

corollary of the first: thus Ernest Gellner remarks that 'science is the mode of cognition of industrial society'.³⁷ Finally, we are reminded that growth depends upon increasing the amount of capital, which is a fairly obvious reflection of contemporary Keynesian economic ideas.

From these three elements Lewis follows a procedure of unpacking: thus he shifts ever closer to history and to the real world by asking why these proximate causes operate in some societies more strongly than in others. This is a search for those configurations of institutional and cultural factors which are compatible with the logic of economic development. All the non-economic factors must be consistent with the demands of economic logic. In general we can ask what an environment conducive to growth looks like. At this point the questions are reformulated to focus on the evolutionary aspects of the process. It can be asked how it is that environments change so as to become more or less conducive to economic growth. In this way Lewis links themes within classical political-economy, material drawn from Keynesian-influenced economic growth theory and descriptive historical and social scientific material related to the condition of the underdeveloped countries. In all this he both recalls the concerns of the classical tradition with its focus on the analysis of complex change and anticipates the particular schedule of interests of the approach which came to dominate much of First World development theorizing; that is, modernization theory.

The Construction of Modernization Theory

The background to the construction of modernization theory is suffused with the political concerns of the USA in the late 1950s and early 1960s. The general ethos of the period finds intellectual expression in the social scientific concern with the structural-functional analysis of industrial society. The social scientific material can be taken to comprise a package deal which specifies the nature of industrial society, indicates how non-industrial societies might be expected to modernize, argues that capitalism and socialism will converge as the logic of industrialism drives the global system forward, and suggests that the system will produce widespread prosperity with a consequent diminution of conflict-occasioned ideological debates. The background to the production of the theory of modernization can be said to have three elements: bipolarity; containment; and aid-donor competition (see figure 11).

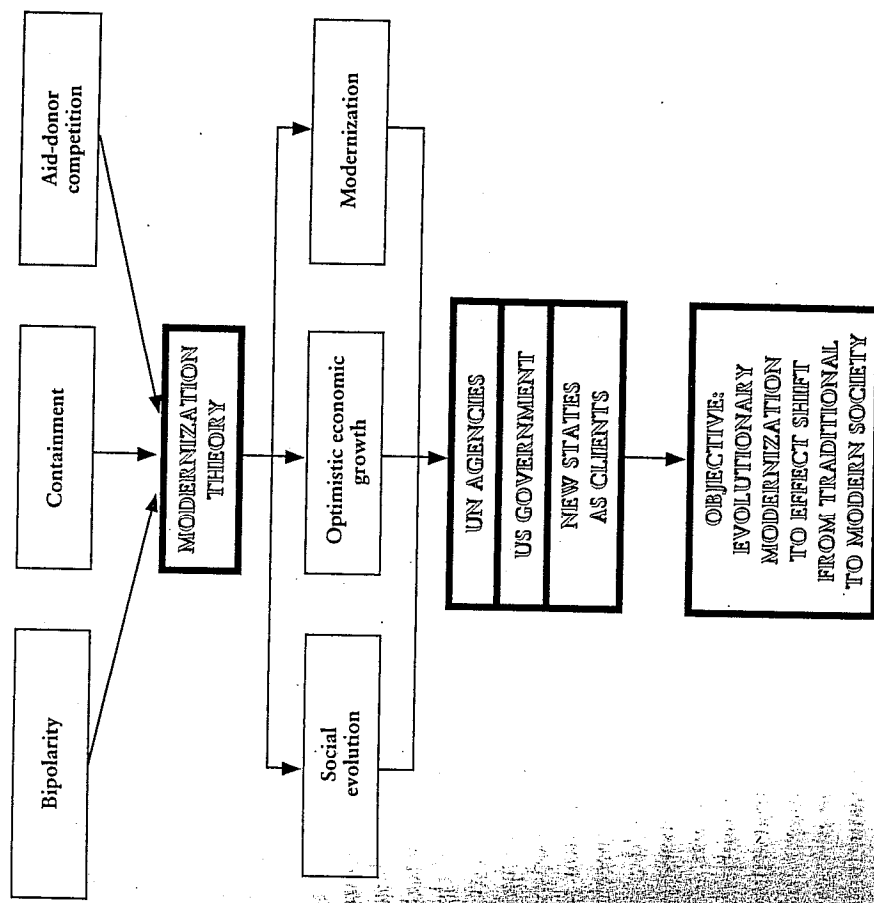
International bipolarity, containment and aid-donor competition

Hobsbawm analyses the short twentieth century in terms of the eclipse of the optimistic project of the European Enlightenment.³⁸ There are two

37 E. Gellner *1964 Thought and Change*, p. 179.

38 E. Hobsbawm *1994 Age of Extremes: The Short Twentieth Century, 1914-1991*, London, Michael Joseph.

Figure 11 Modernization theory



elements to the analysis. The major theme deals with a series of disasters which overtook the Europeans and these included war, revolution, depression and, after a brief economic and social golden age, a return to drift and uncertainty. The minor theme deals with the shift in power within the global system of industrial capitalism away from Europe and towards the USA.

The changing nature of power relationships within the capitalist global system is a familiar issue for economic and political historians. The standard story involves an opening phase centred on the rise to global prominence of the UK in the nineteenth century followed by the rise of competitors in the USA, Germany and Japan. The Great War sees the Europeans locked in conflict while the Americans (and the Japanese) advance. In the period following the Great War the centre of the capitalist world economy is the USA.

In the post-Second World War period the European powers are finally

eclipsed. The effective removal of the major colonial economic blocks with their centres in Paris, Amsterdam and London leaves the USA as the unchallenged leader of what comes to be called the Free World, or the West. However, as the post-Second World War period sees the decline of European power and the rise to pre-eminence of the USA it also sees the parallel rise of the USSR. The dominance of the USA and the USSR within the international system was understood in terms of the notion of bipolarity. The USA prepared for its global role as the core power of the liberal capitalist system and the machineries of the Bretton Woods system of international economics were predicated upon the notion of open liberal trade.³⁹ The Bretton Woods system along with the dominant role of the USA was successful. Hobsbawm notes that the period from 1945 to 1970 was in retrospect an economic golden age,⁴⁰ notwithstanding that no one can quite explain why it all happened.⁴¹ However, for present purposes we can set these debates aside. It is enough to record the division of Europe into an eastern bloc and a western bloc. It was this Cold War situation which coloured the thinking of American policy-makers, political agents and scholars.⁴²

The notion of containment expressed the resolution of the USA to halt the spread of communism. The concern of the USA was initially focused on Europe in the wake of wartime upheaval. In particular the occupation of eastern Europe by the USSR and the activities of the left in western Europe. Subsequently, the attention of the USA extended to the Third World.

In the period of the 1950s when the first work that was to issue in modernization theory was undertaken, the model of the modern was not merely the image of the USA writ large, but an image suffused with the demands of the 'patriotic imperative'.⁴³ It was widely supposed that it was the business of the USA to reconstruct the world in its own image. The ideological position typical of American thinking equated: (a) the interests of the USA; (b) functioning liberal market economies; (c) resistance to communism; and (d) the future prosperity of the world. This doctrinal package was labelled the 'Free World'. The mere existence of the USSR was a challenge and it seemed within the logic of this ideology that peace and stability required that the USA adopt the role of protector of the Free World. It was President Harry S. Truman's March 1947 address to the Congress that officially launched the doctrine of containment. The US government was attempting to proscribe any change – political, social, or economic – to which it had not given its assent.

39 G. Kolko 1968 *The Politics of War: US Foreign Policy 1943–45*, New York, Vintage.
40 Hobsbawm 1994 op. cit.

41 P. Krugman 1994 *Peddling Prosperity: Economic Sense and Nonsense in an Age of Diminished Expectations*, New York, Norton, speaks of the post-war 'magic economy' which arrived unexpectedly and then went away equally unexpectedly.

42 In substantive vein, see T. Spybey 1992 *Social Change, Development and Dependency* Cambridge, Polity, ch. 7.

43 D. Caure 1978 *The Great Fear: The Anti-Communist Purges Under Truman and Eisenhower*, London, Secker and Warburg, p. 21.

The third element in the background to modernization theory involves aid-donor competition. In the history of aid-giving it is possible to distinguish between two broad phases.⁴⁴ At first aid was internally oriented and concerned with the reconstruction of Europe. In the second phase however the attention of First World theorists was outwardly oriented and concerned with development in the Third World. The key events which marked the change of focus were the Bandung Conference of 1955 when a group of newly independent countries founded the influential non-aligned movement, and a few years later the entry onto the aid-giving scene of the USSR. Overall, this is the period during which modernization theory was constructed.

In the early post-war years the USSR regarded the world as split into hostile camps and any suggestion of non-alignment was viewed with suspicion. However with Stalin's death in 1953 there was a relaxation in that stance which coincided with a thaw in the Cold War. The first sign of this was the pledge by the USSR of one million dollars to a UN aid programme. In 1956 Nikita Khrushchev announced that the USSR was now willing to offer the underdeveloped countries development aid. This offer saw practical expression when in the wake of the USA's withdrawal of financial support for President Nasser's Aswan High Dam (in Egypt) the USSR stepped in with aid.

As a consequence of these events there opened up an area of competition between the super-powers. The competitive aid-giving took the form of offers of socialism on the one hand and membership of the Free World on the other. In the USA the latter scheme was presented within the ambit of development studies as modernization theory. A recent discussion of the impact of the competition of the USA and the USSR in the Third World indicates that extensive disruption has been caused. In respect of the activities of the Americans it is possible to identify a series of overt and covert interventions within the Third World which have had a catastrophic impact.⁴⁵ In general, where we looked earlier at the crystallization of Keynesian-derived growth theory within the context of decolonization, here we look at the construction of modernization theory within the context of bipolar competition between super-powers.

The Logic of Modernization Theory

In the process of the construction of modernization theory there were two major areas of intellectual resources available to the theorists and these were the work of the economists who confront the problems attendant upon the scale and complexity of the macro-economics of growth and the work of the broad spread of social scientists who concerned themselves in one way or another with the problem of analysing industrial society.

44 J. White 1973 *The Politics of Foreign Aid*, London, Bodley Head.
45 F. Halliday 1989 *Cold War, Third World*, London, Radius.

The economics of modernization

The debate in respect of the possibilities of stable growth can be seen as an element in the wider debate around the implications of the work of Keynes for economics in general. In this debate two tendencies can be identified. First, the 'new Cambridge school' in the UK which seems to have taken Keynes to have reinvented political-economy. Second, the continued neo-classical line promoted by scholars at Cambridge, Massachusetts, which takes Keynes to be assimilable to the neo-classical line where economics is taken to be a matter of the construction of formal economic-analytic calculi. Overall, the hesitant rediscovery of political-economy made by the new Cambridge school is echoed and elaborated by later theorists of development whilst the work of Keynes is simultaneously absorbed into a revived neo-classical orthodoxy.⁴⁶ Indeed in the 1980s the anti-Keynesian economic liberalism of the New Right attained a measure of fashionable acceptance in parts of the First World.

The history of technical growth economics can be characterized as a sustained attempt to weaken the unpalatable implications of Roy Harrod's work,⁴⁷ and in this restricted sphere 'growth theory quickly became highly elaborated and often esoteric'.⁴⁸ In 1956 Solow presents a revised model of economic growth in which the uncomfortable elements of Harrod's work are simply removed and no longer is the growth path difficult to find and hard to keep to but on the contrary it is easy to find and thereafter self-sustaining.⁴⁹ In the practical political context of aid-donor competition this is a much more attractive position. A related series of revisions are made and models of the growth process are made more sophisticated by using material from 'theories dealing with the processes of social and institutional change'.⁵⁰ Overall the models became more complex and less narrowly economic and the distinction between economic growth theories and theories of social change grew increasingly blurred.

The problem of social change and modernization

Theories of social change constitute the second area of substantive interest that carries over from the earlier discussions of growth theory and here we can trace the emancipation of the broad range of the social sciences from their status as under-labourers to economics. With regard to the origins of modernization theory commentators are clear that 'the idea of modernisation

46 P. Ormerod 1994 *The Death of Economics*, London, Faber, ch. 3.

47 H. Jones 1975 *An Introduction to Modern Theories of Economic Growth*, London, Nelson, p. 53.

48 H. Brookfield 1975 *Interdependent Development*, London, Methuen, p. 30.

49 R. Solow 1956 'A Contribution to the Theory of Economic Growth', *Quarterly Journal of Economics*, 70.

50 R. F. Mikkelson 1968 *The Economics of Foreign Aid*, London, Weidenfeld, p. 32.

is primarily an American idea, developed by American social scientists in the period after the Second World War and reaching the height of its popularity in the middle years of the 1960s.⁵¹ The period saw an attitude of complacency towards American society which had its counterpart in social theory when a mixture of structural-functionalism, social psychology and empirical survey analysis was deployed to elucidate the nature of industrial society and it was claimed that all societies were 'converging towards a common destination dictated by the technical and organisational imperatives of advanced industrialisation'.⁵² The fate of the Third World was one of disintegration and reformation in line with this trend. All this can be read in the light of American intellectual traditions and 'in such a way contemporary history was assimilated to the foreshortened historical understanding in American social thought so that the diverse peculiarities of other societies and the worrying features of America itself could always be explained away'.⁵³ The general ethos of the period finds intellectual expression in the social scientific concern with the structural-functionalist analysis of industrial society. The material gathered under this general approach was very influential within the West and it may be said to have attained for a brief period in the 1950s and early 1960s the status of an unquestioned consensus position.

In producing this approach the work of Talcott Parsons was a key resource. Parsons offered a very complex general theory of social action which comprised four aspects: the analysis of the fundamental logic of social action; the scheme of the pattern variables which govern the orientation of action; the identification of the functional requisites of systems of action which allow the system to be maintained; then finally the idea of equilibrium is introduced as the endpoint to which all systems tend when disturbed. The business of disturbance and restoration of equilibrium generates system learning. The system as a whole can be said to experience differentiation, reintegration and evolution. Parsons then used this general theory of action to analyse existing society. It was argued that the general social system comprised a set of sub-systems which could be dealt with by the various social sciences (economics, sociology, politics and psychology).

It is on the basis of the work on general action theory that the familiar structural-functionalist analysis of industrial society is constructed. What we have is a model of the social world as a self-regulating harmonious whole held together by common values. The approach developed through the post-Second World War period into the modernization, industrialism,

51 D. C. Tipps 1976 'Modernisation Theory and the Comparative Study of Societies: A Critical Perspective' in C. E. Black ed. 1976 *Comparative Modernization*, London, Collier, p. 71.

52 G. Hawthorn 1976 *Enlightenment and Despair*, Cambridge University Press, p. 242.
53 Ibid.

convergence and end-of-ideology package. In this essentially ideological celebration of the model of the Free West: (a) modernization was the process whereby the less developed countries would shift from traditional patterns of life to become developed; (b) industrial society was the goal, where society was driven by the demanding logic of industrialism; (c) the logic of industrialism would lead to the convergence of political economic systems (in particular those of East and West); and (d) the achievement of prosperity as in the USA of the 1960s would mean that ideological debate occasioned by conflict in respect of scarce resources would wither away.⁵⁴

Criticisms of Modernization Theory

The whole episode of modernization is characterized by its adherence to dichotomous characterizations of the issue of development.⁵⁵ Having conceptualized the whole business in terms of the dichotomy between traditional and modern, the theorists of this school then proceed to attempt to elucidate matters by deploying a further set of dichotomous constructs such as agricultural and industrial, rural and urban, religious and secular, literate and pre-literate, and so on.⁵⁶ Yet the terms traditional and modern are merely 'the latest manifestation of a Great Dichotomy between more primitive and more advanced societies which has been a common feature of Western social thought for the past one hundred years'.⁵⁷ The following influential typifications have all been offered: Maine's status/contract; Durkheim's mechanical/organic; Tonnies' Gemeinschaft/Gesellschaft; and Weber's traditional/rational.⁵⁸ The strategy of argument entails that 'the bridge across the Great Dichotomy between modern and traditional societies is the Grand Process of Modernisation'.⁵⁹ Overall, it seems clear that what we have in these schemes of modernization is an attempt to construct a descriptive general policy science which characterizes the process and goal of modernization and identifies specific points of intervention. However, the theory of modernization has been extensively criticized.

54 A fine example of the package is offered by C. Kerr et al. 1973 *Industrialism and Industrial Man*, Harmondsworth, Penguin. For a general rebuttal see A. MacIntyre 1971 *Against the Self-Images of the Age*, London, Duckworth.

55 Brookfield 1975 op. cit. p. 53.

56 See B. Hettne 1990 *Development Theory and the Three Worlds*, London, Longman. ch. 2. See also H. Bernstein 1971 'Modernization Theory and the Sociological Study of Development', *Journal of Development Studies*, 7; H. Bernstein 1979 'Sociology of Underdevelopment Versus Sociology of Development' in D. Lehman ed. *Development Theory*, London, Frank Cass.

57 S. P. Huntington 1976 'The Change to Change: Modernisation, Development and Politics' in C. E. Black ed. op. cit. p. 30.

58 See R. A. Nisbet 1966 *The Sociological Tradition*, New York, Basic Books, ch. 3 which deals with community.

59 Huntington 1976 op. cit.

Criticisms of the models of traditional and modern.

We can begin with the attacks that have been made on the two central notions of traditional and modern. The characterizations offered have typically been based on the scheme of pattern variables advanced by Talcott Parsons. In Parsons' work the pattern variables were designed to characterize the ways in which social agents approached social action. However, in the theories of modernization the pattern variables are reworked to offer characterization of the general nature of societies. The five pattern variables offer a way of characterizing the shift from traditional to modern which is taken to be necessary in the process of development. However, the characterizations of both traditional and modern society have been criticized as highly dubious descriptions.

The modern world is thus only restrictedly universalistic as society is fissured by class, ethnic and religious affiliations. The extent of achievement-orientation may also be questioned, as the attitude of the middle-class careerist is not that of either the landed aristocrat or the working-class labourer. The extent of self-orientation may also be questioned because modern society continues to evidence a concern for the community. In a similar fashion, when we turn to the model of the traditional society contains the criticisms have been sharper. The image of traditional society contains flaws which are similar to those indicated for the model of the modern. It is clear that traditional societies do evidence self-orientation, universalism, and concerns for achievement. It is also the case that in addition to the type of descriptive imprecision noted there is an ethnocentric bias insofar as the model of traditional society is presented merely as a collection of ways in which these societies diverge from the model of the modern.⁶⁰ If it is now retorted that these are 'ideal-typical' characterizations (and thus inevitably problematical in concrete application), then we can say that as heuristic devices they are low grade because of their imprecision, and that their manner of construction is not satisfactory.

The theoretical objection in respect of the strategy of concept construction used by the theorists of modernization is to the way in which the category of traditional is simply defined negatively in relation to the modern. The procedure of the modernization theorists has been to define first the modern; the non-modern or traditional is what is left over. The category of 'traditional' is a residual category. It is clear that residual categories are beset with problems. If we begin by taking note that the modernization theorists aspire to produce a policy science - which understands knowledge of the social as being the same as knowledge of the natural - then it is clear that the fundamental concepts they use must (on their own arguments) stand in some clear relationship to the facts, to the concept's empirical

60 See A. G. Frank 1969 'Sociology of Underdevelopment and Underdevelopment of Society' in idem *Latin America: Underdevelopment or Revolution*, New York, Monthly Review Press.

referents. We can agree that the category of the modern, even if the characterizations produced are faulty, does at least stand in some sort of clear and direct relationship to the material circumstances it would grasp; and even, to go one step further, if we note that abstracting and generalizing are faulty procedures we can nonetheless grant that with the modern the procedure is at least minimally plausible. This is not so with the category of the traditional. This concept is not made by abstraction and generalization, but by detailing the way in which non-modern societies fail to measure up to the model of the modern. The notion of traditional is thus a residual category and dichotomies 'which combine positive concepts and residual ones... are highly dangerous analytically'.⁶¹ It is from this fundamental incoherence that the intellectual problems of modernization theory flow. It is little wonder that their characterizations of traditional society were attacked as unconvincing and ethnocentrically biased.

Criticisms of inbuilt bias

If we move on to the issue of bias we can see that it is inherent in the use of residual categories. A dichotomous typification which affirms one category and then identifies the other as a concatenation of non-prime category elements is immediately biased. The notion of the modern within modernization theory is taken as self-evidently given, and the non-modern constitutes just so many deviations from it. In this way a schedule of judgments gets built into the very machineries of analysis.

With modernization theory the bias works in several interesting ways. I will note one: the abolition of the history of Third World countries. This A. G. Frank notes of Rostow's stage theory, that the scheme presupposes a primitive starting-point from which the presently developed are taken to have emerged.⁶² Frank thinks this reasoning is flawed: 'This entire approach to economic development and cultural change attributes a history to the developed countries but denies all history to the under-developed ones'.⁶³ The presently developed countries have the history of their emergence whilst the presently underdeveloped have yet to move and consequently have no history. Now clearly this is ludicrous, but what is happening is that classifying the Third World as comprising traditional societies neatly begs the issues in respect of their character. Frank argues that far from the Third World countries having no history, it is precisely the histories they do have that explain their present circumstances. And the history of many involves crucially, the episode of colonialism and the manner of their insertion into the expanding world economy of First World capitalism. The modernization

61 Huntington 1976 op. cit.

62 Frank's work is discussed in ch. 13.

63 Frank 1969 op. cit. p. 40; see also R. I. Rhodes 1968 'The Disguised Conservatism of Evolutionary Development Theory', *Science and Society*, 32.

approach is condemned as theoretically incapable of what on any plausible account would be part of the commonness of enquiry. The formulation traditional/modern is thus skewed or biased in that it rules out consideration of the part played by the developed in creating the circumstances of the underdeveloped.

Walt Rostow's Stages of Economic Growth

The discussion of modernization theory can be concluded by looking at Rostow's *The Stages of Economic Growth* which represents the apogee of modernization theory. Rostow identifies five stages of economic growth and then observes: 'They constitute, in the end, both a theory about economic growth and a more general, if still highly partial, theory about modern history as a whole'.⁶⁴ To this he adds that 'the dynamic theory of production is their bone structure'.⁶⁵ The stages and mechanism combined thus address the issues tackled by Marx; hence the book's subtitle - *A Non-Communist Manifesto* - and Rostow's claim to have replaced Marx. The stages comprise the following five-element sequence.

The initial situation is that of traditional society which Rostow characterizes as 'one whose structure is developed within limited production functions, based on pre-Newtonian science and technology, and on pre-Newtonian attitudes towards the physical world'.⁶⁶ It does not mean that the traditional society was wholly static and indeed improvements in agriculture could enhance levels of living. However, the absence of modern science and technology imposed inevitable limits upon such a society. Rostow goes on to characterize this traditional society in terms of its agricultural base, clan-based polity, and fatalistic mentality.

The second stage of the process has to establish the pre-conditions for take-off into self-sustained growth. The second stage is exemplified by western Europe in the late seventeenth and early eighteenth centuries as medieval society disintegrates, modern science grows and trade develops. In this period the possibilities for production opened up by modern science find acceptance within society and as a consequence the whole slow business of remaking traditional society begins. In contrast to the traditional societies of the Third World, which are dislodged by incursions of external powers, in seventeenth-century Britain reactive nationalism was generated by the wars against the Spanish, Dutch and French. Once the economic and social dynamic had been initiated it was quickly extended to other European states.

In the third stage of take-off economic growth becomes normal. Rostow

64 W. W. Rostow 1960 *The Stages of Economic Growth: A Non-Communist Manifesto*, Cambridge University Press, p. 1.

65 *Ibid.* p. 3.

66 *Ibid.* p. 4.

argues that the take-off 'is the interval when the old blocks and resistances to steady growth are finally overcome'.⁶⁷ Rostow continues by arguing that the 'forces making for economic progress, which yielded limited bursts and enclaves of modern activity, expand and come to dominate the society'.⁶⁸ A particular group has to seize the opportunities provided by their resources within the expanding economy. The typical rate of capital investment rises from five to ten per cent of national income and a series of sectors of industry are quickly established. Rostow comments that in 'a decade or two both the basic structure of the economy and the social and political structure of the society are transformed in such a way that a steady rate of growth can be... regularly sustained'.⁶⁹

In the fourth stage of the drive to maturity there is a long period of progress with ten to twenty per cent of national income invested in new production capacity. As a consequence industries now forge ahead, mature and level-off. At the same time new industries arrive on the scene. There is a period of fine adjustment to social and institutional arrangements such that eventually a mature economy and society is established which rests on the absorption of home-generated new technologies.

In stage five, which is the period of high mass consumption, the leading sectors shift away from heavy industries towards the provision of consumer durables and services in the consumer marketplace, and at the same time social welfare provisions are made. At this point the society in question has accomplished fully the shift from traditional to modern society.

Rostow links this stage theory to a mechanism, which he has to in order to block the criticism that all he has produced is an arbitrary periodization of history. Rostow insists that his stages 'are not merely descriptive... They have an analytic bone-structure, rooted in a dynamic theory of production'.⁷⁰ Rostow's dynamic theory of production is a derivation of the ideas of Keynesian work and he looks at savings, investment and sectoral performance, and postulates for an economy a set of optimum paths of sectoral development. The course of history will inevitably see divergences from this optimum path but essentially development is 'the effort of societies to approximate to the optimum sector paths'.⁷¹ In terms of a mechanism then, what we have in addition to the above noted element of reactive nationalism is a mixture of growth economics after the style of Harrod-Domar and sectoral analysis after the style of the economist Colin Clark.⁷²

67 *Ibid.* p. 7.

68 *Ibid.*

69 *Ibid.* pp. 8-9.

70 *Ibid.* pp. 12-13.

71 *Ibid.* p. 14.

72 Clark analysed societies in terms of sectoral maturation: primary sector, secondary sector, tertiary sector and quaternary sector. The shift is from raw-material production through manufacturing to knowledge-based industries. On Clark, see Brookfield 1975 op. cit. ch. 2.

Rostow criticized

If we look to the general response to Rostow's book it is clear that whilst it was well received by lay readers, in particular amongst the various policy communities associated with the business of development, it was badly received by specialists. Baran⁷³ and Hobsbawm remarked that the closest the author came to offering a mechanism of growth comprised 'little more than verbiage... based on... coffee-house sociology and political speculation'.⁷⁴ The popularity of Rostow's book amongst policy-makers was based on the timing and origin of his message, and the optimistic generality of the content.

The work was first presented in a 1956 essay⁷⁵ and re-presented in its now familiar form in 1960. It was the pre-eminent theory of modernization in the early 1960s. The initial publication of the material coincided with the challenge to the USA in respect of aid donation made by the USSR. In the context of aid-donor competition between super-powers and the subsequent search by the Americans for an elaborated theory of modernization the work of Rostow was ideologically serviceable. In the 1960 publication the policy-scientific core of the scheme plus its anti-communist theme fitted Rostow neatly into the New Frontier.⁷⁶ It is here that we find the highest expression of the notions of interventionism. Rostow was a part of this establishment.

The counterpart is the acceptability of the message. In the 1960s a confluence of factors had effectively shifted international discussion of aid and development on to a very general level. The debate came to focus on the rules of the game, and questions about the real purpose of aid, concern with how it was supposed to work and what existing analytical conceptions supposed and entailed, dropped away. In their place there was a presumption of self-evidence. Here the descriptive, unreflective generality of the Rostowian scheme was wholly appropriate. It can also be suggested that the scheme had detailed stylistic advantages for any policy-maker: thus take-off was scheduled to run over a 20-year period - both short enough to be conceivable and long enough not to be oppressive. The scheme's persuasiveness can be summarized as follows: 'It seemed to give every country an equal chance; it "explained" the advantages of the developed countries; it offered a clear path to progress - without spelling this out in detail; it identified the requirements for advance with the virtues of the West; it suggested comfortably that the communist countries were in fact following Western recipes, with a difference; it debunked the historical theories of Marx'.⁷⁷

73 Baran's work is considered in ch. 13.

74 P. Baran and E. Hobsbawm 1961 'The Stages of Economic Growth', *Kyklos*, 14.

75 W. W. Rostow 1956 'The Take-Off into Self-Sustained Growth', *Economic Journal*, 66.

76 The phrase 'New Frontier' was President Kennedy's and marked the intention of his administration to tackle social reform.

77 Brookfield 1975 op. cit. p. 38. For further material see W. W. Rostow 1990 *Theorists of Economic Growth from David Hume to the Present*, Oxford University Press.

Chapter Summary

I have now discussed the historical milieu of growth theory, its logic of explanation, and have looked at two influential early applications of the position. It is clear that these theorists were sensitive to the difficulties of shifting established intellectual tools to the Third World and they appreciated that complexity of the issues themselves. Given the demand that they produce something by way of a theory of development, their procedure was what we would expect, which is to say that they began with the intellectual tools at their disposal and fashioned a plausible scheme around the economics of Keynesian growth theories. Second, we can note that their work subsequently fell out of fashion as it became clear that the basic metaphor was false, because tackling development was not like tackling unemployment. Streeten remarks that they miscast their starting point and confused complex problems of social, political and economic change with the range of technically detailed aspects of managing sophisticated economies.⁷⁸ It is also clear, thirdly, that we should not dismiss their work because their work saw both an initial restatement of some of the core concerns of the classical tradition of political-economy and relatedly the initial presentation of a series of ideas revolving around the ideology of authoritative interventionism which in the guise of modernization theory subsequently became part of the common coin of development studies.

The theory of modernization follows on from growth theory but is heavily influenced by the desire of the USA to combat the influence of the USSR in the Third World. The theory of modernization offers the new nationstates of the Third World an easy route to the status of developed economies and societies. The theory of modernization typically makes use of the work of all the social sciences to offer a general description of the shift to the modern world. The theory of modernization rests an optimistic version of economic growth models and on theories of stable change. A simple dichotomy is proposed between traditional and modern societies with modernization as the process of moving from one situation to the other. The theory of modernization was very influential in the 1950s and 1960s. However, modernization theory has subsequently been criticized for illegitimately generalizing the model of the West and more particularly the model of the USA.

10

The Development Experience of Latin America: Structuralism and Dependency Theory

Overview of Structuralist and Dependency Theories

In the years prior to the depression of the 1930s the economies of the countries of Latin America had been oriented to exporting primary products to the European and American markets. However, the response of governments to the economic dislocation of the depression and subsequent war years had the effect of encouraging import-substituting industrialization. After the end of the Second World War this situation was theorized by Raul Prebisch and the social scientists of the UN Economic Commission for Latin America, ECLA. The standard theories of international specialization and trade which argued for a complementary international division of labour were rejected. A structuralist economics was formulated to model realistically local economies so that governments could effectively plan for national development. The influence of structuralist economics declined as the drive to industrialize faltered in the early 1960s and theorists came to stress the more radical political implications of the structuralist centre-periphery motif. As the material of structuralism was reworked the approach known as dependency theory emerged. On the dependency view the upshot of the historical experience of the countries of Latin America is that the region has come to occupy a position of subordinate incorporation in the global economy.