of \$3.5 billion. Yet, between the United States and all other countries, that is mainly the poor, undeveloped ones, the situation is reversed: \$9.0 billion of in-

79. Paul Baran, *The Political Economy of Growth*, *op. cit.*

80. Andrew Gunder Frank, *Capitalism and Underdevelopment in Latin America*, *op. cit.*

81. Martin Bronfenbrenner, "The Appeal of Confiscation in Economic Development," *EDCC*, Vol. 3, No. 3 (April 1955); "Second Thoughts on Confiscation," *EDCC*, Vol. 11, No. 4 (July 1963).

82. Daniel H. Garnick, "'The Appeal of Confiscation' Reconsidered: A Gaming Approach to Foreign Economic Policy," *EDCC*, Vol. 11, No. 4 (July 1963); and "Further Thoughts on Confiscation," *EDCC*, Vol. 12, No. 4 (July 1964).

83. Gerald Meier, *op. cit.*

84. Raymond F. Mikesell, ed., *U. S. Private and Government Investment Abroad* (Eugene: University of Oregon Books, 1962).

85. Benjamin Higgins, "Foreign Investment and Foreign Aid," in his *Economic Development* (New York: Norton, 1959).

86. Chi-Ming Hon, "External Trade, Foreign Investment, and Domestic Development: The Chinese Experience 1840-1937," *EDCC*, Vol. 10, No. 1 (October 1961).

vestment flowed to these countries and flowed out of them, for a net inflow of \$9.0 billion.⁸⁷

Other available statistics show that the net capital flow from the underdeveloped countries to the developed ones is positive. The only trouble with these data is that they do not show the actual flow of capital from the underdeveloped to the rich developed ones. First of all, the flow is from poor to rich on investment account. The fact that the largest part of the capital flow is from the underdeveloped ones to the rich developed ones is the latter at all but was, on the whole, positive for the underdeveloped countries in the now underdeveloped world.

Thus, according to the United States Department of Commerce, of the total capital obtained and used in the United States operations in Brazil in 1957, 60 per cent was raised in the United States and the remainder was raised from Brazilian sources outside the United States. The flow of the capital in American direct investment in Brazil came from the United States which accounted for 60 per cent. Canada.⁹¹ By 1964, however, the percentage of capital that entered from the United States had fallen to 40 per cent, the average American contribution to the total capital raised by American firms in Canada during the period 1950-1964. All the remainder of the "foreign" capital in Canada came through retained earnings (42%) and the remainder of the funds raised by American firms on investment account. According to a survey of American firms in Canada in the period 1950-1964, 60 per cent of the capital for the period 1950-1964 was raised over 25 per cent of the capital for the period 1950-1964. 65 per cent of the firms raised over 25 per cent of the American firms with

87. Harry Magdoff, "Economic Aspects of Underdevelopment," Vol. 18, No. 6 (November 1966), p. 39.

88. Keith B. Griffin and Ricardo Frenkel, "The Role of Foreign Investment," *Revista Economica* (Santiago), Vol. 11, No. 4 (July 1963); Andrew Gunder Frank, "On the Mechanisms of Imperialism," Vol. 16, No. 5 (September 1964).

89. *Ibid.*; José Luis Ceceña, *El Capitalismo en México* (Mexico: Cuadernos Americanos, 1963); and *India* (London: Oxford University Press, 1964).

90. Claude McMillan, Jr., Richard F. Mikesell, and Benjamin Higgins, *National Enterprise in a Developing Economy* (East Lansing: Michigan Business Studies, 1964).

91. This and the following data on Canadian investment in Canada are from Safarian, *Foreign Ownership of Canadian Industries* (Ottawa: Queen's Printer, 1966), pp. 235, 241.

challenged on theoretical grounds by [unclear] has supplied further theoretical and [unclear] nts this proposition.⁸⁰ I shall say no [unclear] re since it is the assumption—or justifi- [unclear] the starting point for the diffusionist [unclear] examine the thesis itself, namely that [unclear] capital to the underdeveloped ones and [unclear] t. This thesis is upheld in the pages of [unclear] tin Bronfenbrenner,⁸¹ and by Daniel [unclear] afenbrenner's argument. Whatever the [unclear] ever, they both agree that the developed [unclear] pital to the underdeveloped ones. The [unclear] and investment presented under Gerald [unclear] *Issues in Development Economics*,⁸³ by [unclear] *Private and Government Investment [unclear] gins*, in his chapter on "Foreign Invest- [unclear] *is Economic Development*,⁸⁵ exhibit a [unclear] But all these writers, as well as others [unclear] agreement with the proposition that [unclear] veloped countries to the underdeveloped [unclear] ent seems to stem from the facts.

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onomy of Growth, op. cit.
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Appeal of Confiscation in Economic Develop- [unclear] 1955); "Second Thoughts on Confiscation, *EDCC*,

Appeal of Confiscation' Reconsidered: A Gaming [unclear] ," *EDCC*, Vol. 11, No. 4 (July 1963); and "Fur- [unclear] CC, Vol. 12, No. 4 (July 1964).

S. *Private and Government Investment Abroad* [unclear] 1962).

Investment and Foreign Aid," in his *Economic* [unclear] 59).

Trade, Foreign Investment, and Domestic Devel- [unclear] 1937," *EDCC*, Vol. 10, No. 1 (October 1961).

vestment flowed to these countries while \$25.6 billion profit capital flowed out of them, for a *net inflow from the poor to the rich* of \$16.6 billion.⁸⁷

Other available statistics show exactly the same pattern of net capital flow from the underdeveloped countries to the developed ones.⁸⁸ The only trouble with these data is that they very much understate the actual flow of capital from the poor underdeveloped countries to the rich developed ones. First of all, they understate the capital flow from poor to rich on investment account.⁸⁹ Secondly, they obscure the fact that the largest part of the capital which the developed countries own in the underdeveloped ones was never sent from the former to the latter at all but was, on the contrary, acquired by the developed countries in the now underdeveloped ones.

Thus, according to the United States Department of Commerce, of the total capital obtained and employed from all sources by United States operations in Brazil in 1957, 26 per cent came from the United States and the remainder was raised in Brazil, including 36 per cent from Brazilian sources outside the American firms.⁹⁰ That same year, of the capital in American direct investment in Canada, 26 per cent came from the United States while the remainder was also raised in Canada.⁹¹ By 1964, however, the part of American investment in Canada that entered from the United States had declined to 5 per cent, making the average American contribution to the total capital used by American firms in Canada during the period 1957-1964 only 15 per cent. All the remainder of the "foreign investment" was raised in Canada through retained earnings (42%), depreciation charges (31%), and funds raised by American firms on the Canadian capital market (12%). According to a survey of American direct investment firms operating in Canada in the period 1950-1959, 79 per cent of the firms raised over 25 per cent of the capital for their Canadian operations in Canada, 65 per cent of the firms raised over 50 per cent in Canada, and 47 per cent of the American firms with investments in Canada raised all

87. Harry Magdoff, "Economic Aspects of U.S. Imperialism," *Monthly Review*, Vol. 18, No. 6 (November 1966), p. 39.

88. Keith B. Griffin and Ricardo French-Davis, "El Capital Extranjero y el Desarrollo," *Revista Economia* (Santiago), Vol. 83-84 (1964), pp. 16-22; and Andre Gunder Frank, "On the Mechanisms of Imperialism: The Case of Brazil," *Monthly Review*, Vol. 16, No. 5 (September 1964).

89. *Ibid.*; José Luis Ceceña, *El Capital Monopolista y la Economía de México* (Mexico: Cuadernos Americanos, 1963); and Michael Kirdon, *Foreign Investments in India* (London: Oxford University Press, 1965).

90. Claude McMillan, Jr., Richard F. Gonzales, with Leo G. Erickson, *International Enterprise in a Developing Economy. A Study of U.S. Business in Brazil*, M.S.U. Business Studies (East Lansing: Michigan State University Press, 1964), p. 205.

91. This and the following data on Canada are taken or computed from A. E. Safarian, *Foreign Ownership of Canadian Industry* (Toronto: McGraw-Hill Company of Canada, 1966), pp. 235, 241.

of the capital for their Canadian operations in Canada and none in the United States. There is reason to believe that this American reliance on foreign capital to finance American "foreign investment" is still greater in the poor underdeveloped countries, which are weaker and more defenseless than Canada. This, then, is the source of the flow of capital on investment account from the poor underdeveloped countries to the rich developed ones.

Thirdly, these data take account neither of the well known decline in the underdeveloped countries' relative participation in world trade, nor of the deterioration of the terms of trade which is currently costing the underdeveloped countries far more capital than their net or gross receipts of investment and loans from developed ones.⁹² (Net receipts, as was noted above, are negative to begin with.) Fourthly, these data on the flow of investment capital leave out of account the still larger flow of capital from the underdeveloped countries to the developed ones on other service accounts. In 1962 Latin America spent fully 61 per cent of its foreign exchange earnings on services that were supposedly rendered to it by the developed countries. Half of this, or 30 per cent of the total, was accounted for by officially registered profit remittances and debt service. The other half was composed of Latin American payments to the developed countries, which means mostly the United States, for transportation and insurance, travel, other services, donations, transfer of funds, and errors and omissions (in registered capital flows). Moreover, Latin America's loss of capital on service accounts is increasing over time: while in 1961-1963 it was 61 per cent, in 1956-1960 it had been only 53 per cent.⁹³ This capital outflow amounts to 7.3 per cent of Latin America's Gross National Product, or 10 per cent if we add the 3 per cent of GNP lost by recent years' deterioration in the terms of trade; and this equals two and three or more times the capital that "capital poor" Latin America devotes to net investment for its own development.⁹⁴ Other kinds of

92. Report by the Secretary-General of the Conference, "Towards a New Trade Policy for Development," *Proceedings of the United Nations Conference on Trade and Development* (New York: United Nations, 1964), E/CONF.46/141, Vol. II, pp. 9-13, 42, and other documents of the Conference. It should be noted (cf. p. 13) that in comparing the underdeveloped countries' loss of capital due to declining terms of trade with the "net inflow of all types of finance (loans, investments and grants-in-aid)," the United Nations calculate the latter "including private re-investment," that that is including the investment capital that does not flow in at all, net or gross, but is generated in the underdeveloped countries themselves.

93. Andre Gunder Frank, "Services Rendered," *Monthly Review* Vol. 17, No. 2 (June 1965); Andre G. Frank, "Servicios Extranjeros o Desarrollo Nacional?" *Comercio Exterior* (Banco Nacional de Comercio Exterior, S.A., Mexico), Vol. 16, No. 2 (febrero 1966); and the English translation and slight revision of the latter, "Foreign Invisible Services or National Economic Development?" mimeographed.

94. The 7.3% are computed from the \$6,195 million service expenditures in *ibid.* as a percentage of the \$84,458 million GNP in 1962 reported in United Nations

capital loss by the underdeveloped countries. Calculations, such as the notorious one, that the loss of capital that was financed by the underdeveloped countries is for the benefit of the rich. Who, we may ask, are the rich?

Beyond the question of the source of the capital, if refused, there is the problem of the terms of trade. The aid and investment in underdeveloped countries, investment in and control of production in underdeveloped countries (in, for example, the most spectacularly petroleum) has not been equal to that of developed countries, but has instead been a major obstacle to their development, has not been recognized to be obvious even when the facts are before themselves.

Foreign investment in the underdeveloped countries raises further questions. Even if, and although, this investment helps underdeveloped countries, nevertheless, with few exceptions, writers have failed to question, much less to analyze, the increasing foreign investment to underdeveloped countries. Increasingly challenging these suppliers, we should analyze the obstacles to industrialization created by foreign investment. For example, thirty-four Schools of Economics in Latin America that:

Direct foreign investment has not only brought in capital and payments, on economic integration, but also countries; it determines in great measure our foreign trade, stimulates modernization, coordinates weaker national firms, and encourages to adopt ways and means that are better than our own.

Arturo Frondizi wrote during his campaign for the presidency of Argentina:

It is not amiss to remember that the foreign investment which perturbs the morality, the

Economic Commission for Latin America, *Report 1963*, (New York: United Nations, 1964), p. 10. It is also the source of all the data used in this footnote 93. The 3% are computed from the United Nations, *El Financiamiento Externo de América Latina*, E/CN.12/649/Rev. 1, p. 33.

95. Relatorio de la III Reunion de Facultades de Ciencias Sociales de América Latina, Mexico, June 21-25, 1965. Published in *Comercio Exterior*, No. 1 (July 1965), p. 63 and in *Comercio Exterior*, No. 1, p. 439; and *Desarrollo* (Colombia), No. 1, p. 10.

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American "foreign investment" is still
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pment?" mimeographed.
the \$6,195 million service expenditures in *ibid.*
on GNP in 1962 reported in United Nations

capital loss by the underdeveloped countries are not included in these
calculations, such as the notorious brain drain, or outflow of human
capital that was financed by the poor countries for the subsequent
benefit of the rich. Who, we may ask, is diffusing capital to whom?

Beyond the question of the amount and direction of capital dif-
fused, there is the problem of the kind and consequences of foreign
aid and investment in underdeveloped countries. That metropolitan
investment in and control of primary sector production in under-
developed countries (in, for example, sugar, bananas, minerals, and
most spectacularly petroleum) has notably failed to develop the under-
developed countries, but has instead interposed a whole series of ob-
stacles to their development, has by now surely been sufficiently docu-
mented to be obvious even when viewed from the developed countries
themselves.

Foreign investment in the industrial and service sectors of under-
developed countries raises further questions. It is far from clear that
even this investment helps underdeveloped countries to develop. None-
theless, with few exceptions, writers from the developed countries have
failed to question, much less to analyze, the supposed benefits of this
foreign investment to underdeveloped countries. Economists and states-
men from the underdeveloped countries, on the other hand, are in-
creasingly challenging these supposed benefits and are going on to
analyze the obstacles to industrialization and economic development
created by foreign investment. For example, a congress representing
thirty-four Schools of Economics in Latin America recently concluded
that:

Direct foreign investment has many unfavorable effects on the balance
of payments, on economic integration and on capital formation in our
countries; it determines in great measure the character and direction of
our foreign trade, stimulates monopolistic competition, absorbs or sub-
ordinates weaker national firms, etc. For all these reasons it is necessary
to adopt ways and means that can impede these negative effects.⁹⁵

Arturo Frondizi wrote during his successful electoral campaign
for the presidency of Argentina:

It is not amiss to remember that foreign capital usually acts as an agent
which perturbs the morality, the politics, and the economy of Argentina.

Economic Commission for Latin America, *Estudio Economico de America Latina*
1963, (New York: United Nations, 1964), E/CN.12/696/Rev. 1, p. 6. This document
is also the source of all the data used in the computations of the articles cited in
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1964), E/CN.12/649/Rev. 1, p. 33.

95. Relatorio de la III Reunion de Facultades y Escuelas de Economia de America
Latina, Mexico, June 21-25, 1965. Published in *Presente Economico* (Mexico), Vol. 1,
No. 1 (July 1965), p. 63 and in *Comercio Exterior* (Mexico), Vol. 15, No. 6 (June 1965),
p. 439; and *Desarrollo* (Colombia), No. 1 (January 1966), p. 7-9.

. . . Once established thanks to excessively liberal concessions, foreign capital obtained bank credits which permitted it to expand its operations and therefore its profits. These profits are immediately sent abroad as if all of the investment capital had been imported by the country. In this way, the domestic economy came to strengthen foreign capitalization and to weaken itself. . . . The natural tendency of foreign capital in our country has been, in the first place, to settle in areas of high profits. . . . When Argentinian effort, intelligence, and perseverance created an independent economic opportunity, foreign capital destroyed it or tried to create difficulties for it. . . . Foreign capital had and has a decisive influence in the social and political life of our country. . . . The press is usually also an active instrument of this process of submission. . . . Foreign capital has had special influence in the political life of our nation, allying itself with the conservative oligarchy . . . those who are tied to foreign capital by economic ties (directors, bureaucratic personnel, lawyers, newspapers that receive advertisements etc.) and those who, without having economic relations, end up being dominated by the political and ideological climate created by foreign capital.⁹⁶

Octaviano Campos Salas, before he became Minister of Industry of Mexico, summarized the consequences of foreign investment:

- a) Private foreign capital takes over high profit sectors permanently, expelling or not permitting the entry of domestic capital, by relying on the ample financial resources of its home office and on the political power which it sometimes exercises.
- b) The permanent takeover of important sectors of economic activity impedes domestic capital formation and creates problems of balance of payments instability.
- c) Private direct foreign investment interferes with anti-cyclical monetary and fiscal policy—it comes when there are expansions and withdraws during depression.
- d) The demands by private foreign investors for concessions to form a 'favourable climate' for investment in the receiving countries are unlimited and excessive.
- e) It is much cheaper and more consistent with the underdeveloped countries' aspirations to economic independence to hire foreign technicians and to pay royalties for the use of patents than to accept the permanent control of their economies by powerful foreign consortia.
- f) Foreign private capital does not adapt itself to development planning.⁹⁷

It is not, then, indisputably obvious that the underdeveloped countries would be still more underdeveloped if they were not visited by foreign capital.⁹⁸ Evidently, not any and all diffusion, even of capital, let alone of other things, is an aid to economic development.

96. Arturo Frondizi, *A Luta Antiimperialista* (Sao Paulo: Editora Brasilense, 1958); a translation of *Petroleo y Politica* (Buenos Aires: Editorial Raigal, 1955).

97. Quoted in Camara Textil del Norte, "Las Inversiones Extranjeras y el Desarrollo Economico de Mexico," *Problemas Agricolas e Industriales de Mexico*, Vol. 9, No. 1-2 (1957).

98. For more detailed analysis of this problem, see: José Luis Ceceña, *El Capital Monopolista y la Economia de México*, *op. cit.*, Fernando Carmona, *El Drama de America Latina, El Caso de México* (Mexico, Cuadernos Americanos, 1964); Arturo

Technology

Technology is diffused only in as the diffusionists would have us of technology diffused, and still in acceptance and employment in the problem of technology and its diffusion structure of the economic system levels. During the course of the his system on these levels, the develop to their satellite colonial depende ment in the colonial and now und interests of the metropolis; and th the technology in the now underc with the interests of the metropol Europeans did with the irrigation and installations in India, the Mic the English did with industrial Portugal.⁹⁹ The same is true on which the domestic metropolis pro land that serves its export intere individual or communal agricultur feres with the use of the countrysi and capital for metropolitan deve

Throughout this historical pro a high degree of monopoly over in which it has relinquished only w alternative source of monopoly in h beginning to relinquish in our day newer source of technological mon bernetics, and automation in gene

Frondizi, *op. cit.*; Silvio Frondizi, *La Re Praxis*, 1967), Vol. I; Hamza Alavi, "U. S. bay), Special Number, July 1963; and An or Aid?" *The Nation* (New York), Nov. 16 ism," *op. cit.*; *Capitalism and Underdeve* "Foreign Investment in Latin American U to Neo-Imperialist Integration," in *Imperia* (London: Bertrand Russell Peace Foundati Inversion Extranjera en el Subdesarrollo nial hasta la Integracion Neo-Imperialista 1967)

99. Analysis of this process may be K cited in footnote 60; for Latin America in for Spain, in José Larraz, *La 'Epoca del M ed.*; Madrid: Atlas, 1943); for Portugal in in *Brazil, Its Rise and Decline* (Chapel Hill:

... to excessively liberal concessions, foreign capital which permitted it to expand its operations and whose profits are immediately sent abroad as if the capital had been imported by the country. In any case, it came to strengthen foreign capitalization. The natural tendency of foreign capital in the first place, to settle in areas of high profits. Effort, intelligence, and perseverance created an opportunity, foreign capital destroyed it or tried to take it away. . . . Foreign capital had and has a decisive influence on the political life of our country. . . . The press is the instrument of this process of submission. . . . Special influence in the political life of our country is exercised by the conservative oligarchy . . . those who are tied to the economic ties (directors, bureaucratic personnel, those that receive advertisements etc.) and those who are in political relations, end up being dominated by the state created by foreign capital.⁹⁶

... before he became Minister of Industry and the consequences of foreign investment:

... takes over high profit sectors permanently, by the entry of domestic capital, by relying on the resources of its home office and on the political influence it exercises. b) The permanent takeover of important activity impedes domestic capital formation and the stability of payments. c) Private direct investments with anti-cyclical monetary and fiscal policy expansions and withdraws during depression. The foreign investors for concessions to form a monopoly investment in the receiving countries are unattractive. It is much cheaper and more consistent with the countries' aspirations to economic independence to have had to pay royalties for the use of patents and to have control of their economies by powerful foreign private capital does not adapt itself to

... obvious that the underdeveloped countries would not have developed if they were not visited by foreign capital and all diffusion, even of capital, let alone economic development.

... *Antiimperialista* (Sao Paulo: Editora Brasilense, 1955); *Política* (Buenos Aires: Editorial Raigal, 1955). In the North, "Las Inversiones Extranjeras y el Desarrollo Agrícola e Industriales de México," Vol. 9,

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Technology

Technology is diffused only in part. However, the problem is not, as the diffusionists would have us believe, one of insufficient quantity of technology diffused, and still less one of cultural resistance to its acceptance and employment in technologically backward areas. The problem of technology and its diffusion arises out of the same monopoly structure of the economic system on the world, national, and local levels. During the course of the historical development of the capitalist system on these levels, the developed countries have always diffused out to their satellite colonial dependencies the technology whose employment in the colonial and now underdeveloped countries has served the interests of the metropolis; and the metropolis has always suppressed the technology in the now underdeveloped countries which conflicted with the interests of the metropolis and its own development, as the Europeans did with the irrigation and other agricultural technology and installations in India, the Middle East, and Latin America; or as the English did with industrial technology in India, Spain, and Portugal.⁹⁹ The same is true on the national and local levels in which the domestic metropolis promotes the technology in its hinterland that serves its export interests and suppresses the pre-existing individual or communal agricultural and artisan technology that interferes with the use of the countryside's productive and buying capacity and capital for metropolitan development.

Throughout this historical process the metropolis has maintained a high degree of monopoly over industrial production and technology which it has relinquished only when it had already established an alternative source of monopoly in heavy industry; this latter it is slowly beginning to relinquish in our day now that it has developed a still newer source of technological monopoly in electronics, synthetics, cybernetics, and automation in general. Far from diffusing more and

Fronidzi, op. cit.; Silvio Fronidzi, *La Realidad Argentina* (2nd ed.; Buenos Aires: Praxis, 1967), Vol. I; Hamza Alavi, "U. S. Aid to Pakistan," *Economic Weekly* (Bombay), Special Number, July 1963; and Andrew Gunder Frank, "Brazil: Exploitation or Aid?" *The Nation* (New York), Nov. 16, 1963; "On the Mechanisms of Imperialism," op. cit.; *Capitalism and Underdevelopment in Latin America* op. cit.; and "Foreign Investment in Latin American Underdevelopment from Colonial Conquest to Neo-Imperialist Integration," in *Imperialism and Revolution*, ed. David Horowitz (London: Bertrand Russell Peace Foundation, in press), published in Spanish as "La Inversion Extranjera en el Subdesarrollo Latinoamericano desde la Conquista Colonial hasta la Integración Neo-Imperialista," *Desarrollo* (Colombia), No. 5 (January 1967).

99. Analysis of this process may be found for instance for India in the work cited in footnote 60; for Latin America in footnote 62; for China in footnote 132; for Spain, in José Larraz, *La Época del Mercantilismo en Castilla (1500-1700)* (2nd ed.; Madrid: Atlas, 1943); for Portugal in Alan K. Manchester, *British Preeminence in Brazil, Its Rise and Decline* (Chapel Hill: University of North Carolina Press, 1933).

more important technology to the underdeveloped countries, the most significant technological trend of our day is the increasing degree to which new technology serves as the basis of the capitalist metropolis' monopoly control over its underdeveloped economic colonies.

Some of the facts of technological diffusion, which sharply contrast with most of the diffusionist faith, were recently analyzed by the American business magazine, *Newsweek*, under the title "The U. S. Business Stake in Europe":

To knowledgeable Europeans, in fact, the technical lead of the big U. S. companies is the most disturbing facet of the dollar invasion. In the future, a French study committee recently concluded, competition over prices will give way to competition in innovations, and the pace will be so hot that only firms of international size—that is, American ones, chiefly—will survive. . . . European industries will function more and more under foreign licensing agreements; they will become subsidiaries of U. S. parent companies, which will sell them their know-how and manage Europe's production. . . . French politicians and publications of the right, left, and center have been accusing the U. S. of economic colonization, satellization, and vassalization. . . . A company chairman in Brussels sums up: "We are becoming pawns manipulated by U. S. giants". . . . An Olivetti executive discussing alternatives to the GE [General Electric] deal . . . [declared] "But even if we had merged with Machines Bull in France and Siemens in Germany (which later signed a licensing agreement with RCA [Newsweek], we still would have been dwarfed and eventually put out of business by the U. S. giants. . . . Research costs are too high. The transatlantic technological gap is a fact of life. . . . We studied a European solution very carefully. . . . There is no European solution to these problems."¹⁰⁰

Contrary, then, to what the diffusionist would have us believe, the hard fact of technological diffusion, as these members of the developed European business community are well aware, is not the essentially simple matter of diffusing technological development aid from the more developed to the less developed countries. Still less, of course, is the problem of technological diffusion and economic development one of cultural resistance derived from traditionalism or from Hoselitz' pattern variables. If these strong and developed European economies cannot find a European solution to the real developmental problem posed by the technological gap (rather than to the fancied one of the diffusionists), what hope do the weak and underdeveloped economies caught in the same system have to find such a solution?¹⁰¹ It is surely

100. "The U. S. Business Stake in Europe," *Newsweek*, March 8, 1965, pp. 67-74.

101. See Andrew Gunder Frank, articles on Brazil, *op. cit.*, and particularly the last part of "Capitalist Development of Underdevelopment in Brazil" in *Capitalism and Underdevelopment in Latin America*, *op. cit.* Also see "The Growth and Decline of Import Substitution in Brazil," *Economic Bulletin for Latin America* (New York: United Nations), Vol. 9, No. 1 (March 1964).

no accident that among European countries, it is only in the socialist China—that a "solution to these problems"

Institutions

The past, present, and future of diffusion from developed to underdeveloped countries. The construction of an entire theory on this foundation is another matter. Diffusionism is probably best classified in this category as a form of diffusionism in its crudest "pitchforking" concerned with the developed countries' values, and the underdeveloped regions have been well represented in the pages of diffusionist theory might deal with the diffusion of values. In practice, however, the diffusionist attention on the diffusion of old values and liberalism (though they rarely call it this) has been diffused from the metropolis to the underdeveloped countries during the last century. The diffusionist attention on the diffusion of liberalism and social forms. Moreover, the pattern of diffusion is not orientation, and functional specialization. Diffusionist theories of economic development are little more than technical sounding jargon. This is not like to see diffused to transform underdeveloped countries. Does diffusionism constitute an adequate theory? Does the diffusion of liberalism or of functional specialization economic development policy?

Economic liberalism was and is a very specific and particular circumstance. The metropolis is an expression of the diffusionist, as its importation by the underdeveloped countries is an expression of the particular interest in it. The specific circumstances of diffusion and acculturation of liberalism are still determined by the structure of the metropolis.

102. Manning Nash, "Social Prerequisites for Modernization in South East Asia," *EDCC*, Vol. 12, No. 3 (1956); S. N. Eisenstadt, "Breakdowns of Modernization in the Middle East," *William N. Parker, "Economic Development in the Middle East,"* 10, No. 1 (October 1961); S. N. Eisenstadt, "Adaptation of Oriental Immigrants in Israel," *Modernization," EDCC*, Vol. 4 (April 1956);

the underdeveloped countries, the most of our day is the increasing degree to the basis of the capitalist metropolis' underdeveloped economic colonies.

logical diffusion, which sharply contrast faith, were recently analyzed by the *Newsweek*, under the title "The U. S.

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no accident that among European and previously underdeveloped countries, it is only in the socialist countries—the Soviet Union and China—that a "solution to these problems" has been found.

Institutions

The past, present, and future diffusion of institutions and values from developed to underdeveloped areas is a fact beyond question. The construction of an entire theory of economic development on this foundation is another matter. In addition to Manning Nash, who is probably best classified in this category—although he rejects diffusionism in its crudest "pitchforking" form as he calls it—theorists concerned with the developed countries' diffusion of institutions and values, and the underdeveloped recipients' resistance to them, have been well represented in the pages of *EDCC*.¹⁰² Technically, diffusionist theory might deal with the diffusion of any kind of institutions or values. In practice, however, the diffusionist school has concentrated its attention on the diffusion of old fashioned or new fangled liberalism (though they rarely call it this)—which is, indeed, most of what has been diffused from the metropolitan to the now underdeveloped countries during the last century. Consequently, I shall concentrate attention on the diffusion of liberalism, in its economic, political, and social forms. Moreover, the pattern variables of universality, achievement orientation, and functional specificity with which Hoselitz identifies economic development are little more than liberalism recast into technical sounding jargon. This is what Hoselitz apparently would like to see diffused to transform underdevelopment into development. Does diffusionism constitute an adequate development theory, and does the diffusion of liberalism or of anything else serve as an effective economic development policy?

Economic liberalism was and is diffused, not in general, but under very specific and particular circumstances. Its exportation from the metropolis is an expression of the particular interests of those who diffuse it, as its importation by the underdeveloped countries is an expression of the particular interests of those who are acculturating to it. The specific circumstances of and particular interests in the diffusion and acculturation of liberalism, like anything else, were and still are determined by the structure and development of the economic,

102. Manning Nash, "Social Prerequisites to Economic Growth in Latin America and South East Asia," *EDCC*, Vol. 12, No. 3 (April 1964); Burkhard Strümpel, "Preparedness for Change in Peasant Society," *EDCC*, Vol. 13, No. 2 (January 1965); S. N. Eisenstadt, "Breakdowns of Modernization," *EDCC*, Vol. 12, No. 4 (July 1964); William N. Parker, "Economic Development in Historical Perspective," *EDCC*, Vol. 10, No. 1 (October 1961); S. N. Eisenstadt, "Sociological Aspects of the Economic Adaptation of Oriental Immigrants in Israel—A Case Study in the Problem of Modernization," *EDCC*, Vol. 4 (April 1956); and others.

social, and political system within which it occurs. The German economist Friedrich List reported in the 1840's that an American Supreme Court Justice had observed, in regard to one of liberalism's most important tenets, that like most of Great Britain's other products, the free trade doctrine was produced primarily for export.¹⁰³ A few years later, U. S. President, General Ulysses S. Grant observed,

. . . for centuries England has relied on protection, has carried it to extremes, and has obtained satisfactory results from it. There is no doubt that it is to this system that it owes its present strength. After two centuries, England has found it convenient to adopt free trade because it thinks that protection can no longer offer it anything. Very well, then, Gentlemen, my knowledge of my country leads me to believe that within two hundred years, when America has gotten all it can out of protection, it too will adopt free trade.¹⁰⁴

President Grant only erred by a century: since World War II, that is, since it achieved the unrivaled industrial supremacy and near monopoly in the world which Britain had attained a century before, the United States both directly and through its controlling influence in international agencies, such as GATT, the International Monetary Fund and the World Bank, has been most adamant in exporting free trade. Free trade, like free enterprise, is protective monopoly under another name—as Frederick Clairmonte has so well shown.¹⁰⁵

The circumstances and interests leading to the underdeveloped countries' ready acculturation to international free trade and domestic economic liberalism in the nineteenth century—and to free trade in technology and free enterprise in the twentieth—can be summarized just as clearly:

The doctrine of liberalism, imported from Europe, thus found fertile ground in our country [Chile] and grew vigorously. It constituted the theoretical basis to re-enforce the interest of the controlling forces, inasmuch as it represented and expressed its desires.¹⁰⁶

Another more specific and thorough observation is worth quoting at length:

The pressure groups who controlled the economic policy of the country were decidedly freetraders: they were more freetrader than Courcelle-Seneuil, the famous and respected leader of doctrinaire freetrading: they were definitely more Catholic than the Pope. . . . The mining ex-

103. Friedrich List, *National System of Political Economy*, (Philadelphia, 1856).

104. Quoted in Pedro Santos Martinez, *Historia Económica de Mendoza durante el Virreynato* (Madrid: Universidad Nacional del Cuyo, 1959), p. 125 and retranslated from the Spanish by the author.

105. Frederick Clairmonte, *Economic Liberalism and Underdeveloped Countries* . . . , *op. cit.*

106. Max Nolf, "Industria Manufacturera," in *Geografía Económica de Chile* (Santiago: Corporación de Fomento de la Producción), Vol. III, pp. 162-3.

porters of the North of the country fundamentally due to reasons of but rather to the simple reason common sense. They exported . . . they were paid in pound receive of an altruism or a farsighted lead these exporters to pay exp the possible industrialization of

Veliz goes on to describe how the and the big import houses operate adds,

Here then is the powerful coalition the economic policy of Chile du present one. None of these three industrializing. They monopolized power, political power, and social

Aldo Ferrer finds the same pattern

The merchants and livestock owners the development of the Litoral, v of exports. Free trade thus became of these groups. . . . Free exports

Ferrer returns to discuss the Argentine take-off into industrialization during the expulsion of Peron and the abrupt by these same groups and their allies who instituted the policy of instead:

In January of 1959, Argentina began a plan. . . . At the same time the peso and the peso was devalued. . . . tool of economic policy explicitly structure in favor of the export sector of readjustment, in view of the Argentinian economy as well as in fact that stagnation has not been economic system which determining solution, have become even more so policy . . . has been accompanied of income. . . . There has been a deficit in the balance of payments rise in price have not been resolved and the recommendations received

107. Claudio Veliz, "La Mesa de Trés Aires), Vol. 3, No. 1-2 (April-September 196

108. Aldo Ferrer, *The Argentinian Econ*

in which it occurs. The German eco-
the 1840's that an American Supreme
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knowledge of my country leads me to believe
when America has gotten all it can out
of free trade.¹⁰⁴

century: since World War II, that is,
industrial supremacy and near mono-
had attained a century before, the
through its controlling influence in
GATT, the International Monetary
been most adamant in exporting free
enterprise, is protective monopoly under
Monte has so well shown.¹⁰⁵

interests leading to the underdeveloped
international free trade and domestic
nineteenth century—and to free trade in
in the twentieth—can be summarized

imported from Europe, thus found fertile
and grew vigorously. It constituted the
the interest of the controlling forces, inas-
pressed its desires.¹⁰⁶

through observation is worth quoting

controlled the economic policy of the country
they were more freetrader than Courcelle-
pected leader of doctrinaire freetrading:
holic than the Pope. . . . The mining ex-

Journal of Political Economy, (Philadelphia, 1856).
Gómez, *Historia Económica de Mendoza durante*
el siglo del Cuyo, 1959), p. 125 and retranslated

Liberalism and Underdeveloped Countries

facturera," in *Geografía Económica de Chile*
la Producción, Vol. III, pp. 162-3.

porters of the North of the country were freetraders. This policy was not
fundamentally due to reasons of doctrine—though they also had these—
but rather to the simple reason that these gentlemen were blessed with
common sense. They exported copper, silver, nitrates and other minerals
. . . they were paid in pound sterling or dollars. . . . It is hard to con-
ceive of an altruism or a farsighted or prophetic vision which would
lead these exporters to pay export and import duties with a view to
the possible industrialization of the country.

Veliz goes on to describe how the agricultural and livestock exporters
and the big import houses operated in terms of the same logic. He
adds,

Here then is the powerful coalition of strong interests which dominated
the economic policy of Chile during the past century and part of the
present one. None of these three had the very least interest in Chile
industrializing. They monopolized the three powers at all levels; economic
power, political power, and social prestige.¹⁰⁷

Aldo Ferrer finds the same pattern in nineteenth century Argentina:

The merchants and livestock owners, who were the dynamic forces in
the development of the Litoral, were chiefly interested in the expansion
of exports. Free trade thus became the philosophy and practical policy
of these groups. . . . Free exports also meant freedom to import.¹⁰⁸

Ferrer returns to discuss the Argentina of our day after its supposed
take-off into industrialization during the 1930's and 1940's, and after
the expulsion of Peron and the abrogation of his policy in the 1950's
by these same groups and their foreign, now primarily American,
allies who instituted the policy of the International Monetary Fund
instead:

In January of 1959, Argentina began the application of a stabilization
plan. . . . At the same time the exchange rate structure was liberalized,
and the peso was devalued. . . . Devaluation has become, moreover, a
tool of economic policy explicitly designed to change the domestic price
structure in favor of the export sector. . . . The difficulties of this kind
of readjustment, in view of the objective conditions obtaining in the
Argentinian economy as well as in the world market, are reflected in the
fact that stagnation has not been overcome and that the rigidities of the
economic system which determine it, far from being on the way to
solution, have become even more serious. . . . The financial and monetary
policy . . . has been accompanied by a strongly regressive redistribution
of income. . . . There has been a strong business contraction. . . . The
deficit in the balance of payments and the government budget and the
rise in price have not been resolved. . . . In fact, the stabilization plan
and the recommendations received from abroad have simply served as a

107. Claudio Veliz, "La Mesa de Tres Patas," *Desarrollo Económico* (Buenos
Aires), Vol. 3, No. 1-2 (April-September 1963), pp. 237-242.

108. Aldo Ferrer, *The Argentinian Economy*, *op. cit.*, p. 56.

tool in the hands of the sectors who saw their immediate and long term interests served by the impact of the policy followed on the distribution of income and the *backward* structural adjustment of the Argentinian economy.¹⁰⁹

Two additional well known examples are instructive as to how economic liberalism in the domestic economies of the underdeveloped countries promotes monopoly and thereby the underdevelopment of the majority. One example is the nineteenth century breakup, in the name of liberalism, of communally held Indian land, its distribution into private ownership and consequent monopoly concentration during the epoch of liberal reform—a concentration which far exceeded that of the autocratic colonial times.¹¹⁰ Another example is the currently ever greater monopoly concentration of finance, commerce, industry, and (still) of land in underdeveloped countries under the aegis of the “free” world’s “free” enterprise.¹¹¹ It is clear then that the diffusion and acculturation of economic liberalism between the developed (or developing) metropolitan countries and their underdeveloped satellites—as well as that within the underdeveloped countries—is a response to interests, and produces consequences which can be summed up in a single word: monopoly. Contrary to the elaborate classical and neo-classical theoretical economic edifice that was carefully built up in Manchester (the first city to enter the modern industrial age!) and which is still being assiduously exported and imported by interested parties, the diffusion of economic liberalism has quite consistently contributed its significant share to the establishment, maintenance, and strengthening of economic monopoly, both on the national and international levels. Through this monopoly, economic liberalism has contributed to the economic development of *those who diffuse it*; to, as the United Nations Economic Commission for Latin America calls it, the limited “outward-oriented development”¹¹² of the capitals of the underdeveloped countries; and to ever more underdevelopment for the world’s majority who were and are liberally forced to suffer its consequences.

109. Aldo Ferrer, “Reflexiones acerca de la Política de Establización en la Argentina,” *op. cit.*, pp. 501-514. Emphasis in the original.

110. Antonio García, *La Democracia en la Teoría y en la Práctica, Una Tercera Posición Frente a la Historia* (Bogotá; Editorial Iqueima, 1951), and *Bases de la Economía Contemporánea, Elementos para una Economía de Defensa* (Bogotá, 1948); Moisés González Navarro, ed., *Vallarta en la Reforma* (Mexico: Ediciones de la Universidad Nacional Autónoma, 1956); and *La Colonización en México, 1877-1910* (Mexico, 1960); Jesús Reyes Heróles, *El Liberalismo Mexicano* (México: Universidad Nacional Autónoma, Facultad de Derecho, 3 Vols., 1957-1961).

111. See works cited in footnotes 38, 56, and 66.

112. United Nations Economic Commission for Latin America, *The Economic Development of Latin America in the Post-War Period*, *op. cit.*, and other publications.

The diffusion of political liberalism lowered the spread of economic liberalism. Since the consequences of liberalism are clear in the above analysis of economic liberalism, they are explicit in our daily newspapers, and are explicit in our analysis of the relations between economic institutions in his *The State and Revolution*. The only remark that needs to be made is that economic and political power—again in terms of the “military industrial complex” in the *Power Elite*¹¹⁵—are even more concentrated in countries than they are in the developed countries, Lenin, Eisenhower, and Mills.

Although it does not go by the name of diffusion and acculturation to “social liberalism” takes the form primarily of “middle classes” in the underdeveloped countries. Liberalism is advertized as leading to economic liberalism capable of greater and faster economic growth above that Hoselitz’ pattern variable thesis, and that Johnson and Germani the promotion of middle classes and the theory and policy. Johnson diffuses Germani acculturates to it in Argentina. The title of “A Strategy for Promoting Social and political liberalism, social liberalism” is described as individual liberalism. It is to move, to monopolize, and thereby economic, political, and social whole. countries who have migrated from a lower economic and social status to a higher one or another that they have made their own. In so doing they express not only their desire to maintain their newly acquired mental social scientific truth which diffusionists and others: “social” mobility.

113. V. I. Lenin, “The State and Revolution” (Moscow: Foreign Languages Published House, 1958).

114. Quoted in Fred J. Cook, *The Warfare*.

115. C. Wright Mills, *The Power Elite*, (New York, 1956).

116. John J. Johnson, *Political Change in the Middle Sectors*, *op. cit.*

117. Gino Germani, “Estrategia para el Desarrollo Económico” (Buenos Aires), Vol. 1, No. 3 (1961).

who saw their immediate and long term of the policy followed on the distribution structural adjustment of the Argentinian

examples are instructive as to how stic economies of the underdeveloped and thereby the underdevelopment of the nineteenth century breakup, in the ally held Indian land, its distribution frequent monopoly concentration during concentration which far exceeded that 110 Another example is the currently ation of finance, commerce, industry, oped countries under the aegis of the 111 It is clear then that the diffusion liberalism between the developed (or es and their underdeveloped satellites underdeveloped countries—is a response quences which can be summed up in ary to the elaborate classical and neo- difice that was carefully built up in ater the modern industrial age!) and exported and imported by interested mic liberalism has quite consistently to the establishment, maintenance, monopoly, both on the national and is monopoly, economic liberalism has velopment of those who diffuse it; to, c Commission for Latin America calls ed development"112 of the capitals of nd to ever more underdevelopment for and are liberally forced to suffer its

ca de la Política de Establización en la Argen- n the original.

racia en la Teoría y en la Práctica, Una Bogota; Editorial Iqueima, 1951), and Bases de os para una Economía de Defensa (Bogota, Vallarta en la Reforma (Mexico: Ediciones de 1956); and La Colonización en México, 1877- es, El Liberalismo Mexicano (México: Univer- le Derecho, 3 Vols., 1957-1961).

8, 56, and 66. ommission for Latin America, *The Economic e Post-War Period*, *op. cit.*, and other publi-

The diffusion of political liberalism which accompanied and followed the spread of economic liberalism cannot be said to be very different. Since the consequences of the diffusion of political liberalism are clear in the above analysis of economic liberalism, and since they are explicit in our daily newspapers, it is unnecessary to rely on Lenin's analysis of the relations between economic and political power and institutions in his *The State and Revolution*, or to go into it here.¹¹³ The only remark that needs to be made is that the relations between economic and political power—again discussed by President Eisenhower in terms of the "military industrial complex"¹¹⁴ and by C. Wright Mills in the *Power Elite*¹¹⁵—are even more intimate in the underdeveloped countries than they are in the developed ones which are discussed by Lenin, Eisenhower, and Mills.

Although it does not go by that name, we may also observe the diffusion of and acculturation to "social liberalism." This modern liberalism takes the form primarily of promoting "social mobility" and "middle classes" in the underdeveloped countries. Like the others, social liberalism is advertized as leading to a more open, democratic society capable of greater and faster economic development. We have observed above that Hoselitz' pattern variable approach lends support to this thesis, and that Johnson and Germani, among many others, propose the promotion of middle classes and of social mobility as development theory and policy. Johnson diffuses it from the United States,¹¹⁶ and Germani acculturates to it in Argentina when he writes under the title of "A Strategy for Promoting Social Mobility."¹¹⁷ Like economic and political liberalism, social liberalism is, however, more aptly described as individual liberalism. It is the liberty of a few individuals to move, to monopolize, and thereby restrict the development of the economic, political, and social whole. Those persons in underdeveloped countries who have migrated from country to city or moved from a lower economic and social status to a higher one often say in one way or another that they have made their own individual reform or revolution. In so doing they express not only the conservatism which reflects their desire to maintain their newly gained position but also a fundamental social scientific truth which seems to escape the attention of diffusionists and others: "social" mobility is really *individual* mobility

113. V. I. Lenin, "The State and Revolution," in *Selected Works in Two Volumes* (Moscow: Foreign Languages Published House n. d.), Vol. II, Part 1.

114. Quoted in Fred J. Cook, *The Warfare State*, *op. cit.*

115. C. Wright Mills, *The Power Elite*, *op. cit.*

116. John J. Johnson, *Political Change in Latin America: The Emergence of the Middle Sectors*, *op. cit.*

117. Gino Germani, "Estrategia para Estimular la Movilidad Social," *Desarrollo Económico* (Buenos Aires), Vol. 1, No. 3 (1962).

and does not transform social structures: rather, a change in the social structure may render possible *social* mobility and economic development.

As with the other liberalisms, the evidence is accumulating (supplied in part by Hoselitz himself, as we saw above¹¹⁸), that the diffusion to the underdeveloped countries of the institutions and values of social liberalism is highly selective at both the diffusing and acculturating ends. The selective diffusion is determined by the structure of the international system, including the structural relations of the sending and receiving societies and sub-societies within it. Far from aiding the development of the underdeveloped countries, social liberalism hinders it. As we noted above, social mobility and the rise of the middle classes in the underdeveloped countries renders the distribution of income not more but less equal;¹¹⁹ and it provides economic and political support not for changing but for maintaining and reinforcing the structure of the economic, political, and social status quo.¹²⁰

Theoretical Adequacy

As with our examination of the first mode, our review of the empirical validity of propositions in the second mode offers a good vantage point from which to evaluate their associated theoretical formulations. Like the first mode, the diffusionist approach suffers from serious theoretical shortcomings because of its failure to take adequate account of the determinant structure and development of the social system within which diffusion, acculturation, and economic development and cultural change take place. Perhaps the most important theoretical fault of diffusionism is that it is premised on dualism instead of on structural and developmental holism. In the pages of *EDCC*, the theory of dualism itself has been most explicitly advanced and defended by Benjamin Higgins,¹²¹ who rejects the social dualism of Boeke¹²² only to argue that dualism has a technological and economic basis. Reflecting its wide-

118. Bert F. Hoselitz, "Economic Growth in Latin America," *op. cit.*

119. Anibal Pinto S. C., *Chile: Una Economía Difícil*, *op. cit.*, and his "Concentración del Progreso Técnico y sus Frutos en el Desarrollo Latino-americano," *op. cit.* Also see Gabriel Kolko, *op. cit.* for the United States.

120. Andrew Gunder Frank, "Not Feudalism: Capitalism," *Monthly Review*, Vol. 15, No. 8 (December 1963); Rodolfo Stavenhagen, "Seven Erroneous Theses about Latin America," *New University Thought*, Vol. 4, No. 4 (Winter 1966/67). Claudio Veliz, "Social and Political Obstacles to Reform," *World Today* (London), January 1963, reprinted in Oscar Delgado, ed., *Reformas Agrarias en La América Latina* (Mexico: Fondo de Cultura, 1965).

121. Benjamin Higgins, "The 'Dualistic Theory' of Underdeveloped Areas," *EDCC*, Vol. 4, No. 2 (January 1956); also see his *Economic Development*, *op. cit.*

122. J. H. Boeke, *The Structure of the Netherlands Indian Economy* (New York: Institute of Pacific Relations, 1942); *The Evolution of the Netherlands Indies Economy* (New York: Institute of Pacific Relations, 1946); and the definitive *Economics and Economic Policy of Dual Societies*, *op. cit.*

spread acceptance, dualism is explicit and reviewers who span the globe.¹²³

Although explicit reliance on the usually reserved for the analysis of unidualist thesis is implicit in the entire here.

All three modes of analysis seek between developed and underdeveloped ties within the latter by attributing economic and social structures to the sectors, each with its own separate history. Frequently, as we have seen, the one proponent, Jaques Lambert for example (arguing about Brazils),

The Brazilians are divided into two social organizations. . . . These two societies are separated by centuries. . . . The social structure which accompanies the socially Brazilian—they exist in all un-

In this sense, the plantation or mining country is viewed as an enclave of the economy on foreign soil. The "enclave" is presumed to be a supposedly isolated subsistence economy; and it is thought to exercise little influence on this isolated sector in the economy. Similarly, in a supposedly somewhat larger country, outside the population, usually the indigenous, outside the market economy and marginal to the world as a whole.¹²⁴ This concept of society, whether the duality be attributed to political, economic, or other causes, then guides and policy regarding the diffusion of institutions.

The dualist theory and the diffusionist

123. P. T. Ellsworth, "The Dual Economy," *EDCC*, No. 4 (July 1962); Walter Elkan, "The Dual Economy of Nyasaland," *EDCC*, Vol. 11, No. 4 (July 1963); and "Dualism—A Note," *EDCC*, Vol. 12, No. 2 (April 1964); "Economic Aspects of Dualism in the Industrial World," *EDCC*, Vol. 13, No. 3 (April 1965).

124. Jaques Lambert, *Os Dois Brasís*, *op. cit.* (Paris: Presses Universitaires de France, 1963).

125. The classic argument of the enclave economy is made by Pablo Gonzales Casanova, *La Democracia y el Desarrollo* (Guatemala: Seminario de Estudios Económicos, 1963). The Guatemalan government's "Seminar on the Enclave Economy" is another example of the entire idea in the organization's very name.

structures: rather, a change in the social mobility and economic development. The evidence is accumulating (supplied, as we saw above¹¹⁸), that the diffusion of the institutions and values of social structure at both the diffusing and acculturating is determined by the structure of the structural relations of the sending societies within it. Far from aiding the developed countries, social liberalism hinders mobility and the rise of the middle classes and renders the distribution of income not provides economic and political support maintaining and reinforcing the structure of social status quo.¹²⁰

of the first mode, our review of the empirical the second mode offers a good vantage their associated theoretical formulations. The diffusionist approach suffers from serious theoretical failure to take adequate account of development of the social system within and economic development and cultural the most important theoretical fault of dualism is on structural the pages of *EDCC*, the theory of dualism advanced and defended by Benjamin Boeke¹²² only to argue cultural and economic basis. Reflecting its wide-

"Growth in Latin America," *op. cit.*
Una Economía Dificil, op. cit., and his "Concentración de Frutos en el Desarrollo Latinoamericano," *op. cit.* for the United States.

"Feudalism: Capitalism," *Monthly Review*, Vol. 1, No. 1, Stavenhagen, "Seven Erroneous Theses about Feudalism," *Thought*, Vol. 4, No. 4 (Winter 1966/67). Claudio Véliz, "Reforms to Reform," *World Today* (London), January 1966, ed., *Reformas Agrarias en La América Latina*

"Dualistic Theory' of Underdeveloped Areas," *EDCC*, Vol. 10, No. 4 (July 1962); Walter Elkan, "The Dualistic Economy of the Rhodesias and Nyasaland," *EDCC*, Vol. 11, No. 4 (July 1963); Samir Dasgupta, "Underdevelopment and Dualism—A Note," *EDCC*, Vol. 12, No. 2 (January 1964); Tsunehiko Watanabe, "Economic Aspects of Dualism in the Industrial Development of Japan," *EDCC*, Vol. 13, No. 3 (April 1965).

124. Jaques Lambert, *Os Dois Brasis, op. cit.*; see also his new book, *L'Amérique latine* (Paris: Presses Universitaires de France, 1963).
 125. The classic argument of the enclave economy is that of J. H. Boeke, *op. cit.*
 126. Pablo Gonzales Casanova, *La Democracia en México, op. cit.*, and many other works. The Guatemalan government's "Seminario de Integración Nacional" carries the entire idea in the organization's very name.

spread acceptance, dualism is explicitly expressed in *EDCC* by writers and reviewers who span the globe.¹²³

Although explicit reliance on the dual society or economy thesis is usually reserved for the analysis of underdeveloped countries alone, the dualist thesis is implicit in the entire analysis of development reviewed here.

All three modes of analysis seek to analyze both the differences between developed and underdeveloped countries as well as the inequalities within the latter by attributing separate and largely independent economic and social structures to the developed and underdeveloped sectors, each with its own separate history and dynamic, if any. (Frequently, as we have seen, the one part is denied any history at all.) Jaques Lambert for example argues in his *Os dois Brasis* (The Two Brazils),

The Brazilians are divided into two systems of economic and social organization. . . . These two societies did not evolve at the same rate . . . they are separated by centuries. . . . The dual economy and the dual social structure which accompanies it are neither new nor characteristically Brazilian—they exist in all unequally developed countries.¹²⁴

In this sense, the plantation or mining sector of an underdeveloped country is viewed as an enclave of the developed metropolitan economy on foreign soil. The "enclave" is presumed not to be a real part of the supposedly isolated subsistence economy of the underdeveloped country itself; and it is thought to exercise little if any economic and social influence on this isolated sector in the present, and none in the past.¹²⁵ Similarly, in a supposedly somewhat less underdeveloped country, part of the population, usually the indigenous inhabitants, are said to be outside the market economy and marginal to the national society and to the world as a whole.¹²⁶ This conception of a dual economy and society, whether the duality be attributed to cultural, social, technological, economic, or other causes, then gives rise to the diffusionist theory and policy regarding the diffusion of capital, technology, and institutions.

The dualist theory and the diffusionist and other theses based on

123. P. T. Ellsworth, "The Dual Economy: A New Approach," *EDCC*, Vol. 10, No. 4 (July 1962); Walter Elkan, "The Dualistic Economy of the Rhodesias and Nyasaland," *EDCC*, Vol. 11, No. 4 (July 1963); Samir Dasgupta, "Underdevelopment and Dualism—A Note," *EDCC*, Vol. 12, No. 2 (January 1964); Tsunehiko Watanabe, "Economic Aspects of Dualism in the Industrial Development of Japan," *EDCC*, Vol. 13, No. 3 (April 1965).

124. Jaques Lambert, *Os Dois Brasis, op. cit.*; see also his new book, *L'Amérique latine* (Paris: Presses Universitaires de France, 1963).

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 126. Pablo Gonzales Casanova, *La Democracia en México, op. cit.*, and many other works. The Guatemalan government's "Seminario de Integración Nacional" carries the entire idea in the organization's very name.

it are inadequate because the supposed structural duality is contrary to both historical and contemporary reality:¹²⁷ the *entire* social fabric of the underdeveloped countries has long since been penetrated and transformed by, and integrated into, the world embracing system of which it is an integral part. The facts of this penetration have been presented and the thesis of the consequent transformation and integration has been persuasively argued for Meso-America by Eric Wolf;¹²⁸ for India by Marx,¹²⁹ Dutt,¹³⁰ and Desai;¹³¹ for China by Owen Lattimore;¹³² for Africa by Woodis,¹³³ Suret-Canale,¹³⁴ and Mamadou Dia;¹³⁵ and even for Indonesia, the birthplace of dualism, by Wertheim and Geertz,¹³⁶ the latter formerly a research associate of Higgins and now a colleague of Hoselitz.

More specifically, as Eric Wolf¹³⁷ has taken great pains to point out for Meso-America and this writer for Brazil,¹³⁸ it is not true, as diffusionists and others implicitly or explicitly maintain, that the isolation of indigenous peoples, peasants, and others declines over time until they are completely integrated in the national society, which then is no longer dual. On the contrary, the degree of integration and other aspects of the relationship which these peoples have with others at home and abroad varies in ways which are determined primarily by the struc-

127. See Review of Rostow's work above, and Andrew Gunder Frank, *Capitalism and Underdevelopment in Latin America*, *op. cit.*, especially the chapter entitled, "Capitalism and the Myth of Feudalism in Brazilian Agriculture." For further criticism of dualism in general and of the particular dualist theses of Jaques Lambert and Celso Furtado about Brazil and of Pablo Gonzales Casanova about Mexico, see my "El Nuevo Confusionismo del Pre-Capitalismo Dual en America Latina," *Economía (Mexico)*, No. 4 (May-June 1965), and my "La Democracia en México," *Historia y Sociedad (Mexico)*, No. 3 (November 1965).

128. Eric Wolf, *Sons of the Shaking Earth*, *op. cit.*

129. Karl Marx, "British Rule in India," in *On Colonialism* (Moscow: Foreign Languages Publishing House n.d.).

130. R. Palme Dutt, *India Today and Tomorrow*, *op. cit.*

131. A. R. Desai, *The Social Background of Indian Nationalism*, *op. cit.*

132. Owen Lattimore, "The Industrial Impact on China 1800-1950," *First International Conference of Economic History*, Stockholm 1960 (The Hague: Mouton & Co., 1960).

133. Jack Woddis, *Africa, The Roots of Revolt*, *op. cit.*

134. Jean Suret-Canale, *Histoire de l'Afrique Occidentale* (Paris: Editions Sociales, 1961).

135. Mamadou Dia, *Réflexions sur l'économie de l'Afrique noire* (Paris: Présence Africaine, 1960).

136. W. F. Wertheim, *Indonesian Society in Transition, A Study of Social Change* (2nd revised edition; The Hague and Bandung: W. van Hoeve Ltd., 1959); and Clifford Geertz, *Agricultural Involvement, The Process of Ecological Change in Indonesia* (Berkeley: University of California Press, 1963).

137. Eric Wolf, *Sons of the Shaking Earth*, *op. cit.*, and "Types of Latin American Peasantry," *American Anthropologist*, Vol. 57, No. 3 (June 1955).

138. Andrew Gunder Frank, *Capitalism and Underdevelopment in Latin America*, *op. cit.*

ture and development of the national and secondarily by these peoples' own defend themselves against the exploi-

Dualism is not only theoretically presents and fails to analyze the capital national, and local levels, but also standards of holism, structuralism, a holism in explicitly setting up two front a single social whole which the structuralism, dualists fall far short any structure at all it is at best the deal with, and even deny the existence system through which the parts are determines the duality of wealth and other, and so on. As to the historical nomena they study, dualists and dif to one part altogether or, observe its historical perspective necessary to i steadfastly abstain, of course, from gi to the historical development of the donor and acculturating recipient are diffusionists and other dualists who o stand their significance and misjudge development and cultural change.

As Marx said, science would be p of things were to correspond to their of social scientific theory, which dualis modes reviewed here fail to pursue, is are, but on the contrary, to study wh in order to be able to explain why policy of economic development and to eliminate these differences—or the then its task must be to change the differences: that is, it must change t system which gives rise to the relation of the "dual" society.

The unfortunate, though not ine and policy reviewed here is moving supposedly structural and historical id of Weber are leaving their teacher's sc and dedicating themselves to no mor larly, dualists and diffusionists-accultur and work of one of their principal Redfield. In creating the ideal type of

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 the particular dualist theses of Jaques Lambert
 of Pablo Gonzales Casanova about Mexico, see my
 "Capitalismo Dual en America Latina," *Economia*
 and my "La Democracia en México," *Historia y*
 (1965).

Making Earth, op. cit.

"in India," in *On Colonialism* (Moscow: Foreign

Today and Tomorrow, op. cit.

Background of Indian Nationalism, op. cit.

"Industrial Impact on China 1800-1950," *First
 Asian History*, Stockholm 1960 (The Hague: Mouton

Roots of Revolt, op. cit.

de l'Afrique Occidentale (Paris: Editions Sociales,

sur l'economie de l'Afrique noire (Paris: Présence

*in Society in Transition, A Study of Social Change
 and Bandung*: W. van Hoeve Ltd., 1959); and Clifford
 "The Process of Ecological Change in Indonesia"
 (New York: Free Press, 1963).

Making Earth, op. cit., and "Types of Latin Ameri-
 can Sociologist," Vol. 57, No. 3 (June 1955).

Capitalism and Underdevelopment in Latin America,

ture and development of the national and international capitalist system, and secondarily by these peoples' own very partially successful efforts to defend themselves against the exploitative consequences of this system.

Dualism is not only theoretically inadequate because it misrepresents and fails to analyze the capitalist system, on the international, national, and local levels, but also because it fails to adhere to the standards of holism, structuralism, and historicity. Dualists contravene holism in explicitly setting up two or more theoretical wholes to confront a single social whole which they can not or will not see. As for structuralism, dualists fall far short because if they see and deal with any structure at all it is at best the structures of the parts. They do not deal with, and even deny the existence of, the structure of the whole system through which the parts are related—that is, the structure which determines the duality of wealth and poverty, of one culture and another, and so on. As to the historical development of the social phenomena they study, dualists and diffusionists either deny any history to one part altogether or, observe its ongoing social change without the historical perspective necessary to interpret it adequately; and they steadfastly abstain, of course, from giving any consideration whatsoever to the historical development of the social system of which diffusing donor and acculturating recipient are but parts. Little wonder then that diffusionists and other dualists who only look at appearances misunderstand their significance and misjudge their consequences for economic development and cultural change.

As Marx said, science would be pointless if the outward appearance of things were to correspond to their inner significance. Thus the task of social scientific theory, which dualist and other advocates of the three modes reviewed here fail to pursue, is not to see how different the parts are, but on the contrary, to study what relates the parts to each other in order to be able to explain why they are different or dual. If the policy of economic development and cultural change is really meant to eliminate these differences—or the undesirable ones among them—then its task must be to change the relationships that produce these differences: that is, it must change the structure of the *entire* social system which gives rise to the relations and therefore to the differences of the "dual" society.

The unfortunate, though not inexplicable, fact is that the theory and policy reviewed here is moving away from this task. With their supposedly structural and historical ideal typical approach, the disciples of Weber are leaving their teacher's scientific scope and method behind and dedicating themselves to no more than its cruel caricature. Similarly, dualists and diffusionists-acculturationists are corrupting the vision and work of one of their principal teachers of recent times, Robert Redfield. In creating the ideal type of the folk community, and in ana-

lyzing diffusion along the folk-urban continuum,¹³⁹ as well as in his later works on the relations between high and low culture,¹⁴⁰ Redfield, no doubt unintentionally, encouraged contemporary students of economic development and cultural change to adopt a dualism and diffusionism, which he himself rejected in his later years.

Redfield taught that in situations of culture contact diffusion is never a one way affair. In this respect, then, the diffusionist emphasis on diffusion from the metropolis to the periphery, and the virtual exclusion of the reverse is a departure from Redfield, as well as being unacceptable on other theoretical grounds. Moreover, although Redfield was far from being a structuralist (although he spared no pains to emphasize the need for holism in social scientific theory), he did call our attention to the structural determination of mutual diffusion between, for instance, high and low culture within a single social system. Nonetheless, Redfield's lessons seem not to have come to the attention of that majority of diffusionists who employ his terminology while distorting his ideas.

Finally, it was Redfield more than anyone else in recent times who insisted that there are no peasants without the city to which they are tied and which defines them as peasants, and that there can be no city without its peasants or their equivalent.¹⁴¹ It is clear, then, that at least the later Redfield himself recognized and emphasized the *holistic interdependence and unity* of the dual ideal typical poles and social sectors he made so popular. It may be lamentable that Redfield did not extend this holism to the larger social system and to historical evolution, although his concern with the relations between high and low culture in his last years may have been a step in that direction. It is certainly more than lamentable, however, that so many of his diffusionist and dualist followers have abandoned their mentor's empirical realism and scientific holism and have substituted the most simplistic and crassly nonholistic diffusionism.

Policy Effectiveness

As a policy of economic development and cultural change diffusionism has been largely ineffective. The centuries long contact and diffusion between the metropolitan countries and the now underdeveloped ones has failed to result in the economic development of the latter. Nor has any diffusion from the capitals to the provinces of the underdeveloped countries brought about the development of these hinterlands. New technology may have increased diffusion beyond that of certain times

139. Robert Redfield, *The Folk Culture of Yucatan*, *op. cit.* and *The Little Community and Peasant Society and Culture*, *op. cit.*

140. Robert Redfield, *Human Nature and the Study of Society*, *Papers of Robert Redfield*, ed. Margaret Park Redfield (Chicago: University of Chicago Press, 1962).

141. Robert Redfield, *Peasant Society and Culture*, *op. cit.*

in the past but surely not beyond that which, far from initiating the development of the now underdeveloped, does not generate more development follows in the train of new roads, increasing the economic development has helped to sink them into even development.

Conceived in its present form, as a policy of economic development so much diffusion which produces it is the transformation of the social diffusion. Development, underdevelopment of the social structure. In order world to develop, the structure of —on the international, national, and however, cannot be brought about structure of the system itself on all nature, direction, and consequences a diffusion which has so far produced underdevelopment for the many, and doing so. Consequently, the structure order to permit development for all ute to that development.

THE PSYCHOLOG

Nash introduces the third ap ably pursued," and which leads to pective rather than a retrospective v. Nash writes:

These papers I commend to your of social knowledge, the confrontation the incorporation of more general assertion.¹⁴²

Nevertheless, a year later, comparing extent the first) mode of approach v lished in *EDCC*, Nash seems to have

The 'specific factor' analysis of soci ship, low achievement motivation are not likely to provide anything standing of growth. . . .¹⁴³

142. Manning Nash, "Introduction . . ."

143. Manning Nash, "Social Prerequisites" p. 242.

urban continuum,¹³⁹ as well as in his later work on high and low culture,¹⁴⁰ Redfield, no longer encouraged contemporary students of economic change to adopt a dualism and diffusionism, as he did in his later years.

In situations of culture contact diffusion is not the only possibility. In this respect, then, the diffusionist emphasis on the city as a pole of diffusion from the periphery, and the virtual expropriation of the rural area, as well as being a departure from Redfield, as well as being a theoretical grounds. Moreover, although Redfield was a dualist (although he spared no pains to apply diffusionism in social scientific theory), he did call for a mutual determination of mutual diffusion between high and low culture within a single social system. This has not seem not to have come to the attention of those theorists who employ his terminology while dis-

more than anyone else in recent times who has written about peasants without the city to which they are attached, as peasants, and that there can be no city without peasants.¹⁴¹ It is clear, then, that at least one of the things recognized and emphasized the *holistic interdependence* of the dual ideal typical poles and social sectors is the lamentable that Redfield did not extend his theory to the social system and to historical evolution, and the relations between high and low culture in the world. It is certainly a pity, however, that so many of his diffusionist and dualist followers have abandoned their mentor's empirical realism and substituted the most simplistic and crassly

development and cultural change diffusionist. The centuries long contact and diffusion between the now developed countries and the now underdeveloped ones is a fact of economic development of the latter. Nor has there been any return to the provinces of the underdeveloped countries. The development of these hinterlands. New theories of diffusion beyond that of certain times

in *Culture of Yucatan, op. cit.* and *The Little Compton, op. cit.*

in *Nature and the Study of Society, Papers of Robert Redfield* (Chicago: University of Chicago Press, 1962).
in *Society and Culture, op. cit.*

in the past but surely not beyond the diffusion of initial contact times which, far from initiating the development of, initiated the underdevelopment of the now underdeveloped countries. More diffusion, per se, does not generate more development. Moreover, the diffusion which follows in the train of new roads, buses, transistor radios, etc., is not increasing the economic development of the recipient regions. Often it has helped to sink them into even deeper and more hopeless underdevelopment.

Conceived in its present form, diffusionism is inherently ineffective as a policy of economic development and cultural change. For it is not so much diffusion which produces a change in the social structure as it is the transformation of the social structure which permits effective diffusion. Development, underdevelopment, and diffusion are all a function of the social structure. In order for the underdeveloped parts of the world to develop, the structure of the world social system must change—on the international, national, and local levels. This structural change, however, cannot be brought about by diffusion. On the contrary, the structure of the system itself on all these levels determines the amount, nature, direction, and consequences of the past and present diffusion—a diffusion which has so far produced development only for the few and underdevelopment for the many, and by all indications will continue doing so. Consequently, the structure of this system has to change in order to permit development for all and to permit diffusion to contribute to that development.

THE PSYCHOLOGICAL APPROACH

Nash introduces the third approach as the one "most profitably pursued," and which leads to "smaller scale hypotheses, to a prospective rather than a retrospective view of social change." Furthermore, Nash writes:

These papers I commend to your attention as examples of the dialectic of social knowledge, the confrontation of bold assertion against fact, and the incorporation of more general fact in ever bolder, more elegant assertion.¹⁴²

Nevertheless, a year later, comparing the psychological (and to some extent the first) mode of approach with his own second mode as published in *EDCC*, Nash seems to have had second thoughts:

The 'specific factor' analysis of social requisites (like lack of entrepreneurship, low achievement motivation, particularism, capital shortage, etc.) are not likely to provide anything systematically relevant to an understanding of growth. . . .¹⁴³

142. Manning Nash, "Introduction . . ." *op. cit.*, pp. 5-6.

143. Manning Nash, "Social Prerequisites to Economic Growth . . ." *op. cit.*, p. 242.

When Nash says that this mode of analysis leads to smaller scale hypotheses, he is quite right, as we will see below. However, it should be noted here that the first two modes were seen to be inadequate precisely because the scale of their theory and hypotheses is already too small to adequately treat the dimension and structure of the social system which gives rise to both development and underdevelopment.

As any historian of social thought will recall, Marx turned Hegel on his head and substituted historical materialism for idealism. Further, he worked with relatively large-scale theory and hypotheses which he derived from his examination of the capitalist system as a whole as he saw it. Being a true holist, Marx was led—inevitably as Parsons pointed out above—to the observation that exploitation is a necessary basis of this system and to the conclusion that such a basis generates the polarization of the system. Since this conclusion was not palatable to Social Democrats such as Weber and Durkheim, whose disciple Parsons became, they set out to construct an alternative theory of the social system by starting with its parts rather than with the whole—a procedure which, as Parsons says, inevitably de-emphasizes exploitation and makes the system appear to be not polarizing or disintegrative but integrative instead. Nonetheless, although Weber and Durkheim intentionally and explicitly abandoned the approach, conclusions, and policy of Marx, they still retained strong emphasis on the determinative importance of social structure, and in the case of Weber especially, of history as well. Even Hoselitz, being directly as well as via Parsons a disciple of Weber, and an advocate of the first mode of analysis, retains considerable interest in the role of social structure (he even puts it in his title) despite the attraction that the third mode approach of David McClelland, although apparently not of Everett Hagen, holds for him.¹⁴⁴

The pioneering service, as Nash's co-editor, Robert Chin calls it, of these latter students of economic development and cultural change is precisely that they drop all pretense and practice of social scientific structuralism. They "Freudianize" Weber to such an extent that they no longer follow him at all. In fact, they specifically deny the importance of social structure and reject structural analysis. Although Hagen puts the word "social" into his title, he is quite frank in his preface in explaining that his theory is not social at all but rather psychological—or really psychiatric.¹⁴⁵ McClelland, reviewing Hagen's book in *EDCC*, agrees: He calls it "A Psychological Approach to Economic Development," albeit one which he finds to be not up to his own standards.¹⁴⁶ Not to be outdone, McClelland is quite explicit in telling his readers that not the social structure as Weber had it, nor even assignment of

144. Bert F. Hoselitz, "Role of Incentives in Industrialization," *Economic Weekly* (Bombay), Vol. 15, Nos. 28, 29, & 30, Special Number, July 1963.

145. Everett E. Hagen, *On the Theory of Social Change*, op. cit.

146. David McClelland, "A Psychological Approach . . ." op. cit.

and reward in social roles based on but only a high degree of individualism is the alpha and omega of economic development.

In its most general terms, the theory generally high level of *n* Achieving entrepreneurs who, in turn, produce . . . it must satisfy us to have led people to behave in most of the ways fulfill the entrepreneurial role of social economists, historians, sociologists. . . once the importance of the achievement century we have been dominated by or explicit notion that man is a natural or social. Marx thought so in arguing that man's psychology conditions under which he must be living that civilization was a reaction to the repressive force of social institutions. . . tically all social scientists have in mind and tried to create man in its image. . . is essentially one of environmental states of mind can create internal

In his contribution to the volume edited goes on to be even more explicit.

What is needed is a glacial shift in social thinking. Ever since Darwin consciously started with the premise that the human organism somehow quickly if one wants to change arrangements start by modifying material arrangements turn will gradually re-shape institutions evidence, as in the present instance and perhaps more often initiated just one more piece of evidence to satisfy social scientists that it is values, determine ultimately the rate of economic *The Achieving Society*, suggests that in shaping history than purely material

We have returned full circle to Hegel's prescriptions for progress are not quite Hegel's entitled "Accelerating Economic Growth" prescriptions in his sub-titles: "Increasing Market Morality;" "Increasing *n* Achieving

147. David McClelland, *The Achieving Society*

148. David McClelland, "Motivational Psychology: Reference to the Chinese Case," *Journal of Social*

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of Incentives in Industrialization," *Economic* 29, & 30, Special Number, July 1963.
Theory of Social Change, op. cit.
Psychological Approach . . ." op. cit.

and reward in social roles based on achievement (as in Hoselitz' view), but only a high degree of individual motivation or need for achievement is the alpha and omega of economic development and cultural change:

In its most general terms, the hypothesis states that a society with a generally high level of *n* Achievement will produce more energetic entrepreneurs who, in turn, produce more rapid economic development . . . it must satisfy us to have learned that high *n* Achievement leads people to behave in most of the ways they should behave if they are to fulfill the entrepreneurial role successfully as it has been defined by economists, historians, sociologists. . . . The whole view of history shifts once the importance of the achievement motive is recognized. For a century we have been dominated by Social Darwinism, by the implicit or explicit notion that man is a creature of his environment, whether natural or social. Marx thought so in advocating economic determinism, in arguing that man's psychology is shaped in the last analysis by the conditions under which he must work. Even Freud thought so in teaching that civilization was a reaction to man's primitive urges and to the repressive force of social institutions beginning with the family. Practically all social scientists have in the past generations begun with society and tried to create man in its image. Even Toynbee's theory of history is essentially one of environmental challenges, though he recognizes that states of mind can create internal challenges.¹⁴⁷

In his contribution to the volume edited by Nash and Chin, McClelland goes on to be even more explicit.

What is needed is a glacial shift in Western and particularly American social thinking. Ever since Darwin, social scientists have almost unconsciously started with the premise that the environment is primary and that the human organism somehow learns to adapt to it. . . . Consequently if one wants to change anything really fundamentally, he must start by modifying material arrangements in the environment which in turn will gradually re-shape institutions and eventually ideas. Yet the evidence, as in the present instance, is very strong that it is just as often and perhaps more often initiated the other way around. . . . This is just one more piece of evidence to support the growing convictions among social scientists that it is values, motives, or psychological forces that determine ultimately the rate of economic and social development. . . . *The Achieving Society*, suggests that ideas are in fact more important in shaping history than purely materialistic arrangements.¹⁴⁸

We have returned full circle to Hegel. Except that McClelland's prescriptions for progress are not quite Hegel's. In his book's final chapter entitled "Accelerating Economic Growth," McClelland summarizes his prescriptions in his sub-titles: "Increasing Other-Directedness and Market Morality;" "Increasing *n* Achievement;" "Decreasing Father Domi-

147. David McClelland, *The Achieving Society*, op. cit., pp. 205, 238, 391.

148. David McClelland, "Motivational Patterns in Southeast Asia with Special Reference to the Chinese Case," *Journal of Social Issues*, op. cit., p. 17.

nance" "Protestant Conversion;" "Catholic and Communist Reform Movements;" "Effects of Education on *n* Achievement;" "Reorganizing Fantasy Life;" "Utilizing Existing *n* Achievement Resources More Effectively;" and he offers a final recommendation:

So we end on a practical note: a plan for accelerating economic growth through mobilizing more effectively the high *n* Achievement resources of a developed country to select and work directly with the scarcer high *n* Achievement resources in underdeveloped countries particularly in small and medium scale businesses located in provincial areas. . . .¹⁴⁹

This new pioneering service was undoubtedly inspired by Weber's emphasis on values in *The Protestant Ethic and the Spirit of Capitalism*¹⁵⁰ and reinforced by Schumpeter's emphasis on entrepreneurship in *The Theory of Economic Development*.¹⁵¹ The post World War II revival of academic interest in economic development was soon followed by a return to the letter if not to the spirit of Weber and Schumpeter. Books and articles on the role of religion and values in economic development appeared in great numbers, not a few of them in *EDCC*, as cited above.¹⁵² Simultaneously, Harvard University set up a Research Center in Entrepreneurial History and a journal, *Explorations in Entrepreneurial History*. Papers on entrepreneurship as a crucial factor in economic development and cultural change were published in *EDCC* and elsewhere.¹⁵³ The increasing evidence against the supposed role of the Schumpeterian entrepreneur in economic development, not only in underdeveloped countries but even in the nineteenth century United States,¹⁵⁴ has not prevented the psychological idealizers of economic development from going on to advance theories such as those of Hagen and McClelland. Nor has it prevented *EDCC* from following in their footsteps to publish an entire series of studies reinterpreting the world to show the supposed importance of the achievement motive.¹⁵⁵ Further-

149. David McClelland, *The Achieving Society*, *op. cit.*, pp. 391-437.

150. Max Weber, *The Protestant Ethic and the Spirit of Capitalism* (London: G. Allen & Unwin, 1930).

151. J. A. Schumpeter, *The Theory of Economic Development* (Cambridge: Harvard University Press, 1934).

152. See footnote 18.

153. For recent examples see, Alec P. Alexander, "Industrial Entrepreneurship in Turkey: Origins and Growth," *EDCC*, Vol. 8, No. 4, Part 1 (July 1960), and Arcadius Kahan, "Entrepreneurship in the Early Development of Iron Manufacturing in Russia," *EDCC*, Vol. 10, No. 4 (July 1962).

154. W. Paul Strassman, *Risk and Technological Innovation: American Manufacturing Methods in the Nineteenth Century* (Ithaca: Cornell University Press, 1959); and "The Industrialist," in John J. Johnson, ed., *Continuity and Change in Latin America* (Stanford: Stanford University Press, 1964).

155. Norman N. Bradburn and David Berlew, "Need for Achievement and English Industrial Growth," *EDCC*, Vol. 10, No. 1 (October 1961); Juan B. Cortes, "The Achievement Motive in the Spanish Economy Between the 13th and 18th Centuries," *EDCC*, Vol. 9, No. 1 (October 1960); James N. Morgan, "The Achievement Motive and Economic Behavior," *EDCC*, Vol. 12, No. 3 (April 1964).

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Nevertheless, in his contribution by Nash and Chin which exemplify criticism is based largely on psycholo tially to methodological criticism of tions.¹⁵⁶ So is Eisenstadt's criticism in Furthermore, Kunkel's proposed alterr is limited to suggesting that behavioris

156. S. N. Eisenstadt, "The Need for Ac 1963), p. 431.

157. John H. Kunkel, "Values and Bel *cit.*, pp. 276-277.

158. John H. Kunkel, "Psychological Fact ment," *Journal of Social Issues*, *op. cit.*

159. S. N. Eisenstadt, "The Need for Ac

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He was undoubtedly inspired by Weber's *Protestant Ethic and the Spirit of Capitalism*. Schumpeter's emphasis on entrepreneurship in economic development.¹⁵¹ The post World War II revival of economic development was soon followed by a new spirit of Weber and Schumpeter. Books on entrepreneurship and values in economic development were published in *EDCC*, as cited in a few of them in *EDCC*, as cited in the Harvard University set up a Research Center for Entrepreneurship and a journal, *Explorations in Entrepreneurship* as a crucial factor in economic change were published in *EDCC* and evidence against the supposed role of the entrepreneur in economic development, not only in the nineteenth century United States but also in the psychological idealizers of economic development theories such as those of Hagen and Schumpeter. *EDCC* from following in their series of studies reinterpreting the world view of the achievement motive.¹⁵⁵ Further-

Achieving Society, *op. cit.*, pp. 391-437.
Protestant Ethic and the Spirit of Capitalism (London: Duckworth, 1958).

Journal of Economic Development (Cambridge: Harvard University Press, 1963).

See P. Alexander, "Industrial Entrepreneurship in Russia," *Journal of Economic Development*, Vol. 8, No. 4, Part 1 (July 1960), and Arcadius, "The Development of Iron Manufacturing in Russia," *Journal of Economic Development*, Vol. 8, No. 4, Part 1 (July 1960).

See *Technological Innovation: American Manufacturing in the Nineteenth Century* (Ithaca: Cornell University Press, 1959); Johnson, ed., *Continuity and Change in Latin America* (New York: Basic Books, 1964).

See David Berlew, "Need for Achievement and Economic Development," *Journal of Economic Development*, Vol. 10, No. 1 (October 1961); Juan B. Cortes, "The Spanish Economy Between the 13th and 18th Centuries," *Journal of Economic Development*, Vol. 10, No. 1 (October 1961); James N. Morgan, "The Achievement Motive," *EDCC*, Vol. 12, No. 3 (April 1964).

more, *EDCC's* reviewer of *The Achieving Society*, S. N. Eisenstadt, concludes:

... the fact that in discussing this book, we are confronting it with Weber's work, is the measure of the importance of the problems raised by McClelland's endeavor. . . . McClelland has given a very stimulating and important work which anybody interested either in the broader problem of the impact of motivational orientation on society or in the more specific problem of economic development cannot ignore.¹⁵⁶

To his and *EDCC's* credit, John H. Kunkel has recently evaluated this "pioneering service":

As long as man's activities are considered to be a function of values and personality, little attention need be directed to the immediate surrounding social environment, since it is not so much the present social structure as that of the past which is most involved in the formation of values and personality. The delineation of societal prerequisites of economic development, according to this view, can accomplish no more than prepare the ground for industrialization years, if not decades, in the future. However, as soon as behavior is considered to be a function largely of the surrounding social structure, both past and present, which affects behavior through the continuously operating determination of reinforcing and discriminative stimuli, the present social system takes on great importance. The behavioral prerequisites of economic development can be created only through alterations of the social structure, or certain elements of it, viewed broadly and including the economic system of a society. . . . There is no foundation, on theoretical grounds, for the pessimistic outlook concerning the capacity of the underdeveloped countries to industrialize in a short period of time. Pessimistic conclusions regarding the time necessary for the preparation of the right psychological conditions for economic development are based, essentially, on an incorrect conception of man and on the disregard of principles of behavior formation and maintenance derived from experimental psychology.¹⁵⁷

Nevertheless, in his contribution to the collection of papers edited by Nash and Chin which exemplify this third mode approach, Kunkel's criticism is based largely on psychological principles and limited essentially to methodological criticism of the third mode's empirical assertions.¹⁵⁸ So is Eisenstadt's criticism in his review of McClelland's book.¹⁵⁹ Furthermore, Kunkel's proposed alternative in his contribution to *EDCC* is limited to suggesting that behavioristic methodology can overcome the

156. S. N. Eisenstadt, "The Need for Achievement," *EDCC*, Vol. 11, No. 4 (July 1963), p. 431.

157. John H. Kunkel, "Values and Behavior in Economic Development," *op. cit.*, pp. 276-277.

158. John H. Kunkel, "Psychological Factors in the Analysis of Economic Development," *Journal of Social Issues*, *op. cit.*

159. S. N. Eisenstadt, "The Need for Achievement," *op. cit.*

methodological shortcomings of the approach exemplified by Hagen and McClelland.¹⁶⁰ In this connection, Kunkel rightly observes:

Hagen makes much use of personality as an 'internal state' of individuals. The characteristics of the 'internal state' are derived from psychoanalytic theory, and then used to support the theory and the hypothesized relations among observed facts and inferred characteristics. When psychoanalytic concepts and theories are used in the study of economic development, problems of validating the concepts make any casual generalization difficult to test and accept on bases other than faith. . . . The casual analysis is inadequate. Hagen infers causes from effects, but no evidence is presented to validate the inference made. . . . McClelland postulates a variety of needs as components of a person's 'internal state', but this method of analysis involves inferences from behavior (e.g., the writing of stories based on TAT pictures) which are difficult to validate, in order to explain the data collected by McClelland and his associates.¹⁶¹

Both Kunkel and Eisenstadt find that the work of these students of economic development and cultural change is deficient in that it fails to establish a methodologically adequate efficient cause between the supposedly causative psychological states and the supposedly derivative economic development. Kunkel's purpose in his contribution to *EDCC* is to provide such an efficient causative relation which is not dependent on untestable inferences about internal states of mind.¹⁶²

Whatever the methodological merits or demerits of Kunkel's resort to behaviorism, it is as limited to generating small scale hypotheses, as Nash calls them, and to recommending small scale changes as is the methodology it seeks to substitute. Kunkel himself concludes:

If it is true that striving behavior, like any other, is shaped through differential reinforcement [such as reward and punishment by parents, as Kunkel tells us elsewhere], there is no reason why an internal state . . . should have to be postulated as an essential element in the analysis of economic development. . . . Various selected elements of the societal environment are amenable to change today, thereby making possible the shaping of behavior patterns necessary for economic development. . . . Since usually only a few aspects of the societal environment can be altered, present efforts to create behavioral prerequisites must begin on a small scale.¹⁶³

160. John H. Kunkel, "Values and Behavior . . .," *op. cit.*

161. John H. Kunkel, "Psychological Factors . . .," *op. cit.*, pp. 72-73, 82. For a similar criticism also see S. N. Eisenstadt, "The Need for Achievement," *op. cit.*

162. This effort is reminiscent of the famous but unsuccessful attempt to remedy functionalists' accounting for the existence of institutions through reliance on teleology by George C. Homans and David M. Schneider in their *Marriage, Authority, and Final Causes. A Study of Unilateral Cross-Cousin Marriage* (Glencoe: The Free Press, 1955). Rejecting the final cause of societal equilibrium as an explanation for an institution's existence, Homans and Schneider sought to substitute an identifiable efficient cause, though strangely their "efficient cause" was an internal state—that is, another final cause similar to the ones criticised here.

163. John H. Kunkel, "Values and Behavior . . .," *op. cit.*, pp. 275, 277.

This suggests that, to evaluate the mode approach, we must bring still historicity and holistic structuralism the first two approaches.

As editor of a collection of works Manning Nash holds that of the third one is "most profitably pursued is that it leads "to a prospective social change." That is, as we may see, scientists working in terms of the third are not only because they are behind as well as Bert Hoselitz—who is world renowned for his work in naturalism but also is world renowned because in not looking back, these people are retrospective and historical approach.

However, Nash does not confine his effort and to recommending that students of cultural change forget about the past countries concerned. Instead, he goes on to say that countries have any history. The three main theoretical problems:

1. to systematically take account of
2. to seek out the sources of resistance to change, 3. [to study why a country is somewhere between its initial base

In other words, underdeveloped societies have traditionally been the way they are now. This is indeed a "bold assertion;" but once this claim is clearly revealed to be a bold claim, such an assertion after having done this, is a bold claim in a community descended from a tradition in a community descended from a tradition renowned for their history, the last several years after having entitled his book *Machine Age Maya* pioneering service for the practitioners of the profession to take less and less account of the history of the countries they presume to study (especially in the underdeveloped and there themselves), and finally to the question of the effect of underdeveloped countries and underdeveloped societies. Is this a pioneering service?

The answers emerge if we apply the question of the theoretical adequacy of the approach and if we inquire into the effect of the approach on development and cultural change to which

164. Manning Nash, "Introduction . . ."

165. Manning Nash, *Machine Age Maya*,

of the approach exemplified by Hagen and Kunkel, Kunkel rightly observes:

personality as an 'internal state' of individuals. 'Internal state' are derived from psychoanalytic support the theory and the hypothesized relations and inferred characteristics. When psychometrics are used in the study of economic development the concepts make any casual generalization accept on bases other than faith. . . . The state. Hagen infers causes from effects, but no validate the inference made. . . . McClelland sees as components of a person's 'internal state', this involves inferences from behavior (e.g., the TAT pictures) which are difficult to validate, data collected by McClelland and his associates.¹⁶¹

They find that the work of these students of cultural change is deficient in that it fails to show an adequate efficient cause between the supposed states and the supposedly derivative behavior. Kunkel's purpose in his contribution to *EDCC* is to show a causative relation which is not dependent on internal states of mind.¹⁶²

The logical merits or demerits of Kunkel's resort to generating small scale hypotheses, as well as recommending small scale changes as is the practice. Kunkel himself concludes:

Behavior, like any other, is shaped through influences such as reward and punishment by parents, and there is no reason why an internal state . . . is treated as an essential element in the analysis of behavior. . . . Various selected elements of the societal environment to change today, thereby making possible the changes necessary for economic development. . . . The aspects of the societal environment can be altered. Prerequisite behavioral prerequisites must begin on a

and Behavior . . .," *op. cit.*

Logical Factors . . .," *op. cit.*, pp. 72-73, 82. For a statement, "The Need for Achievement," *op. cit.*

of the famous but unsuccessful attempt to remedy the existence of institutions through reliance on David M. Schneider in their *Marriage, Authority, and Lateral Cross-Cousin Marriage* (Glencoe: The Free Press, 1955). The use of societal equilibrium as an explanation for behavior and Schneider sought to substitute an identifiable "efficient cause" was an internal state—that is, a concept criticised here.

and Behavior . . .," *op. cit.*, pp. 275, 277.

This suggests that, to evaluate the theoretical adequacy of the third mode approach, we must bring still other criteria to bear, such as the historicity and holistic structuralism by which we already examined the first two approaches.

As editor of a collection of works which exemplify the third mode, Manning Nash holds that of the three modes he is able to visualize, this third one is "most profitably pursued." One of its profitable aspects is that it leads "to a prospective rather than a retrospective view of social change." That is, as we may infer, Nash thinks that the social scientists working in terms of the third mode are performing a pioneering service not only because they abandon Weber's structuralism, leaving behind as well as Bert Hoselitz—who after all not only retains some structuralism but also is world renowned as an economic historian—but also because in not looking back, these pioneers leave behind them Weber's retrospective and historical approach and analysis as well.

However, Nash does not confine himself simply to lauding this effort and to recommending that students of economic development and cultural change forget about the past history of the underdeveloped countries concerned. Instead, he goes on to deny that the underdeveloped countries have any history. The third approach he says, poses three main theoretical problems:

1. to systematically take account of the varieties of *traditional societies*,
2. to seek out the sources of resistance . . . among the various species of *traditionality*,
3. [to study why a society may or may not come] to rest somewhere between its *initial base* and modernity.¹⁶⁴

In other words, underdeveloped societies have no history, they have traditionally been the way they are now, which is underdeveloped. This is indeed a "bold assertion;" but once it faces "confrontation with fact" this claim is clearly revealed to be a falsification. How could Nash make such an assertion after having done the fieldwork for his doctoral dissertation in a community descended from a people who are world renowned for their history, the last seventy years of which he studied, and after having entitled his book *Machine Age Maya*?¹⁶⁵ How is it a pioneering service for the practitioners and champions of the third mode to take less and less account of the history of the underdeveloped countries they presume to study (especially after having delved into it here and there themselves), and finally to end up denying that the underdeveloped countries and underdevelopment even have history? For whom is this a pioneering service?

The answers emerge if we apply the criterion of structural holism to the question of the theoretical adequacy of the third mode approach and if we inquire into the effectiveness of the policy of economic development and cultural change to which this approach gives rise.

164. Manning Nash, "Introduction . . .," *op. cit.*, p. 4. Emphasis supplied.

165. Manning Nash, *Machine Age Maya*, *op. cit.*

Kunkel correctly notes in regard to both the theory and the policy of the third mode that "little attention need be directed to the immediate surrounding social environment since it is not the present social structure which matters." But the critic of this approach is hardly as explicit and clear as its exponent, McClelland himself: "ideas are in fact more important in shaping history than purely materialistic arrangements . . . of his [man's] environment, whether natural or social." The third mode of approaching economic development and cultural change, then, represents perhaps the ultimate step in pioneering progress away from classical scientific structural holism. The present economic, social, and political structure does not matter at all: There is no need to change the contemporary status quo.

What, then, according to these purveyors of dialectic social knowledge (as Nash terms their service) is to be done; and how effectively and for whom does their policy of promoting economic development and cultural change work? McClelland tells us what is to be done: "Increasing *n* Achievement . . . Protestant Conversion . . . Education . . . Reorganizing Fantasy Life." As McClelland himself recognizes, not only Marx, but even such progressive students as Spencer, the father of Social Darwinism, Toynbee, the father of neo-Thomism, and Freud, the father of individual psychiatry, and all of their intellectual children, never were progressive enough to believe and maintain that so deeply ingrained a social and economic condition of society could be changed simply by having more of its individuals taught to get a hold of themselves and raise their need for achievement, as McClelland would have it; or by not letting themselves be beaten down by adversity, as Hagen would have it; or even by having teachers and parents tell children more hero stories so that when the latter grow up they might be heroic developers themselves. This degree of progress and progressiveness had to await the coming of David McClelland and his disciples.

McClelland gives credit to one source of co-revelation of his vision of economic development and cultural change: the Communists, particularly the Chinese ones.¹⁶⁶ They receive no credit for following the teachings of Marx or other social scientists, the validity of whose theory McClelland denies; no credit for changing any economic, social, or political structure, the need for which change McClelland denies; nor any credit for making a revolution, which McClelland does not deem worthy of mention. Instead, they receive credit for realizing and putting into practice the truth that ideas and *n* Achievement promote economic development: the Chinese are achieving faster economic development than the Indians, McClelland points out.¹⁶⁷ On the basis of what economic, social, and political structure, he doesn't say: the Chinese have

166. David McClelland, "Motivational Patterns in Southeast Asia . . .," *op. cit.* and *The Achieving Society*, *op. cit.*, pp. 412-413.

167. David McClelland, *The Achieving Society*, *op. cit.*, p. 423.

more *n* Achievement and *n* Power, not matter how that structure determines the direction of achievement. Despite Communists, we need no great insight and effectiveness of an economic condition, the example of such highly motivated Massachusetts, academic community as Arthur Schlesinger, Jr., and perhaps notes *n* Achievement and reorganizing existing economic, social, and political structure.

In complimenting the Communist credit where it really belongs. It is movement for Moral Rearmament policy of economic development and academic gown by David McClelland is to take their eyes off and leave as structure of the status quo; prepare rearm morally and spiritually to development, cultural change, and political character and effectiveness demonstrated by its practitioners with dialecticians, progressive servants, and ex-Chancellor Adenauer of Germany Prime Minister Tshombe of Katanga President of Brazil after the 1964 m

CONCLUSION

Having examined the three modes, we can briefly evaluate them conjointly. The view is the wide and deep similarity, empirical inaccuracy, theoretical inadequacy. Yet this similarity should not be a reflection of their fundamental similarity ideologically and analytically. Thus, that it sets up the supposedly typical. The second mode concerns itself with the first mode are supposedly diffused to the underdeveloped ones. Finally, pioneering service, tells us how the structure is diffused in the first and diffused according

168. David McClelland, "Motivational Patterns in Southeast Asia . . .," *op. cit.*

169. "Mr. Rostow's former university colleagues . . . are savagely critical of his increasingly aggressive intellectualism as self-serving opportunism tends to mislead him, particularly on Vietnam."

regard to both the theory and the policy attention need be directed to the imminent since it is not the present social the critic of this approach is hardly as present, McClelland himself: "ideas are in long history than purely materialistic environment, whether natural or social." long economic development and cultural as the ultimate step in pioneering prog-ific structural holism. The present eco-structure does not matter at all: There is temporary status quo.

These purveyors of dialectic social knowl-vice) is to be done; and how effectively cy of promoting economic development McClelland tells us what is to be done: . . . Protestant Conversion . . . Education " As McClelland himself recognizes, not aggressive students as Spencer, the father of the father of neo-Thomism, and Freud, the and all of their intellectual children, to believe and maintain that so deeply ic condition of society could be changed individuals taught to get a hold of them-achievement, as McClelland would have be beaten down by adversity, as Hagen ig teachers and parents tell children more after grow up they might be heroic devel- of progress and progressiveness had to McClelland and his disciples.

One source of co-revelation of his vision cultural change: the Communists, par-They receive no credit for following the al scientists, the validity of whose theory or changing any economic, social, or poli-which change McClelland denies; nor any which McClelland does not deem worthy ve credit for realizing and putting into and *n* Achievement promote economic achieving faster economic development points out.¹⁶⁷ On the basis of what eco-structure, he doesn't say: the Chinese have

Motivational Patterns in Southeast Asia . . .," *op. cit.* pp. 412-413.
Achieving Society, *op. cit.*, p. 423.

more *n* Achievement and *n* Power.¹⁶⁸ According to McClelland, it does not matter how that structure determines the distribution of power and the direction of achievement. Despite this generous bow to the Chinese Communists, we need no great insightfulness to discern the allegiance and effectiveness of an economic development policy which—following the example of such highly motivated members of the Cambridge, Massachusetts, academic community as W. W. Rostow,¹⁶⁹ McGeorge Bundy, Arthur Schlesinger, Jr., and perhaps David McClelland himself—promotes *n* Achievement and reorganization of fantasy life within the existing economic, social, and political structure, at home or abroad.

In complimenting the Communists, McClelland fails to give due credit where it really belongs. It is Frank Buchman and his world wide movement for Moral Rearmament (MRA) who preached precisely the policy of economic development and cultural change now clothed in academic gown by David McClelland. His policy advice to developers is to take their eyes off and leave as is the economic, social, and political structure of the status quo; prepare instead each man for himself, to rearm morally and spiritually to face the difficult road of economic development, cultural change, and social progress that lies ahead. The political character and effectiveness of this development policy is amply demonstrated by its practitioners who include such renowned practical dialecticians, progressive servants, and self-declared MRA supporters as ex-Chancellor Adenauer of Germany, ex-Premier Kishi of Japan, ex-Prime Minister Tshombe of Katanga and the Congo, and the second President of Brazil after the 1964 military coup, General Costa e Silva.

CONCLUSION

Having examined the three modes of approach to and analysis of the problems of economic development and cultural change separately, we can briefly evaluate them conjointly. What first forces itself into view is the wide and deep similarity in the extent of the three modes' empirical inaccuracy, theoretical inadequacy, and ineffectiveness of policy. Yet this similarity should not surprise us. It is no more than the reflection of their fundamental similarity in points of departure, both ideologically and analytically. Thus, the first mode is ideal-typical in that it sets up the supposedly typical characteristics of development. The second mode concerns itself with how these typical characteristics of the first mode are supposedly diffused from the developed countries to the underdeveloped ones. Finally, the third mode, and herein lies its pioneering service, tells us how the typical characteristics that are identified in the first and diffused according to the second mode are to be

168. David McClelland, "Motivational Patterns . . .," *op. cit.*

169. "Mr. Rostow's former university colleagues on the old Kennedy White House staff . . . are savagely critical of his increasing influence, and they condemn his aggressive intellectualism as self-serving opportunism that consoles the President but tends to mislead him, particularly on Vietnam." *New York Times*, April 13, 1967.

acculturated by the underdeveloped countries if they wish to develop. This, in a nutshell, is the sum total of this received theory and analysis of economic development and cultural change; it is the alpha and omega of the possibilities that Manning Nash can visualize: it is thanks to this limitation of his, if not of theory and reality, that Nash manages to arrive at the third mode, as he says, "via the argument of residue."

The pioneers of these three modes have progressed; to social dualism, they have added sociological dualism. Their whole theory and theorizing is split down the middle. They see one set of characteristics, take note of one social structure if any; construct one theory for one part of the what has been one world economic and social system for half a millenium, and construct another pattern and theory for the other part. And all that in the name of universalism. They argue that one part of the system, Western Europe and Northern America, diffuses and helps the other part, Asia, Africa, and South America, to develop. They similarly argue that those national metropolises of these three continents that have already received the benefits of this diffusion in turn help pull up their own hinterland behind them. They argue that the take-off by the underdeveloped countries and their national metropolises is hindered by the drag on them of their slow and backward hinterlands. Curiously, though fortunately, except for the most irresponsible among them, they do not argue similarly that the take-off and development of the world capitalist metropolis in Europe and North America is hindered by the drag of its underdeveloped hinterland in Asia, Africa, and Latin America. They ask where the capital for the development of the national metropolises of the underdeveloped countries is to come from and say it must and will come from the developed countries; which is wrong, since in fact it comes from the domestic internal colonies of these national metropolises. They ask where the capital for the development of the already developed countries came from and say it came from themselves; which is also wrong since much, and at the time the critical part, of it came from the consequently now underdeveloped countries. As with most of the remainder of the developed countries' universalism, the theoretical universalism of their social science is a pretense and a sham. If we may borrow something from the arsenal of this mode's pioneers, the theorists of all three modes of economic development and cultural change who like to call themselves universally theoretical dualists, are intellectual and political schizophrenics.¹⁷⁰

To render the real significance and value of this highly developed conventional wisdom still clearer, we may characterize it—no less exhaustively than Nash summarizes it—by the caricature of the twin methodological supports of the society that produced it, which Steinberg put on the cover of a *New Yorker*: Santa Claus and Sigmund Freud. Amer-

170. Further theoretical limitations of the functionalist part of this social science theory are examined in my "Functionalism, Dialectics, and Synthetics," *Science & Society*, Vol. 30, No. 2 (Spring 1966).

ican society rests on and revolves suggests, and we may add, so does and cultural change which that are the people in the underdevelopment? By waiting for Christmas diffusion from Santa Claus in the bear for the peoples of the under sage from Sigmund Freud. If only terized underdeveloped world will altar of these twin Gods, they too economically. Can it be any wonder developed world must, and will, be possible to find a theory of economic which is empirically congruent v politically acceptable to their real

The direction in which to economic development and change t developed countries is suggested three-part approach of received this approach is empirically wrong of the underdeveloped part of the world, and the world as a whole; an to come to terms with the history opment and underdevelopment. S retically inadequate because it ca whole, because it takes account ne oped part nor of its relations with of the world as a whole, and becau of that world's social system; an alt ture and development of the system tains, and still increases both str underdevelopment as simultaneous tions of the same historical proc policy of this approach is ever mor accepting the structural status quo others' gifts with open hands, an a opment and cultural change will b lutionary and help the peoples of the destruction of this structure an into their own hands. If the deve opment, development theory, or d oped countries, then the people of them by themselves. These three r clothes, which have served to hide fashioning the emperor a new suit him and clothe themselves.

ed countries if they wish to develop. al of this received theory and analysis tural change; it is the alpha and omega Nash can visualize; it is thanks to eory and reality, that Nash manages e says, "via the argument of residue." modes have progressed; to social dual- al dualism. Their whole theory and le. They see one set of characteristics, if any; construct one theory for one ld economic and social system for half her pattern and theory for the other of universalism. They argue that one e and Northern America, diffuses and and South America, to develop. They l metropolises of these three continents efits of this diffusion in turn help ind them. They argue that the take-off s and their national metropolises is their slow and backward hinterlands. cept for the most irresponsible among y that the take-off and development of n Europe and North America is hin- eveloped hinterland in Asia, Africa, and he capital for the development of the erdeveloped countries is to come from om the developed countries; which is om the domestic internal colonies of y ask where the capital for the devel- ountries came from and say it came rong since much, and at the time the he consequently now underdeveloped remainder of the developed countries' ersalism of their social science is a pre- orrow something from the arsenal of of all three modes of economic devel- o like to call themselves universally al and political schizophrenics.¹⁷⁰ ce and value of this highly developed r, we may characterize it—no less ex- it—by the caricature of the twin metho- hat produced it, which Steinberg put anta Claus and Sigmund Freud. Amer-

of the functionalist part of this social science alism, Dialectics, and Synthetics," *Science &*

ican society rests on and revolves around these twin gods, Steinberg suggests, and we may add, so does the ideology of economic development and cultural change which that same society produces and exports. How are the people in the underdeveloped countries to achieve economic development? By waiting for Christmas and then accepting the gift of diffusion from Santa Claus in the North. What gift does Santa Claus bear for the peoples of the underdeveloped countries? The latest message from Sigmund Freud. If only the people of the mythically characterized underdeveloped world will, like we did, learn to worship at the altar of these twin Gods, they too will change culturally and develop economically. Can it be any wonder that the people of the real underdeveloped world must, and will, look beyond what some others dream possible to find a theory of economic development and cultural change which is empirically congruent with, theoretically adequate for, and politically acceptable to their reality, needs, and desires?

The direction in which to look for an alternative theory of economic development and change that is more adequate for the underdeveloped countries is suggested by the common shortcomings of the three-part approach of received theory reviewed here. Firstly, where this approach is empirically wrong about the past and present reality of the underdeveloped part of the world, the developed part of the world, and the world as a whole; an adequate alternative theory will have to come to terms with the history and contemporary reality of development and underdevelopment. Secondly, where the approach is theoretically inadequate because it cannot identify the determinant social whole, because it takes account neither of the history of the underdeveloped part nor of its relations with the developed part, and least of all of the world as a whole, and because it does not conform to the structure of that world's social system; an alternative theory must reflect the structure and development of the system which has given rise to, now maintains, and still increases both structural development and structural underdevelopment as simultaneous and mutually produced manifestations of the same historical process. Thirdly, where the development policy of this approach is ever more politically conservative and counsels accepting the structural status quo with folded hands while waiting for others' gifts with open hands, an alternative policy for economic development and cultural change will have to be politically ever more revolutionary and help the peoples of the underdeveloped countries to take the destruction of this structure and the development of another system, into their own hands. If the developed countries cannot diffuse development, development theory, or development policy to the underdeveloped countries, then the people of these countries will have to develop them by themselves. These three modes of approach are the emperor's clothes, which have served to hide his naked imperialism. Rather than fashioning the emperor a new suit, these people will have to dethrone him and clothe themselves.