and a political order dominated by authoritarian *caudillos,* or strongmen, who ruled in alliance with the agrarian elites.

The ground slowly started to shift as, late in the century, small numbers of private industrialists began to appear, often calling on governments to change policy direction and nurture their development.[6] They made little political impact over the following four decades, but their importance emerged. When change came, and governments enacted ambitious industrial development policies, capitalists who were ready and eager to take advantage of these new policies were at hand.

And change came. During the Depression-era 1930s, the fall in first-world demand caused world prices for Latin America's exports to collapse. This was followed by the wartime loss of European markets and supplies. Revenue from exports of primary goods plummeted. The resulting lack of foreign exchange restricted opportunities for importing manufactured goods. If local demand was to be satisfied, it would have to be done internally. Latin America found itself confronted with the necessity of industrialization.

The Depression and wartime experiences prompted a sort of "trade pessimism" among Latin America's economic analysts. The world market suddenly appeared volatile, certainly not the type of horse to which one would want to hitch the cart of a national economy. Greater independence from the first world seemed now a distinct virtue. To secure this goal, Latin American governments decided to build up their industrial bases and trade more among themselves. By creating large state firms and encouraging private firms to produce substitutes for goods previously imported, governments sought to shelter themselves from the vicissitudes of the global economy. This strategy came to be known as import substitution.

Latin America's first wave of import substitution, during the Depression, had been a reaction to the sudden changes in the world economy. The second wave sought to anticipate further shocks, and began in 1939 when Chile created the Corporación de Fomento de la Producción (National Development Corporation) to foster industrial development. By this time, Mexico had nationalized its foreign-owned railways and oil companies. Such actions provided the blueprint for an industrial strategy that would be applied throughout Latin America after World War II.

Development Theory After Keynes

During the 1940s, Keynesianism began finding its way into the work of development theorists. Economists in the third world read Keynes's

1936 book, *General Theory of Employment, Interest, and Money,* with great interest. Many obtained their training at first-world universities, where Keynesianism had become prominent by the late 1940s. Meanwhile, the apparent successes of Soviet central planning in the 1930s, when Soviet industry had surged ahead at a time when Western capitalism seemed in decay, as well as the prestige that the Soviet system earned with its victorious effort in World War II, led many Western academics to develop an interest in statism. Under such influences, new currents of thought emerged from third-world academies that lent further support to the principle of an expanded state role in the economy.

Shortly after the war, two economists, Raul Prebisch and Hans Singer, published separately the results of their studies of trade between the first world and the third world. Though working independently of one another, they reached similar conclusions. Their recommendations, which would dominate development thinking for years to come, became known as the Prebisch-Singer thesis. In a nutshell, the thesis was that, over time, third-world countries would have to export more of their primary commodities just to maintain their levels of imports from the first world. If they wanted to increase their imports, they would have to increase their exports even more. Prebisch and Singer called this the "declining terms of trade" syndrome.[7]

As an economy industrializes, capital tends to concentrate. Small firms either expand or fall by the wayside. With fewer firms competing for customers, possibilities for either open or implied collusion emerge. Firms feel less competitive pressure to lower prices, and profit margins rise. Traditional producers of primary products, on the other hand, usually operate in very competitive markets, and must keep their prices and profit margins low.

Put simply, Prebisch and Singer argued that prices in more technically advanced economies rose more quickly than those in more backward ones. Differences in income elasticities of demand strengthened this effect. Demand for finished goods rises with income: as people get richer, they buy more televisions, stereos, and children's toys. Demand for primary goods varies less with income: no matter how rich they get, people will buy only so much coffee. Ragnar Nurkse added to this by arguing that the search for substitutes among industrial producers could actually reduce demand for third-world primary exports.[8] He used the example of chicle, an ingredient in chewing gum that was imported from Latin America. The discovery of a synthetic substitute meant that producers of chewing gum would need less chicle. In the long run, the

prices of first-world goods were expected to rise relative to those for third-world goods. First-world populations would grow wealthy, with unions securing a share of the growing pie for their members. The third-world countries, while possibly still moving forward, would nevertheless fall further behind the front-runners.

The implications were obvious. If things continued the way they had been going, third-world countries would sink deeper into poverty. To import even a fixed amount of finished goods, they would need to export more and more primary goods. They would end up running to standstill. The requirements of increased primary production would in turn gobble up a growing share of the nation's resources, reducing what was left for development. There was only one way to break free of this syndrome: alter the structure of the economy's production. Third-world economies had to rely more on industry for their wealth, and less on the primary sector.

However, many economists believed that this would never happen if things were left to the free market. For instance, P. N. Rosenstein-Rodan said that a "big push" in infrastructure investment and planning was needed to stimulate industrialization, but that the resources for this lay beyond the reach of the private sector.[9] Nurkse also believed that markets in the third world were too small to attract private investment. He proposed a balanced pattern of public investment in several different industries as a way to kickstart an economy by creating the demand that would draw in private investors.[10]

Because these economists spoke of the structural obstacles blocking the third world's path to development, they became known as the structuralists. Structuralism, which came to dominate development economics for the next couple of decades, found its intellectual center in Chile. Raul Prebisch went to Chile in 1950 to direct the UN's newly created Economic Commission for Latin America (ECLA). He then recruited Celso Furtado, Aníbal Pinto, Osvaldo Sunkel, and Dudley Seers, all of whom went on to publish important contributions to structuralist theory. The structuralists judged that the only way third-world countries could remove the obstacles from their path was through concerted state action. States had to push industrialization along, and third-world countries had to reduce their dependence on trade with the first world and increase trade among themselves. Support for structuralist theory came from outside its camp when, in 1954, W. A. Lewis published a paper on labor and development.[11] Lewis argued that in a third-world economy, the wage rate was set at a constant level as determined by minimum levels of existence in traditional family farming. This ensured a virtually

unlimited supply of cheap labor, which was an advantageous factor in industrial development. With state support, this cheap labor supply could be harnessed to build up a nation's industry.

In the course of the 1950s, Latin American governments began to implement the advice of ECLA. The belief that industrialization would remedy underdevelopment spread throughout not only Latin America, but also most of the third world.[12] This optimism was mirrored in the emergence of the modernization school in the United States, which looked forward to the third world's entry into the modern, and Western, world.

Modernization Theory

Modernization theory sprang from what has been called the behavioral revolution, a shift in US social scientific thought that began in the late 1940s and continued through the 1960s. Before World War II, for example, US political scientists had devoted themselves to the study of constitutions and institutions. However, the rise of totalitarianism in Adolf Hitler's Germany and Joseph Stalin's Soviet Union battered their faith in constitutions (both countries having started out with model constitutions). Whereas political philosophy had always concerned itself with questions of human behavior and how best to organize society, the behavioralists inaugurated a revolution by trying to replace philosophy with science. They were interested not in society as it should be, but simply as it was. They set out to observe, compare, and classify human behavior in the hope of making general inferences about it.

Modernization theory sought to identify the conditions that had given rise to development in the first world, and specify where and why these were lacking in the third world. Modernization theorists, depending on their focus, reached varying conclusions. To some, the problem of the third world was a mere shortage of capital: development required a rise in the savings rate.[13] To others, it was a question of value systems: third-world peoples lacked the cultural values, such as the profit motive, that would make them entrepreneurial. In this case, development required Westernizing elites, or some kind of education in capitalist values.[14] Yet whether from a sociological, political, or economic standpoint, modernization theorists generally concurred on one important point: underdevelopment was an initial state. The West had progressed beyond it, but other countries lagged behind. However, the West could help speed up the process of development in the third world, for instance by sharing its capital and know-how, to

bring these countries into the modern age of capitalism and liberal democracy.[15]

Reflecting the optimism and idealism of their time, behavioralism in general and modernization theory in particular eventually ran into problems. Chief among these was that the scientific method they tried to apply to the study of human behavior and society was not of the highest quality, being closer to nineteenth-century positivism than to contemporary scientific theory. Whereas philosophers of science were then writing about the extent to which opinions, biases, and judgments influenced scientific research, the behavioralists, in their quest for value-free science, were not always sufficiently sensitive to the biases they carried. Modernization theory was a prime example. It reflected not only the age's optimism and idealism, but also its anticommunism. W. W. Rostow called his book *The Stages of Economic Growth* a noncommunist manifesto. Because they assumed that all societies progressed in linear fashion along the same path toward development, from which fascism and communism were aberrations, modernization theorists could not easily accept that the third world might differ fundamentally from the first.

Modernization theory resembled structuralism in its emphasis on physical-capital formation, but differed somewhat in its more benign view of first-world capitalism and imperialism and the role they played in third-world development. Modernization theorists looked to Westernizing elites, trained in the secular, bureaucratic, and entrepreneurial values of the first world, to lead their countries into the modern age. At first the differences between structuralism and modernization theory were not so great—after all, both Prebisch and Lewis favored foreign investment. But as time went by, a more radical second generation of structuralism emerged, reacting angrily against modernization theory. This was dependency theory.

Modernization theory grew out of a time in which many academics spoke about the end of ideology. The idea was that the postwar period had given rise to a grand consensus. It was supposed that everyone agreed that market economies, harnessed to an interventionist state, were the wave of the future, that left and right had met up and become one. By the 1960s, however, whatever consensus did exist had begun to fray in academic circles. The radical left had resurfaced, and argued that market economies created certain injustices that no amount of state tinkering could rectify. Whereas modernization theory espoused the market, radical theorists repudiated it. The left-right divide was back. In development studies, it was dependency theory that carried the torch.

Dependency Theory

Although it had roots in Indian nationalist thought from the turn of the twentieth century, dependency theory first came to light in *The Political Economy of Growth,* written by Paul Baran in the 1950s.[16] However, a decade would pass before dependency literature would begin to proliferate. Whereas modernization theorists saw the first world as guiding third-world development through aid, investment, and example, Baran argued that the first world actually hindered the emergence from poverty of the third world. The Westernizing elites in whom modernization theorists placed their faith would not lead their countries out of backwardness. Rather, argued Baran, these elites were fifth columnists who conspired to keep their homelands poor. Though it appeared illogical, this strategy was shrewd: it impoverished most of the population, but enriched the few who applied it.

Baran suggested that third-world bourgeoisies ruled in alliance with traditional landed elites, spending their profits on ostentation rather than on the investment that would accelerate growth. Imperialism had not exported capitalism to the third world; rather, it had drained the colonies of the resources that could have been used for investment, and had killed off local capitalism through competition. Imperialism had, in effect, cut short the natural process of capitalist development that Karl Marx had identified. André Gunder Frank later sharpened Baran's analysis,[17] stressing that development and underdevelopment were, in effect, two sides of the same coin. By siphoning surplus away from the third world, the first world had enriched itself. By keeping the third world underdeveloped, the ruling bourgeoisies of the first world ensured a ready market for their finished goods and a cheap supply of raw materials for their factories.

Dependency theory took as axiomatic the view that the dominant class in any developed capitalist society was the bourgeoisie, or capitalist class, and thus that the foreign policies of first-world countries would be concerned primarily with the promotion and protection of capitalist interests. The capitalist states of the first world were able to thwart the development of the third world by striking alliances with the dominant classes of the third world, the dependent bourgeoisies. This latter class was essentially a rural oligarchy, though it often had interests in the modern sector in trade and services. It benefited from its dependence by earning its revenue on the export market and spending its profits on imported luxury goods. A national industrialization strategy would threaten the well-being of the members of the dependent bourgeoisie, because it would entail heavy taxes on their income to fuel savings and

protective barriers that would block their access to cherished luxury goods. Keeping its country backward thus preserved the wealth and privileged position of a third-world ruling class. At the same time that Frank was developing his theory, Samir Amin, working thousands of miles away, was reaching similar conclusions in his study of the economy of Côte d'Ivoire.[18] There he discovered a "planter bourgeoisie" that evinced little interest in development and was content to be a parasite living off the avails of foreign capital. Côte d'Ivoire was too small to contain Amin, who quickly generalized his theory into an explanation for the underdevelopment of West Africa[19] and eventually the entire third world.[20]

Early versions of dependency theory were inclined to claim that third-world countries would remain locked into "classical dependence," producing primary goods and importing finished goods. They did not foresee the change in the structure of production called for by the structuralists, namely industrial development. However, time belied this pessimism. Industrial development did take place in many third-world countries that had been labeled dependent. Some, such as Brazil and Argentina, developed sizable industrial bases.

Nevertheless, the later generation of dependency theorists maintained that this development would not free third-world countries from their dependence. They argued that industrialization in the third world, which in any event reached only a handful of countries, did not emerge from the development of these countries, but from that of the first world. First-world companies seeking access to protected third-world markets, or to their cheap labor, would export capital-intensive assembly plants, but none of their research and development capacity. Thus, third-world industry would be based on second-generation production technology and would be owned by foreigners who processed imported inputs and created few jobs or linkages to other producers in the economy. Capitalism would not spread far beyond these firms, and the need for imported inputs would drive up the country's import bill. The drain of foreign-currency reserves would be worsened as foreign companies sent their profits back home. This would compel the host country to export more primary goods to earn foreign currency. The health of the economy would thus continue to rest on exports of primary goods to first-world countries, while the lack of job creation would leave most of a dependent country's population seeing few of the fruits of growth. In sum, whatever economic development took place would bring little social development, and would still be determined by the development of another economy.

Over time, many writers contributed to the dependency debate,[21] adding nuances and variations, but the broad thrust of all dependency theorists remained the same: as long as third-world economies were linked to the first world, they could never break free of their dependence and poverty. What they needed were autonomous national development strategies. They had to sever their ties to the world economy and become more self-sufficient. Dependency theorists did not expect any third-world bourgeoisie to launch such a strategy. It was more likely that a dependent bourgeoisie would resist national development on the grounds that its well-being depended on foreign capital, whose firms it serviced or in which it owned minority shares. This assumption, as well as the belief that walls would have to be erected to insulate a national economy from the world economy, led dependency theorists to place their faith in the state as the motor for development. The state alone could crush the domination of the parasitic local bourgeoisie and stand up to the might of foreign capital, so as to engineer a development strategy that was in the national interest rather than in the interest of a single class.

In the end, dependency theory proved to be of less practical import than structuralism. Its recipe for development was applied briefly in Chile under Salvador Allende and in Jamaica under Michael Manley. Structuralism, on the other hand, influenced policymakers all over the third world. However, it is of great significance that dependency theory became popular on the left at the same time that neoclassical theory reappeared on the right. Chapter 4 will show that when changes in the world economy seemed to demand new approaches, neoclassical theorists would appear to offer them. The left, on the other hand, would end up calling for more statism.

Statism in the Third World

With statist theories such as Keynesianism and structuralism ascendant, the quarter century that followed World War II witnessed a degree of state intervention in economies all over the world on a scale hitherto unseen. In the first world, intervention took the form of generous welfare legislation, nationalization of private industries, and immense public programs. In the third world it took the form of legislation to nurture emerging industries and to create public ones where the private sector had failed to do so.

In addition to the weight of theoretical opinion, there were practical

factors that made statist development strategies appealing to third-world governments. Colonialism left behind immature capitalist classes. Where capitalists existed, their numbers were usually limited, and they most often confined their activities to trade and services, in no small part because colonial administrations had hindered their involvement in large-scale activities in the productive sector.[22] Even if a new regime favored its bourgeoisie—which many did not, having linked capitalism with imperialism—it could not rely solely on the private sector to rapidly push the economy into the industrial age. When countries sought to industrialize rapidly, but lacked bourgeoisies upon whom to devolve the task, the obvious agent for this transformation was the state. In Africa there was an added imperative to statism in development strategies. Arguably, most of Africa's independence movements had been led by modern petty bourgeoisies, made up of teachers and civil servants, who had vested interests in the state and few if any in the private sector. To these people, the state seemed a natural instrument for social change.

Furthermore, in South Asia and Africa, policymakers confronted limited industrial bases. Early industrializers such as Britain had developed their industrial firms gradually from small ateliers and cottage industries to the immense factories of the modern day. Over a period of more than a century, entrepreneurs had been able to gradually amass the capital necessary for the creation of larger and larger production units. By the time countries in Africa became independent, the costs of establishing a new industrial venture were estimated, in relative terms, to be 250 times what they had been for an entrepreneur in the early days of the Industrial Revolution.[23] Faced with such circumstances, development planners had various options. One was to cut the national economy off from the world economy and try to take it through its own process of indigenous development, a model known as autarky. A second option was to attract those with the necessary capital, namely foreign companies, to build up the industrial sector. A third was to use the state to accumulate the necessary resources. Through taxation, borrowing, or control of the marketing of primary products, the state in many third-world countries could mobilize capital far beyond the reach of even the wealthiest of its citizens.

The first option, autarky, has historically been more popular in theory than in practice, and in practice has seldom proved feasible. In the twentieth century, the chief experiments in autarky occurred in Albania in the later years of the Enver Hoxha regime (1945–1985), and in Cambodia under the Khmer Rouge (1975–1979). Neither made autarky attractive, with Cambodia's bold attempt degenerating into a tragedy

from which the country took years to emerge. Autarky seems to offer the most promise when practiced on a small scale. For example, Anabaptist (Hutterite, Mennonite, Amish) farm communities in North America succeed in building self-reliance and fostering strong networks of social support. However, even these communities depend for their economic well-being on the sale of their farm produce and other commodities to the outside world. In today's world, in which steamships and airplanes crisscross the globe laden with cargo, autarky is a rare species. When Bhutan opened its border and built a road to India in 1959, the world's last truly autarkic national economy entered the history books.

Today, the logic of comparative advantage makes foreign trade an essential component in rapid economic growth. In economic theory, a country enjoys a comparative advantage over another in the production of a good if it can produce it at a lower opportunity cost, that is, if it has to forgo less of other goods to produce it. For example, a given country could invest heavily to develop its own rubber industry, but for a fraction of the investment could produce enough cocoa to buy the rubber from a country that can produce it more inexpensively. It will then have resources left over for investment elsewhere in the economy. Thus, rather than try to satisfy all its own needs, an economy will prosper more if it specializes in the production of a few goods in which it enjoys a comparative advantage, and relies on imports to satisfy the remainder of its needs. This can even apply to food production. Alarm bells often sound when it is said that a given country cannot feed itself, but if food can be imported more cheaply than it can be produced locally, and if the imports are coming from a friendly country unlikely to cut food supplies for strategic reasons, then food self-sufficiency may be a costly goal.

Instead of autarky, most third-world governments opted for development strategies that blended the other two approaches and exploited comparative advantages. They sought to build up industry by mobilizing foreign and state investment, finding the revenue they needed for state investment through the sale of traditional exports. The strategy they adopted is known as import substitution industrialization (ISI).

Import Substitution Industrialization

The logic underlying ISI is simple. Let us assume that a given country is exporting primary goods in order to import finished goods. It wants to begin producing those finished goods itself. It can do this by restricting imports of the goods in question by way of tariffs—taxes on imported

goods—or of nontariff barriers such as quotas, content regulations, and quality controls. Quotas limit how much of a given good can be brought into the country. Content regulations and quality controls impose qualitative restrictions on the goods being imported. For example, a content regulation might demand that 50 percent of the given product be locally produced; a quality control can create a list of requirements that local producers are able to meet but that importers have a more difficult time satisfying. Such restrictions raise the prices of imported goods to local consumers, either by adding a surcharge to the world price, as tariffs do, or by reducing supply and thereby causing buyers to bid up the price, as nontariff barriers do. Either way, local investors who could not normally compete with foreign suppliers find the market suddenly benign. Provided they can get hold of the startup capital, they can import the production machinery and begin to produce the good locally.

Because the domestic market is relatively small, producers will operate at lower volumes than does the foreign competition. This means they will not be able to take advantage of economies of scale, which is the basic economic principle that, as volume of output increases, unit production costs decrease. For example, it will take one person more time to build a car in a garage than it will take a thousand people to build a thousand cars in a factory, because of the time involved in switching tasks, not to mention the time needed to build up all the specializations involved. In a factory, each individual performs one simple task repetitively, so that efficiency is maximized. This production technique was masterminded by Henry Ford; the ability to produce large volumes of goods cheaply underlay the US industrial triumph of the twentieth century. Because third-world producers operating in an ISI regime cannot exploit economies of scale, the prices on their goods will be higher than those on the world market. Nevertheless, provided these prices remain below the administratively inflated prices of imports, any venture can turn a profit.

Governments can go further to guarantee profits. They can establish licensing schemes that limit the number of firms allowed to produce a given product or import a needed input. Some governments even allow only one firm to produce a given product, in effect giving it a legal monopoly that, in combination with import restrictions, provides an almost watertight guarantee of profits. Many third-world governments go still further to encourage investment, offering firms access to foreign exchange at concessionary rates by overvaluing their currencies, thus allowing local firms to import inputs at artificially reduced prices.

A simple example illustrates how currency overvaluation keeps for-

eign imports artificially cheap. Assume that the market rate for a given currency is two to one—that is, for every two units of local currency, an individual could buy one unit of hard currency, which is a currency, most often the US dollar, that can be used for international transactions. A government could overvalue its currency by offering to exchange it at its central bank at a rate of one to one. As a result, local buyers can obtain twice the amount of hard currency for the same price. In local terms, this halves the cost of imports. Given that currency overvaluation aims to benefit local industry, will the reduced cost of imports mean that, even taking trade barriers into account, imported consumer goods will now be cheaper than local ones and will drive local producers out of business? The answer is, usually, no. Unlike local currency, which can be printed, foreign exchange is a scarce commodity; it must be obtained through sales. When its price is set so low, local demand will go up, so much so that not enough is available to go around. The government then has to ration foreign exchange, and will tend to favor local industries rather than local importers of finished goods. Of course, the government can also choose to favor its friends in the allocation of foreign exchange, and herein lies one of the abuses of currency overvaluation, as neoclassical critics were soon to discover.

With prices kept high and costs low, the attractions to invest are enough to persuade even the most conservative of investors. If a local entrepreneur cannot find the money to set up a venture, a foreign firm probably will. Import barriers may have closed off an export market to a foreign firm, but that firm, by setting up a branch plant, can sneak in under the wire and realize even greater profits than it had been earning when it was selling goods shipped from its home plant. When a foreign firm creates a branch plant under this arrangement, or when it licenses a local firm to use its technology to produce its product, it will typically allow the branch plant/licensee to produce only for the domestic market, and not for export. This prevents the branch plant/licensee from ever competing with the parent company in export markets and thereby eroding any of its sales.

Governments can further accelerate the industrialization process by offering firms subsidies and cheap credit. In a developing country, the way a government obtains the capital for subsidies or cheap loans is often by skimming off the revenue from the sale of its primary exports. By taxing primary exporters, and by establishing marketing boards that pay local producers less than the world price for their goods, and then pocketing the difference once they sell the product on the world market, governments have been able to realize far greater savings than the pri-

vate sector might have. Several countries have used this strategy of rural-urban transfer to build up their savings pool.

Conclusion

The appeal of import substitution industrialization spread rapidly throughout the third world. The strategy went on to become one of the twentieth century's boldest and most widespread economic experiments. Holes eventually appeared in the fabric of ISI, but in the early days this development strategy promised many gains. The third world, it seemed, was about to come of age.

Notes

1. H. W. Singer and Sumit Roy, *Economic Progress and Prospects in the Third World* (Aldershot: Elgar, 1993).

2. Mark Blaug, *Economic Theory in Retrospect,* 3rd ed. (Cambridge: Cambridge University Press, 1978), pp. 684–686.

3. See, for example, Andrew Shonfield, *Modern Capitalism* (London: Oxford University Press, 1965), esp. chap. 4. The optimism of Keynesian economists is captured in a quotation from Michael Stewart, who once wrote, "The days of uncontrollable mass unemployment in advanced industrial countries are over." See Michael Stewart, quoted in Derek W. Urwin, *Western Europe Since 1945,* 4th ed. (London: Longman, 1989), p. 152.

4. Not all former colonies are third-world countries, however, nor are all former imperial countries necessarily in the first world. These subtle but important distinctions are often overlooked.

5. A few of these, especially in the Caribbean, remain colonies or overseas territories to this day.

6. On this subject see Markos J. Mamalakis, *The Growth and Structure of the Chilean Economy* (New Haven: Yale University Press, 1976), chap. 8; Henry W. Kirsch, *Industrial Development in a Traditional Society* (Gainesville: University of Florida Press, 1977), chap. 7; Werner Baer, *Industrialization and Economic Development in Peru* (Homewood, IL: Irwin, 1965); Rosemary Thorp and Geoffrey Bertram, *Peru, 1890–1977: Growth and Policy in an Open Economy* (New York: Columbia University Press, 1978).

7. See R. Prebisch, *The Economic Development of Latin America and Its Principal Problems* (New York: United Nations, 1950); H. W. Singer, "The Distribution of Gains Between Investing and Borrowing Countries," *American Economic Review* 40,2 (1950): 473–485.

8. See Ragnar Nurkse, "Balanced and Unbalanced Growth," in *Equilibrium and Growth in the World Economy,* edited by Gottfried Haberler and Robert M. Stern (Cambridge: Harvard University Press, 1961). Nurkse actually developed his theory in the 1950s.

9. P. N. Rosenstein-Rodan, "Problems of Industrialization of Eastern and South-Eastern Europe," *Economic Journal* 53 (June–September 1943): 202–211.

10. Nurkse, "Balanced and Unbalanced Growth," p. 247.

11. W. A. Lewis, "Economic Development with Unlimited Supply of Labour," *Manchester School of Social and Economic Studies* 22,2 (1954): 139–191.

12. Magnus Blomström and Björn Hettne, *Development Theory in Transition* (London: Zed, 1984), p. 42.

13. W. W. Rostow, *The Stages of Economic Growth* (Cambridge: Cambridge University Press, 1966).

14. David E. Apter, *The Politics of Modernization* (Chicago: University of Chicago Press, 1965); Myron Weiner, ed., *Modernization: The Dynamics of Growth* (New York: Basic, 1966).

15. See Apter, *Politics of Modernization;* G. A. Almond and G. B. Powell, *Comparative Politics: A Developmental Approach* (Boston: Little, Brown, 1965).

16. Paul Baran, *The Political Economy of Growth* (New York: Monthly Review, 1957).

17. See André Gunder Frank, *Capitalism and Underdevelopment* (New York: Monthly Review, 1967).

18. Samir Amin, *Le développement du capitalisme en Côte d'Ivoire* (Paris: Editions de Minuit, 1967).

19. Samir Amin, *Neo-Colonialism in West Africa* (Harmondsworth: Penguin, 1973).

20. Samir Amin, *Unequal Development* (New York: Monthly Review, 1976).

21. A good survey of the dependency debate, along with criticisms, can be found in Blomström and Hettne, *Development Theory in Transition.*

22. E. A. Brett, "State Power and Economic Inefficiency: Explaining Political Failure in Africa," paper presented to the Political Science Association Conference, Manchester, 1985.

23. Paul Bairoch, *Révolution industrielle et sous-développement* (Paris: SEDES, 1964), p. 198.