

**THE POLITICAL ECONOMY OF UNDERDEVELOPMENT :
SOVIET AND WESTERN MARXIAN APPROACHES**

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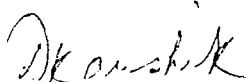
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"THE POLITICAL ECONOMY OF UNDERDEVELOPMENT :
SOVIET AND WESTERN MARXIAN APPROACHES" by Mr.
Vikash Shukla in partial fulfilment for the award
of the Degree of MASTER OF PHILOSOPHY has not
been previously submitted for any other degree
of this or any other University. To the best
of our knowledge this is a bonafide work.

We recommend this dissertation be placed
before the examiners for evaluation.


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P R E F A C E

Underdevelopment has been a cause of common concern of the Third World. We share this problem equally. It is a fact that the pursuit of knowledge is an important adventure and a fact of still greater importance is that knowledge must have some purpose. Since to know is to bear the responsibility for change, a social scientist cannot live in isolation to his environment. He has to respond sensitively and sincerely to the day-do-day problems of life.

Keeping in view the vast problem of development in the Third World, the study is a small but sincere effort to look into the problem. Though a solution has not been tried and no model suggested or searched because of the limitations to the work itself, the study, in essence, is a survey of the various explanations of the causes, origin and nature of underdevelopment.

My greatest debt is, of course, to my supervisor Prof. Arvind Vyas, for his scholarly guidance and constant encouragement. His academic depth and intellectual sweep combined with a wit, served to

inspire me constantly, and has not only made the otherwise tasking job of writing a dissertation enjoyable, but also staying in Jawahar Lal Nehru University a memorable event.

I am also grateful to Prof. Devendra Kaushik and Dr. (Mrs.) Anuradha Chenoy for discussions and providing additional help to get this work done.

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INTRODUCTION

The most obvious is frequently the most important. "Those who ignore the most obvious do so at their own peril" (Oscar Wilde). When we look at ourselves to acknowledge this obvious, we find that we are underdeveloped*, which gives rise to the following questions -

- i) Why are we underdeveloped?
- ii) What does the term 'Underdevelopment' mean?

In order to answer (i) and (ii) of underdevelopment, we find that underdevelopment is a complex socio-economic phenomenon - a historical product of international capitalism¹. Underdevelopment is not a static process but is a

* It is not long back that all the countries of the Third World were given the attribute 'underdeveloped' or 'less-developed'. Nowadays for diplomatic politeness or for stressing their urgent need for development they are called 'developing countries' by the international forums and, for the most part of international literature, too. At the same time the term 'least developed countries' and 'land-locked' countries have been introduced by UN bodies for specific reasons. A distinction is now made between those which have developed to some extent (like India, Pakistan, Malaysia, Indonesia, Korea, etc.) with those who are yet not so developed (like African and Latin American countries). But here we are not going to pay too much attention to the questions of terminology since it is the common problem of all the Third World countries that we are concerned with.

1 T. Szentcs, The Political Economy of Underdevelopment (Budapest, 1976), p.9.

dynamic historical process which has cultural interlinks related to the economic aspect with its super-structures in political and social reflections.

In Social sciences, to probe into the inherent - deep-rooted traits of a phenomenon, of a historical - political event, in its socio-economic phases and to know the cause of a historical process in a particular period of time, political economy is the most appropriate instrument, as a tool to be used.

WHAT IS POLITICAL ECONOMY

Now one may enquire, what is political economy? The term 'political economy' has been given various interpretations and definitions by several authors at different occasions in a wide range of spectrum of historical perspective. But find not even a single complete in itself. Let us discuss what the political economy is.

Political economy, from a science of national happiness²

2 J.C.L.S.Sismondi, Political Economy (New York ,1966)

via system of free trade -- into Adam Smith's The Nature and Causes of the Wealth of Nations, as the 'science for the management of national fortune', at the time of Colbertism (mercantilism)³, -- has passed into the 'science of enrichment'. Frederick Engels in "Outline of A Critique of Political Economy"⁴ has mentioned that "Political Economy came into being as a natural result of the expansion of trade and with its appearance elementary, unscientific huckstering was replaced by a developed system of licensed fraud, an entire science of enrichment"⁵. He holds guilty Adam Smith, Ricardo, Mac Cullouch, and Mill⁶.

3 ibid., p.3.

4 Karl Marx, Economic and Philosophic Manuscript of 1844 (Moscow, 1959), p.161. The outlines of a critique of political economy is the first economic work written by Engels. Marx was very much interested in this work of Engels and wrote a summary of it (Karl Marx and Frederick Engels, Collected Works, Vol.3, pp.375-6). In the Preface to the first edition of A Contribution to the Critique of Political Economy (1859) Marx called it a "brilliant essay on the critique of economic categories". In English the outlines of a critique of political economy was first published as an appendix to the book: Karl Marx, Economic and Philosophic Manuscript of 1844, (Moscow, 1959).

5 ibid., p. 161.

6 ibid., p. 164.

This political economy or science of enrichment born of the merchants' mutual envy and greed bears on its brow the mark of loathsome selfishness.(7)

Marx, while writing "Preface to A Contribution to the Critique of Political Economy"⁸ wrote -

I examine the system of bourgeois economics in the following order: capital, landed property, wage labour; state, foreign trade, world market. Under the first three headings, I investigate the economic conditions of life of the three great classes into which modern bourgeois society is divided;....(9)

Further he writes,

My investigation led to the result that legal relations as well as forms of state are to be grasped neither from themselves nor from the so-called general development of the human mind, but rather have their roots in the material conditions of life, the sum total of which Hegel, following the example of the Englishmen

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7. *ibid.*, p. 161.
 8. Marx's "A Contribution to the Critique of Political Economy" represents an important stage in the creation of Marxist Political Economy. Before setting out to write this book Marx carried out fifteen years of research work to work out the basis of his economic doctrine. Marx planned to set forth the results of his investigation, in a major work devoted to economics. In his book Capital he included the basic main ideas of this book.
 9. Karl Marx, "A Contribution to the Critique of Political Economy" in Karl Marx and Fredrick Engels, Selected Works (Moscow, 1970), p.180.

and Frenchmen of the eighteenth century, combines under the name of "civil society", that, however, the anatomy of civil society is to be sought in political economy. (Emphasis added)(10)

While approaching to the economic structural base of the society, Marx formulated that "in the social production of their life, men enter into definite relations, that are indispensable and independent of their will, relations of production which correspond to a definite stage of development of their material productive forces".¹¹ He argued that the sum total of these relations of production constitute the economic structure of society, the real foundation, on which rises a legal and political superstructure and to which correspond definite forms of social consciousness. The mode of production of material life, conditions the social, political, and intellectual life process in general¹².

10. *ibid.*, p.181.

11. *ibid.*, p.181.

12. *ibid.*, p.181.

Marx takes the "political economy as a product of the movement of private property"¹³. He deals with the concept in the third manuscript of his Economic and Philosophic Manuscripts of 1844. He rejects the subjective essence of wealth given by Ricardo, Smith and Say Schools of Political Economy, and described "the subjective essence of private property as labour."

Lord Robbins interprets political economy as an application of economic sciences to the problems of policy. It seems that the economics is the central body of scientifically established doctrine, whereas the political economy embraces all the modes of analysis and implicit or explicit judgement of values which are usually involved when economists discuss the assessment of benefits and reserves or recommend for policy¹⁴.

According to Shaun H. Heap and Martin Hollis --

13 Marx, n.4, p.89

(In the study when in a footnote, a reference is to be made to a work, book, or article which has already been cited in a previous footnote, but not in the immediately preceding, only the surname of the author and the number of the footnote in which the work has been cited for the first time, will appear).

14 David K. Whynes ed. What is Political Economy? Eight Perspectives. (Oxford, 1984), p.3.

"Bread and circumstances" are the need for political economy¹⁵. They argue the origin of political economy considering the economic activities and events, also, as of social and political in nature. "The economy includes all production, exchange and distribution of goods and services"¹⁶. Actually, production exchange and production distribution are social activities -- which differ within and among the societies. "Rabbits can multiply without landowners: people can-
and
not produce, exchange/distribute without a fabric of social rules"¹⁷. This social fabric is needed for economic activities, though the "neo-classicists do not believe that economic transactions are a mere consequence of the previous state of the economy and the laws of economic motion"¹⁸. They condemn the idea that the social relations are market relations"¹⁹.

15 Shaun Hargreaves - Heap and Martin Hollis, "Bread and Circumstances: The Need for Political Economy" David K. Whynes ed. What is Political Economy? Eight Perspectives (Oxford, 1984) p. 7.

16. *ibid.*, p.11.

17. *ibid.*, p.11.

18. *ibid.*, p.11.

19. *ibid.*, p.14.

Political economy studies the basis of ^{the} development of society, i.e., the production of material wealth, the modes of production²⁰. But political economy deals with the production (an economic process) only from the point of view of being it a social process. Lenin in his The Development of Capitalism in Russia wrote that "it is not with production that political economy deals, but with the social relations of men in production, with the social system of production"²¹. At the same time, political economy has to take into account the inter-relationship between the production forces and ^{the} relations of production²².

The subject matter of political economy is, therefore, the social relations of production²³ between people. These include the forms of ownership of the means of production, the position of various classes and social groups in production and their inter-relations; the forms of

20 P.I.Nikitin, The Fundamentals of Political Economy (Moscow, 1983), p.14.

21 V.I.Lenin, "The Development of Capitalism in Russia", (Moscow, 1977), p.63.

22 Nikitin, n.20, p.24.

23. The production relations, in Marxian terminology, include the relations among people in the process of production, exchange, distribution and the consumption of material wealth in human society at various stages of its development.

distribution of material wealth. It is, thus, the science of development of social production, i.e. economic laws of the development of society²⁴, and relations among people in the process of production.

Hence, political economy is a categorical science dealing with aspects of economic interactions and inter-relations between people and classes and touches on their vital interests²⁵.

Marxian political economy understands institution, as it has developed in the specific context of class struggle under capitalism, as it reveals the conditions of existence of the society and trends of its development²⁶.

According to the materialistic concept of history, the ultimate determining element in history, -- is the production of social life. The economic situation is the basis,

24 Nikitin, n.20, p.24.

25 *ibid.*, p.25

26 L. Leontyev, A Short Course of Political Economy (Moscow, 1968), p.17.

but various elements of superstructure, political forms of the class-struggle, etc., are its results²⁷. Marxian premise is of dialectical interrelations and interactions within the social universe, and not a premise of the unilateral and mechanical laws²⁸.

The main theses of Marxian political economy are two. The first is that the conflict among social classes is a prime mover of history, and the second is that the exercise of the productive forces of social labour is a predominant and ultimately decisive concern of man in society²⁹. Hence, we can say that political economy studies the science of the laws³⁰ of governing the production and exchange of material means at the various stages of historical development. It studies, in the words of Prof. Leontyev, "the social structure of production"³¹.

27 Engels to J.Bloch, 21-22 Sept. 1890. Selected Correspondence (Moscow, 1955), p.417

28 J.F. Becker, Marxian Political Economy : An Outline (Cambridge, 1977), p.3.

29 *ibid.*, p.19.

30 Scientifically interpreted, the term 'laws' implies the internal connection of phenomenon. The internal connection of phenomena exist whether we like it or not. In other words, natural and social laws are of an objective nature. They do not depend on the will and consciousness of people. Economic laws are

Thus, the laws of motion of the formation of social structure by the production relations is the study area of political economy. In every society the relations of production form a definite course in the process of historical development. In a particular epoch in a particular society, social change results from interaction between the "relations of production", that is, the relations between classes of men, grouped according to their relationships to the means of production and the forces of production, which defines the limit to man's power³². The social relations of the people in the process of production are inseparably linked with their relations towards the means of production. The question, also, who owns the control of the means of production³³ is of decisive importance in characterising the social system of production.

Therefore, the political economy has a task of revealing the economic laws of social development in

(fn. Contd...)

relatively short lived and operate during a particular historical period. The operation of economic laws is based on specific economic conditions.

31 Leontyev, n.26, p.7.

32 A.K. Bagchi, Political Economy of Underdevelopment (London, 1977), p.3.

33 Leontyev, n.26, p.15.

order to understand the whole process, and its complexity, in the historical context. Thus, an account of the forces of production for the growth of social relation in a historical perspective over a particular kind of system, i.e., growth of production relations that are social in character and nature; and the process of social change, the division of labour and the existence of class are under the purview of political economy of a system or society over a historical period of development. This shows that political economy, which studies the laws of motion of social change -- as a discipline of social sciences -- 'application of economic analysis to political behaviour' -- would be the best tool to examine the nature of underdevelopment. In order to understand the laws of motion of social change which characterise themselves into the nature of underdevelopment, we have to see through the 'dustbin of history' and find what constitutes and acknowledges us to be "UNDERDEVELOPED", alongwith and in the club of backward nations of Asia, Africa and Latin America -- the so-called 'Third World',

The first chapter deals with the nature of underdevelopment. It does not account the process of historical evolution of underdevelopment, but takes up theoretical

analysis to explain what is the nature of underdevelopment.

Second chapter limits itself to a survey of Western Marxian and Soviet approaches to underdevelopment. It takes into account two contrasting Western Marxian approaches to explain the causes and origin of underdevelopment. Surveying the "infra-structural" approach of Paul Baran and the "Core-periphery" approach of Andre G. Frank, Samir Amin, Immanuel Wallerstein, the chapter considers Soviet approach and models given over time, by various Soviet scholars to explain the problems and processes of development in the countries of Latin America, Africa and Asia.

Chapter third, illustrates Soviet view to development in India, and hence, entitled, "Soviet view of India's development". This chapter takes into consideration first, the general Soviet view and the central position of India in Soviets perspective on Third World. Dividing into upto-Stalin and post-Stalin periods, chapter covers the Soviet view on India's development, alongwith the political analysis of class-nature of ruling group and its major development policy thrusts in the fields of economic, planning, foreign trade and aid, and agriculture.

CHAPTER-I

NATURE OF UNDERDEVELOPMENT

The end of second World War has produced a number of contradictions, conflicts and cold-war tensions. This divided the world into two camps and segmented the earth into three parts. The third segment consists of the newly independent countries of Asia, Africa and Latin America. These countries, after liberation paint a very heterogeneous picture of development because of the inherited economic and social structures of their societies from their colonial masters. But all these have distinctive common features, and so, clubbed and categorised together as "underdeveloped countries". Under the banner of the "Third World", these are the poor countries, with a low per capita income, wasteful use of surplus, weak industrial base, scientifically and technologically backward, and heavy dependence on foreign economic and military aid. These are the countries facing socio-economic-cultural transformation. Some of them are facing acute problem of political instability, of no-fixed ideology, etc. These countries are the areas of influence and interests of global powers - strategically as well as ideologically.

These are mostly agrarian, ex-colonial societies, trading within the boundaries of country and townships. With a centralized state, meagre administrative resources and crude means of transport and communication, these states suffer with high population growth, high infant mortality, low-nutrition, improper planning and drain of resources and income. Under the compulsion to go for modernization, these countries face the international demonstration effect which ultimately results in the import-oriented, constricted home market, leading to capital shortage, low rates of capital formation and, thus, lower surplus generation; and lack native/indigenous capitalist class, under the pressures of dependency, on outside factors. For instance, loan, foreign aid, international agencies, Multi-national Corporations, foreign markets, import of technology which either misfit in the local conditions or unadaptable to the people who are to use it, and a sense of alienation to work, management and ethos of society.

Non-coordinating, incoherent infra-structure, which has hardly gone under the process of transformation, due to the lack of technical and scientific know-how and inadaptability to so-created new (alien) surroundings—results in the dichotomy of development and in the paradox of growth, with the stratification in the society and an ever widening gap between rural and urban people.

Escalating immense emotional and cultural turmoils, this leads to distaste to the 'native' and fascination for 'foreign', culminating in the dissociation from the soil which under the growing population pressure creates under-employment and unemployment; unproductive (non-surplus generating) land holdings which are small and marginal. By its very nature, it produces subsistence and not-the-year-round employment, creating no surplus, which finally results in displacement of labour -- progeny of which is a new semi-feudal set up with highly localised operation in investment (preferably in land) which automatically generates a column of power-brokers and petty-politicians and local leadership.

This above mentioned ^{column} /has made redundant all the approaches of development, taken up by the governments of these countries and has not only absorbed all the fruits of development but, by dint of its very characteristics, also, has not allowed the lower strata of the society to undergo a transformation by maintaining 'poverty' as an asset for themselves. These situations have been retained by the inefficiency of communication system and the lack of capacity for information dissemination with illiteracy of masses heightening to ignorance about plans and programmes, timid

attitude and unawareness of the masses to themselves-- made them an easy-victim of the 'column' and bureaucratic nexus - a bureaucracy which has novice, urban-oriented, ease-loving officials, obsessed with red-tapism and procedural formalities.

This column of semi-feudal nature which was not envisioned by Marx, has become an advance stage of development in the whole process; and, that too, in those countries which after independence have followed a parliamentary form of government. In other countries of Third World, where military regimes or dictatorships or presidential forms are in common vogue, have generated, a "blocked-Development" process, i.e., a process of economic growth which is often hampered by political expediencies of the regime in power and also by violent ethnic crises because of the unjust distribution of the fruits of economic growth.

This all have been a creation of the attitude of the people and their leaders in the third World countries, which has been a culmination of the race towards catching up with the west as a synonym for development. In the intellectual circles this has resulted mostly in the

attempts to search for a western model/framework, to look at the problems of native nature/^{which}are specific to the situations and peculiar to the conditions of Third World. It has been a surprising experience that the sterile definitions, western text books and abstract formulae have been repeated by the scholars while discussing even such economic and social phenomena of their own country as were directly perceptible to them.

The development has been looked upon as an out-growth, something which can be imported from outside (either from West or from North).

Although, I propose, to organise my description of the connotations of Development as "the enhancement of potentialities", it is another facet of the truth that 'Catching up with the West' has become the synonym of development in the Third world countries. I do not comprehend their idea that the capital instead of being created in the process of development has been considered the other way round, that is, the development is to be a function of capital. Underdevelopment "a complex product of certain historical process"-- has been viewed by Furtado as

"not a necessary stage in the process of formation of the modern capitalist economies. (Instead) it is a special process due to the penetration of modern capitalistic enterprises into archaic structure"¹.

Underdevelopment -- despite the original meaning of the word -- does not mean simple backwardness -- a relative lagging behind. It is the very result of a specific distorted developmental process, a harmonic progression, in which the utilization of resource potentialities has been perverted because of internal and external pressures and pulls. No analogy can be drawn between the present state of these countries and the former state of advanced capitalist countries as by the initiators of the theory of "Stages of Growth" has, often, been done. Myrdal, mentions, that these highly developed countries of today were able to develop as small islands in the large ocean of underdeveloped peoples. They exploited them not only as sources of raw materials but also as markets for cheap industrial goods, and could for this purpose even kept them under colonial

1. C. Furtado, Development and Underdevelopment (Univ. of California, 1964), p.138.

domination"² which, now has taken a new type of functioning.

Though a number of dependent nations have been granted political independence and native politicians have been allowed to rise to high offices, and the old-fashion imperialism has disappeared from the scene, but it has reappeared on the screen to play with the autonomy and independence of Third World countries, in the new cloak of economic appendages of underdeveloped countries on the advanced capitalist countries. The political independence has become only a sham as long as the governments of these countries remain dependent for survival on the pleasure of their foreign patrons. This has been shown evidently in the case of African states.

Historically perceiving the role of economic exploitation in the creation of the present state of affairs in the underdeveloped countries, Economists have, little accorded, if any, the contribution of the exploitation of the now underdeveloped countries in the evolution of western capitalism. The members of economic profession

2 I.Sachs, Patterns of Public Sector in Underdeveloped Economies (Bombay, 1964), p.26. (Quoted by I.Sachs from Gunnar Myrdal's article on "Indian Economic Planning in its Broader settings".

seeking historical justification by relying on the forces of the free market and of private initiative, say that, the economic development was achieved without excessive sacrifices³, upheavals and political disturbances.

Paul Baran, adding to above, says that hardly any accordance is given to the fact that the colonial and dependent countries today have no recourse to such sources of primary accumulation of capital as were available to the now advanced capitalist countries.⁴ Baran holds that paucity of per capita output⁵ is accountable for underdevelopment, maintaining simultaneously that the economic growth (or development) may be defined as increase over time in per capita output of material goods.⁶ This increase in per capita output ^{can} be obtained

3 Paul A. Baran, The Political Economy of Growth, (New Delhi, 1958), p.17.

4. *ibid.*, pp.18-19.

5 *ibid.*, p. 151.

6. *ibid.*, p.20. Baran finds Colin Clark's definition unsatisfactory as Colin defines "Economic Progress simply as an improvement in economic welfare". Economic welfare, following Pigou, has been defined in the first instance as 'an abundance of all those goods and services which are customarily exchanged for money. Leisure is an element of economic welfare and more precisely, can be put as economic progress is the minimum expenditure of efforts, and of other scarce resources both natural and 'artificial'.

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by utilization, organisation and technological measures, which had resulted in the increase in NET INVESTMENT, which depends on the size, and mode of utilization of economic surplus, this in turn, is the net consumption reduced from net output⁷. Paul Baran considers capital insufficiency and demographically unfavourable situation alongwith unproductive use of investment possibilities as the causes of the same problem of underdevelopment⁸. He popularizes the idea that it is not so much the total wealth or income, but the surplus, its size and the way it is utilized which determines the kind and type of development or underdevelopment that occurs.⁹

If broadly categorised the factors responsible for underdevelopment can be of two types - either internal or external.

7 ibid., p.23.

8 ibid., pp.74-77.

9 Andre G.Frank, On Capitalist Underdevelopment (Oxford University Press, Bombay, 1975), p.11.

Internal Factors

Explaining underdevelopment with internal factors, some theories offer a set of certain obstacles hindering or limiting development. This 'subtraction approach' or 'ideal-typical-Index approach' (as called by Andre G. Frank) or 'gap-approach' (as named by Charles Kindleberger) goes beyond a summarized description and specification of these factors and their superficial inter-relationships and demonstrates the 'underdevelopment' as a peculiar qualitative 'form of motion' or more exactly 'a system' and not just 'a relative phenomenon',¹⁰.

The theory explains underdevelopment as 'an aggregate of limiting the hindering factors'. The most frequently referred unfavourable factor is demographic situation resulting in population pressure. The slow growth of productive forces, low volume of trade per capita, high consumption expenditure, low capitalization of land, the low level of labour productivity of developing countries are responsible for underdevelopment because of their unfavourable natural endowments and foreign trade¹¹.

10 T.Szentes, The Political Economy of Underdevelopment (Budapest, 1976), p.26.

11 *ibid.*, p.29.

Szentes explains the real bottlenecks to the expansion of development as -

- a) less advantageous demographic position¹²
- b) unfavourable natural endowments and shortage and underutilization of natural resources¹³
- c) capital shortage or insufficient capital formation¹⁴.

These easily distinguishable characteristics of underdevelopment, have a hen and egg nature that makes it virtually impossible to separate causes from effects¹⁵.

Leibenstein has tried to create a logical order in the multitude of characteristics by dividing them

12 *ibid.*, p.31.

13 *inid.*, p.36.

14 *ibid.*, p.42.

15 B.Higgins, Economic Development (New York, 1959), p.23.

into two main categories¹⁶

- a) income determined
- b) income determining

And, analyses them in two different kinds of framework (a) Statistical facts and (b) General observation. He comprehensively features underdevelopment under four subheadings¹⁷:

- (i) Economic
- (ii) Demographic
- (iii) Cultural and Political
- (iv) Technological and Miscellaneous

16 H. Leibenstein, Economic Backwardness and Economic Growth (New York, 1957), pp.40-41.

17 Leibenstein, comprehensively enlists the characteristics of underdevelopment as follows:

- (i) Economic: General - High proportion of population with disguised unemployment and lack of employment opportunities outside agricultural. Very little capital per head - low income, zero-saving, high consumption of food, export of raw material, poor market facilities with unfavourable terms of trade. In agriculture low capitalization on the land, primitive agrarian techniques soil depletion, and widespread indebtedness. (ii) Demographic: High fertility rate, low expectancy of life; rudimentary hygiene and sanitation. (iii) Cultural and Political: High degree of illiteracy, child labour, weakness of middle class, inferior status of women. (iv) Technological and Miscellaneous: inadequate facilities for training, crude transportation and communication facilities with crude technology.

Sauvy, E. Gannage, Jacob Viner, Gerald M. Meier, Robert E. Baldwin, Simon Kuznets, R. Nurkse, H. Myint are some of those authors who explain hindering or limiting factors of development as causes of underdevelopment.

Myint indicates, "underdevelopment of natural resources (in connection with "backward people") as one of the major factors of underdevelopment"¹⁸.

Lack of local capital formation¹⁹ and dependency on foreign capital²⁰ alongwith the lowest level of productivity are the main obstacles on the path of development, when the productivity is very low, the satisfaction of elementary needs absorbs a high proportion of productive capacity... when productivity is at such a low level; it is difficult to start a process of capital accumulation within the economy²¹.

18 Myint in his book, The Economics of Underdevelopment points out that term 'underdevelopment of natural resources' means in fact, the under-utilization of potential resources' or the non-optimum' allocation of the given resources to possible uses, i.e., a species of deviation from productive optimum. Thus, the factor "unfavourable natural endowment" is replaced by the factor "underutilization of existing natural resources" as a criterion of underdevelopment.

19 Szentes, n.10, p.45.

20 *ibid.*, p. 44.

21 C. Furtado, "Capital Formation and Economic Development"

(fn. Cond...)

Giving some sociological explanation of underdevelopment, Meier points out the socio-political factors in connection with the market imperfections, the ignorance of market conditions, the lack of technical knowhow and the immobile nature of labour force²².

Francois Perroux sees the brakes and obstacles to development primarily in social institutions, in the way of thinking and customs of society, i.e., the social and mental structure of the population. He includes in these factors the system of large estates, the lack of propensity to innovate, poor labour disciplines, and absence of entrepreneurship. Two main types of the socio-economic interpretation of underdevelopment have been distinguished as, the one, which regards the society of underdeveloped countries as more or less homogeneous, stagnant and traditional; and, the other, which emphasises the heterogeneous, dull or even plural nature²³.

(fn. Contd...)

A.N. Agrawala, and S.P. Singh ed., The Economics of Underdevelopment (Oxford, 1958), pp.318-19.

22 G.M. Meier "Problems of Limited Economic Development), *ibid.*, pp. 56-63.

23 Szentes, n.10, pp.61-62. (Quoted by Szentes).

The conventional interpretation of underdevelopment is in the vicious circle theory²⁴. In it, underdevelopment seems to be a separate world and independent system of various vicious circles. The explanation of a characteristic deficiency, or of one obstacle, is provided by another, and of that, in turn, is explained by a third, and so on, or vice versa. And, hence the proposition that "a poor country is poor because it is poor". (Nurkse).

The vicious circles reflect actually existing relationships and dialectic contradictions but these chains of relationships are never complete, and do not reveal historical circumstances out of which these circles originate. As a condition of breaking these circles the supporters of the theory point out to the external factors, like increased flow of capital and foreign skilled personnels, etc. By this they want to strengthen the illusion that societies, incapable for internal reasons

24 Nurkse. In vicious circle theory, various closed rings are held responsible for underdevelopment. One obstacle being the cause of the other, and other being the cause of the other, and other being that of another and so on. For instance, what is the cause of capital shortage which is one of the obstacles to development? The circle theory

of any development by themselves, must rely on the advanced capitalist countries, for their progress. This theory imagines, in accordance with the subtraction approach, the advancement of developing countries like this: "The West diffuses knowledge, skills, organisations, values, technology, and capital to the poor nations until overtime its society, culture, and personnel become variants of that which made the Atlantic community economically successful" ²⁵.

It is in fact this 'diffusion theory' which also finds its reflection in Rostow's 'historical' explanation ²⁶ which defend colonialism in an ideological apology. Rostow attempts to define various stages

(fn.Contd...)

explains, that it is the inefficiency of domestic capital accumulation, which, in turns is the result of low per capita saving ratio. And the latter is low because per capita national income is low, which again cannot grow quickly, because of capital shortage. Similarly one being the effect of other, and other of another and so forth. Though in vicious circle any factor can change without the preceeding factor being changed, but it can remain unchanged even after the preceeding one has changed.

- 25 A.G.Frank, "Sociology of Development and Underdevelopment of Sociology" Catalyst, No.3, (Univ. of Buffalo,) (1967).
- 26 W.W.Rostow, in his book The Stages of Economic Growth, distinguishes five main stages of economic growth: (1) The traditional society (2) The transitional stage providing pre-conditions for the take-off; (3) The take-off stage; (4) Drive to maturity; and (5) the stage of high mass consumption.

of economic growth by certain economic and social characteristics. However, the economic characteristics appear over-simplified and restricted as qualitative indices, or just simple description of the stages of productive forces while the social characteristics are narrowed down to the attitudes, propensities of society, or the actual positions and roles of individuals as members of society endowed with certain propensities. Rostow - like Colin Clark, Raymond Aron and others -- concentrates on the growth of productive forces.

External Factors

Uptil we have looked into the theories emphasising internal factors as the impediments, obstacles, and hinderances, to limit development and cause underdevelopment. In the theories, holding external factors responsible for causing underdevelopment, often international economic relations, colonization, and international division of labour is taken up as the basis, alongwith the unequal exchange of surplus and capital, through unfavourable terms of trade in a single world capitalist system.

Propounding his theory Myrdal outlines two charac-

teristics of underdeveloped countries today. Their dependency and exploitation. He also points out that capital exports were directed to the foreign controlled economic 'enclaves' producing raw materials for export. These enclaves were isolated from the surrounding economy and tied directly to the economy of the metropolitan country. These economic relations with the indigenous population were restricted to the employment of unskilled labour, the racial and cultural differences and extremely low level of wages and living conditions brought about as a natural consequence, strict segregation even within the enclaves themselves:

Segregation is one of the main reasons why the spread of expansionary momentum was extremely weak or altogether absent(27).

So Myrdal calls attention to the distortion of the economic and social structure and ascribes the weakness of the "spread-effect" and resulting great intensity of the cumulative process as cause to increased inequalities in backward countries to this segregation. In his fundamental work Asian Drama Myrdal while giving his call

27 Gunnar Myrdal, Economic Theory and Underdeveloped Regions (London, 1965), p.57.

for alternative theory of development, considers all the countries of South and South East Asia as "soft states" and stresses that "history and politics, theories and ideologies, economic structures and levels, social stratification, agriculture and industry, population developments, health and education, and so on, must be studied not in isolation but in their mutual relationships"²⁸.

Raul Prebisch's theory²⁹ points out obstacles to the economic growth of developing countries; namely-

- unfavourable situation in international trade.
- Internal socio-economic structure
- Income drain -off to metropolises

Considering deterioration in terms of trade partly owing to the pattern of the international division of labour and the internal structure of the countries, he alongwith, Samir Amin, Frank, Wallerstein located the backward countries on 'the periphery of the world economic

28 G. Myrdal, Asian Drama: An Inquiry into the Poverty of Nations, Vol. I, (New York, 1968), p. x.

29 R. Prebisch, Towards a New Trade Policy for Development -- A Report, (UN Conference on Trade and Development, UN, New York, 1964).

system' with the function of providing raw materials for advanced countries at the centre, with no relative/comparative advantages with respect to periphery.

Hence, Prebisch - like Myrdal, Singer and Lewis - reveals specific mechanism of income drain off³⁰, because of

- a) the wage level in export sectors being under pressure.
- b) higher income elasticity of the demand for industrial products.
- c) international demonstration effect which increases the demand of underdeveloped countries for imported industrial products.

Bagchi mentions non-market coercion and commercialization as a 'brake' on economic development ; holds, furthermore, that the process of commercialization generally led to the removal of surpluses from the Third World countries³¹. Accordingly the inability to transform their potential production capacities to meet the growing needs of population, has appeared in retarded development. Consequently, these countries have fallen behind the advanced capitalist countries, hence 'lagging behind'. He calls these countries underdeveloped, by

30 loc. cit.

31 A.K. Bagchi, The Political Economy of Underdevelopment (London, 1977), p.18.

the dint of -

- a) their actual development fall short of their potential capacities(32)
 - b) their potential is impaired by their internal social and political structure(33),
- and
- c) the domineering effect of advanced capitalist countries which limit their choice for all the time(34).

Revealing the cause of underdevelopment, he writes:

The continuous flow of surpluses out of the Third World and the consequent failure to reinvest any major fraction of surplus value in the form of capital goods or working capital was a major factor pernnially handicapping the Third World countries and helping to keep them retarded in relation to the advanced capitalist countries(35)

Bagchi shows that 'the accumulation of capital' in these countries was hampered both, by the 'removal and massive transfer of surplus' and by the 'lack or slow growth of native capitalist class' to invest whatever

32 ibid.,p.20.

33 ibid., p.20

34 ibid., p.20

35 ibid., p.31.

surplus there might have been to increase the productive assets³⁶.

In the faces of mercantile and industrial capitalisms, the destruction of handicraft in many Third World countries, was done systematically by the colonial powers. (It is a controversial hypothesis). Most of the population released in this process, had to find an alternative means of livelihood in agriculture -- which was subsistence -- causing great crunch and 'lack of proper investment' -- ultimately, resulted in a weak accumulation drive with the supply of labour often exceeding the demand for it³⁷. In the process, the peasantry who lost their hands swelled the ranks of the unemployed and under-employed, were treated as serf and indentured labourers³⁸.

The lack of modern industry, deindustrialization and failure to invest in agriculture had left a large part

36 ibid., pp.33-34.

37 ibid., p.35.

38 ibid., p.35.

of the population of the Third World countries desperately poor, and therefore, unable to provide the enlarged markets that the minimum economic scale of many industries demanded. The process of exploitation had also deprived their population of traditional skills, without endowing them with new skills(39)(emphasis added).

Thus, when the Third World economies were integrated forcibly with the outside world, the earlier linkages between different parts of the economy were snapped, and the only link between different sectors were provided by the world market⁴⁰, which was a new form of exploitation, in a neo-imperialist cloak. This time the hands were more soft but claws much more hard to make the Third World bleed a bit slowly but continuously, without even making them feel about it.

It is true that the world capitalist trade and market started the exploitation of previously unutilized natural resources but it robbed the Third World countries of their resources and subordinated and tied them to the economic development of the metropolitan countries.

39 *ibid.*, p.36.

40 *ibid.*, p.40.

Therefore, the present day socio-economic state of developing countries is not simply underdevelopment, not just a sign of their dropping out of or falling behind development, but it is indeed the product of a peculiar development -- a development most closely connected with, and deriving from, the development of world capitalist economy. Consequently, these oppressed and dependent countries have developed since time together with and within the world system of imperialism as its constituent part.

In conclusion, we can put the main qualitative characteristics along-with the historical roots and socio-economic causes of underdevelopment as follows:

- I one sided/asymmetric/economic dependence, opening new vistas of exploitation of the 'periphery' for and by the centre.
- II regular/continuous drain of income leading to lack of productive investment.

This reveals that the present state and problems of the developing countries stem primarily from external factors related to the movement of the world capitalist economy. The rise, direction and means of international division of labour involving the developing countries

have resulted for them in a one-sided economic dependence and income drain, the increasing tendency of which is reinforced, even by the recent disturbances and modifications of international economic relations. Owing to the role, imposed upon them, in the international division of labour, and the penetration of external economic powers, first of all of foreign monopolies, into their economy, a peculiarly distorted and internally disintegrated economic and social structure has come into being which in turn has provided a basis for the perpetuance of the system of asymmetrical external relations, of the mechanism of dependence and exploitation.

Besides these two aspects of underdevelopment; basically external and international, from the historical point of view of the emergence of present state, there are two other aspect also which are internal and increasingly important from the point of view of future development.

- I internally, non-coordinated disintegrated economy with a more or less dualistic distorted structure, and
- II a heterogeneous, hierarchical societal pattern.

Though a sharp and clear distinction between internal and external factors is there, the awareness of their close inter-relationships are also significant for the right assessment of development perspectives. It is obvious, and so self-evident that the movement of the world economy and market will continue to exert a great influence on the internal life and external relations of the underdeveloped or developing countries, but the direction, and the intensity of influence will depend on a directive measure to the progress of internal changes, the results of the transformation of the inherited structure.

After surveying various explanations of ^{/the} nature of underdevelopment, the next chapter will make a survey into Western Marxian and Soviet approaches to look into the causes, processes and origin of underdevelopment.

CHAPTER-II

WESTERN MARXIAN AND SOVIET APPROACHES TO UNDERDEVELOPMENT:A SURVEY

Knowing the nature of underdevelopment, the question crops up that why are we underdeveloped. A number of theories have been given from time to time to explain the causes of underdevelopment.

Let me take the liberty of quoting Andre Gunder Frank, as I found this quotation important enough to be mentioned here -

Latin America offers a still more instructive laboratory for the historical analysis of how underdevelopment developed and still develops under mercantilism and capitalism, because the New World offers numerous examples in North America, the Antilles, and especially in Brazil, Venezuela, and Argentina of how underdeveloped societies which were not incorporated into, but which were virtually begun from scratch and (under)-developed by, the development of a single world-wide mercantilist and capitalist system. Since these areas had no existing wealth that could be carried away, the commercial and productive system, which in the formerly high-civilization areas developed after the 'initially' existing stock of wealth had been exhausted, was here implanted from the very beginning.

In the South of the United States in the West Indies: and in Brazil especially, but to lesser extents elsewhere on the continent as well, this European expansion implanted slavery in unmistakable form. It was not pre-feudal slavery (in Marxist sense), nor was it feudal slavery. It was, as Eric Williams (1944) has so effectively argued in his Capitalism and Slavery, capitalist slavery, . . . , to say that it was "mercantile(ist) slavery". It extracted immense riches from Africa where the slaves come from, from America where the slave-produced goods came from and from the slave trade itself, all of which, while serving as an undoubtedly important source of the (primitive) accumulation of capital in the metropole, not only decapitalized the populations of the peripheral countries but implanted the social, economic, political, and cultural structure of underdevelopment among them. Elsewhere in Latin America the predominant social and productive organization was not technically mercantile capitalist slavery, though it existed where and when convenient and possible, but mercantile capitalism combined with a whole variety of other forms of servitude.

Throughout Latin America, whatever the previous or new forms of domestic social organization, it is important to remember that they were turned to the metropolitan outside, produced for the outside and were controlled by the outside. This external force inevitably formed or transformed the entire network or structure of domestic social relations, however, 'feudal' and closed they may superficially appear. But from another and I think more realistic perspective they were not controlled from the outside/ from the inside, that is, from the inside of the metropole. They had become incorporated into the world-wide mercantile system whose 'peripheral' 'outside', though not unimportant appendages they were - and still are.(1)

1 A.G.Frank, On Capitalist Underdevelopment (Bombay, 1975), pp.26-28.

So, we observe that taking example of Latin America, Frank has shown how mercantilism and capitalism has created the metropole (the core) and dependent/colonial countries (the periphery), through an unequal exchange process, and also, how it has implanted the socio-economic-political and cultural structure of underdevelopment upon them.

Besides this core-periphery approach which has been supported, extended and argued by two other exponents - Samir Amin and Immanuel Wallerstein, there is another broad categorisation which holds that the internal social-political - structural disorder is responsible for causing underdevelopment. The whole infra-structure in the underdeveloped countries, they find, lacks a conducive atmosphere for development. Considering that these countries "lacked the socio-political pre-requisites for development" they maintain that "a country is economically backward because it is politically, socially and physically backward"². The exponent of this approach is Paul Baran.

2 G.M. Meier, " The Problems of Limited Economic Development", A.N. Agrawala and S.P.Singh ed. The Economics of Underdevelopment (Oxford, 1958), pp.55-56.

Now, Let us see these two contrasting approaches in detail. Paul Baran gives an elaborate account as how the socio-economic-political structure has caused underdevelopment. He finds the 'paucity of per-capita output' characterising underdevelopment and maintains that the gap between actual and potential surplus, its generation, size and mode of utilization, determines the growth pattern of a country.

Distinguishing between the actual economic surplus- as the difference between society's actual current output and its actual current consumption, and the potential surplus - as the difference between the output that could be produced in a given natural and technical environment, with the help of employable productive resources and what might be regarded as essential consumption³.

Rejecting (the earlier mentioned in Chapter-I) the diffusionist approach, he retorts that capitalism has failed to improve materially the lot of the people inhabiting most backward areas, though it has 'affected profoundly the social and political conditions in underdeveloped countries' by introducing all the social and economic tensions inherent

3 Paul A. Baran, The Political Economy of Growth (New Delhi, 1958), pp.25-26.'

in the capitalist order⁴.

For Baran the economic development has historically always meant a far-reaching transformation of society's economic, social and political structure of the dominant organization of production, distribution and consumption. Economic development has always been propelled by classes and groups interested in a new economic and social order, has always been opposed to and obstructed by those interested in the preservation of the status quo, rooted in and deriving innumerable benefits and habits of thought from the existing fabric of society, the prevailing mores, customs and institutions⁵.

Surveying the forces impeding capital formation and productive investment in both the rural and the urban sectors of economy of backward countries, he wrote, the 'morphology of backwardness'. With a low output and under-

4 Paul A. Baran, 'On the Political Economy of Backwardness' Agrawala and Singh, ed. The Economics of Underdevelopment, (Oxford, 1958), p.76.

5 Baran, n.3, p.4

utilization of man and material resources, the discrepancy is with the mode of utilization of economic surplus. In agricultural sector, a large share of economic surplus produced remains potential surplus that could be used for investment if excess consumption and unproductive expenditures of all kinds were eliminated. What actual surplus is there, becomes embedded in the economic pores of the backward societies making but little contribution to increase of productivity⁶, alongwith the atmosphere for adaptation of new technology and implements. Outside agricultural sector the process of accumulation of capital and the evolution of capitalist class, industrial production and foreign enterprises have been considered by Baran. Unfavourable terms of trade for rural producer with disorganized and isolated markets, what-ever capital is accumulated is not properly invested in industrial production.

Since industrial expansion under capitalism depends largely on its gathering its own momentum, whatever market for manufactured goods emerged in the colonial and dependent countries did not become "internal market" of these countries, thrown wide open by colonization and by unequal treaties it became an appendage of the 'internal market' of Western capitalism⁷.

6 ibid., p.185.

7 ibid., pp.192-193.

This shows that the economic surplus appropriated in lavish amounts by monopolistic concerns in backward countries is not employed for productive purposes⁸.

The foreign enterprises producing for export not only narrow down the internal market but also transfer the economic surplus abroad. Indirectly, foreign enterprise influences "through multitude of channels, permeates all of the economic, social, political and cultural life"⁹ of the underdeveloped countries.

The exploitation of raw materials by foreign capital slows down, limits and controls the economic growth in the underdeveloped countries. Hence, Baran has verily put that the 'principle obstacle' in the development of underdeveloped countries is not the shortage of capital. What is short in all these countries is what we termed actual economic surplus invested in the expansion of productive facilities. The potential economic surplus that could be made available for such investment is large in all of them¹⁰. The irrational employment of currently available actual resources and the way in which these

8 ibid., p.196.

9 ibid., p. 216.

10 ibid., p.251.

countries utilise their economic surplus is chiefly responsible for backwardness.

Therefore, this approach shows, while the social-political structures in the Third World countries are not conducive to create an atmosphere for fully productive utilization of potential economic surplus, what is typical of the underdeveloped countries and characteristic of their underdevelopment is not the lack of surplus, but a distinctive way of using the surplus: unproductive, wasteful, exported.

Now, coming to the other approach, whenever we examine the real situation- the consistency, form and utilization of the surplus in underdeveloped countries - we find ourselves confronted with the real problems - the forms taken by the surplus and the way it is used depends on the nature of the political and social formation in the countries of the periphery and the mechanism whereby they are integrated into the world capitalist system¹¹.

11 Samir Amin, Accumulation on a World Scale : A Critique of the Theory of Underdevelopment Brian Pearce, Trans (Vol. 1 and 2 combined) (London, 1974), p.10

Andre Gunder Frank while making an enquiry into the causes of underdevelopment formulated a theory within Marxian context. He distinguished the centre and periphery by his reference to metropole and satellite, and argued that capitalism is a single integrated system in which one part exploits another. Those who are the exploiting beneficiaries and advanced countries form the metropole (the centre) and those exploited form the satellite, (the peripheral) countries. He maintains that a comprehensive theory could not be formulated without a socio-economic - historical analysis of underdevelopment. And hence in his Capitalism and Underdevelopment in Latin America : Historical Studies of Chile and Brazil, he uses, Brazil and Chile as the cases to support his theory.

He maintains that "the process of capitalist development and its replacement of or integration with the pre-existing and also self-transforming social system evidently was quite different in the periphery than it was in the metropole"¹². The contemporary underdevelopment is, thus a consequence of the relationships between the now developed

12 Frank, n.l, p.46.

metropolitan countries and the underdeveloped satellite countries. He approves that underdevelopment is not original or traditional but results over time fundamentally from the 'intrusion of the capitalist system'. The now developed countries may once have been undeveloped, but they were never underdeveloped, because capitalism has produced and means not only development but underdevelopment also. "It is quite clear that the now underdeveloped countries' participation in the capitalist system has undoubtedly made a most important contribution to their underdevelopment"¹³. The world capitalist system makes a two-way process - a reflection of the development of the capitalist system on a world scale.

The metropole used the raw materials and capital which were historically and still contemporaneously taken from the periphery, to permit or accelerate development in the metropole itself and to produce underdevelopment in the periphery. Now the metropole is increasingly investing its own and the periphery's capital in technology which substitutes for the very resources ^{that} the under-developed

13 ibid., p.13.

periphery have raw materials and labour. Increasingly the metropole is indeed, able to do without the periphery, or at least to do with them, but at an ever lower price reflected in the terms of trade¹⁴.

The underdeveloped, isolated, feudal or pre-capitalist society at the periphery are falsely distinguished from the developed, capitalist and modern ones at the centre. In underdeveloped periphery also exist metropolises within. These peripheral outposts of the world metropole are themselves metropolitan centres to their respective peripheral hinterlands. But in addition to having the same essential relation with their periphery as does the world capitalist metropole with its periphery, these regional or national metropolitan centres serve the additional function of mediating between the world metropole and the periphery¹⁵. Thus, metropole - satellite relations are found at the international and national level both, and as well, in the socio-economic-political lives ^{of} ex-colonies and now-colonial countries. Variousy related to each other through colonialism, free-trade,

14 ibid., p.68.

15 ibid., p.78.

imperialism and neo-colonialism, the metropolises exploited the periphery in such a way and extent that the metropole became what we today call developed while the periphery became what we now call underdeveloped¹⁶. The most underdeveloped regions are those that in the past had the closest ties to the metropole. They were great exporters of primary products and a major source for capital to the 'centre'.

This is the theory of capitalist development of underdevelopment given by Frank in the 'core-periphery' approach to the underdevelopment as a result of a single world capitalist system functioning under unequal pattern of exchange.

Assessing Samir Amin's views as elaborated in his Unequal Development and in Accumulation of Capital on a World Scale, we find that major thrust of his arguments is that all nations of the international community, socialist and capitalist alike, are integrated in varying degrees into a commercial and financial network of a single market, known as the world market.

16 *ibid.*, p.95.

In the centre and the periphery there are not only mutual but internal relations also, which alongwith Soviet-world's relations form the part of the world capitalist market¹⁷. The relations between the formation of developed or advanced world (the centre) and those of underdeveloped world (the periphery) are affected by the transfer of value, and these constitute the essence of the problem of accumulation on a world scale¹⁸. When, for example, the pre-capitalist mode of production enters into relations with capitalist mode of production, transfer of value takes place from the periphery to the centre — as a result of 'primitive accumulation' mechanism. This mechanism works in the manner that it transfers value (capital, raw material, labour) from the periphery which is less developed and has the primitive mode, and pre-capitalist mode of production to the metropole through an unequal exchange process either in terms of trade or in some other commercial exchanges.

17 Amin, n.11, p.4.

18 *ibid.*, p.3.

Revealing the structural features of underdevelopment, (a) unevenness of productivity as between sectors, (b) disarticulation of the economic system and (c) domination from outside, Amin points out that the lack of communication, 'marginal inter-sectoral exchange', foreign demand and its mobilising effects on rural economy's commercialization, and dependence on foreign capital forms the process of accumulation of capital on the world scale from periphery to the centre, as a single process which leads to ^{the} development of centre with the underdevelopment of periphery¹⁹.

Growth has an integrating effect at the centre and generates the social contradiction not between the bourgeois and the proletariat of a country, considered in isolation, but between the world bourgeois and the world proletariat. Marx had an insight of this unity of the world bourgeois and hence had given the call -- WORKER OF ALL COUNTRIES --UNITE ! The world bourgeois is the bourgeois at the centre with the bourgeois formed in the periphery. But the centre nucleus of proletariat is in the periphery, and not at the centre²⁰.

19 ibid., pp.15-20.

20 ibid., pp.24-25.

It is on the basis of this historical background that "a theory of international division of labour can be constructed that will enable us to understand how underdevelopment originated, and the place of the underdeveloped countries in this mechanism of capitalist accumulation on a world scale. The theory of underdevelopment can only be the theory of the accumulation of capital on world scale"²¹.

Although Amin accepted Marx's fundamental concept in a theory of accumulation on a world scale, he argued that Marx foresaw that no colonial power would be able to preclude for long the local development of capitalism. With the rise of monopolies, however, "the development of capitalism in the periphery was to remain extraverted, based on external market, and could therefore not had to a full flowering of the capitalist mode of production in the periphery"²².

He accepted Lenin's analysis of transformations of the system at the centre and Baran and Sweezy's updating of Lenin's analysis but criticizing Baran and Sweezy for not analysing the transformations in the

21 ibid., p.20.

22 Samir Amin, Unequal Development : An Essay on the Social Formations of Peripheral Capitalism Brian

periphery, he extended his analysis and concluded underdevelopment to be the consequence of primitive accumulation for the benefit of the centre. Amin emphasises the unity of world capitalist system and reminds that it is not the system of national capitalisms; and so, the concepts of world bourgeois and world proletariat which we have mentioned above.

For Amin,---

The domination by central capital over system as a whole, and the vital mechanisms of primitive accumulation for its benefit which express this domination, subject the development of peripheral national capitalism to strict limitations, which are ultimately dependent upon political relations. The mutilated nature of the national community in the periphery confers an apparent relative weight and special functions upon the local bureaucracy that are not the same as those of the bureaucratic and technocratic social groups at the centre. The contradictions typical of the development of the underdevelopment, and the rise of petty-bourgeois strata reflecting these contradictions, explain the present tendency to state capitalism. This new path of development for capitalism in the periphery does not constitute a mode of transition to socialism but rather expresses the future form in which new relations will be organised between center and periphery(23).

(fn. Contd...)

Pearce Trans (London, 1976), p. 199.

23 *ibid.*, pp.202-203.

In his theory of Unequal Development he acknowledges the different patterns of transition to peripheral capitalism and to central capitalism as the consequence of the dominance of the capitalist mode of production. Unequal international specialization²⁴ is manifested by distortion in the export activities, bureaucracy and light branches of activities²⁵ and unproductive activities in the periphery²⁶ with the centre keeping for itself those activities that are based on a highly skilled labour.

The distortion towards export activities (extraversion), which is the decisive one, does not result from "inadequacy of the home market" but from the superior productivity of the centre in all fields, which compels the periphery to confine itself to the role of complementary supplier of products for the production of which it possess a natural advantage....(27).

Given the periphery's integration within the world market, the periphery is unable to challenge foreign monopolies. Here the underdeveloped countries should not

24 *ibid.*, p.200.

25 *ibid.*, p.201

26 Amin, n.11, p.185.

27 Amin, n.22, p.200.

be confused with advanced countries at an earlier stage of their development, for the underdeveloped countries are characterised by an extreme unequal exchange in the distribution of production, which primarily serves the needs of the dominant centre. Thus, the conquest and opening up of the periphery in conformity with the requirements of the centre are results of the inherent tendency of capitalism to expand markets and to export capital. "Analysis of accumulation on a world scale shows that this accumulation always takes place to advantage of centre: it is not the advanced countries that supply capital to the underdeveloped ones, but vice versa"²⁸.

This explains the reason of development of the underdeveloped countries being blocked. Hence, we see that Amin intends to an interpretation of capitalism as a world system upon which national entities are dependent. Class, production, market struggle and transition all must be analysed in a world context. Thus, the transition from capitalism to socialism must be an international order to begin in the periphery.

28 Amin, n.11, p.136.

While Frank stresses exchange and market inequalities, Amin uses the concepts such as mode of production beyond market categories focusing on the world system, its unity, centre and periphery. However, I find Immanuel Wallerstein much more emphatic on the core-periphery relationship. Emphasising the processes of monopolization, Wallerstein mentions 'core' processes in 'core' areas; and more and more the process that require less skilled and more extensive man-power that is easiest to keep at a low-income level in other areas--the 'peripheral' process in 'peripheral' areas. Parallel to this economic polarization has been a political polarization between stronger state in the core areas, and weaker states in peripheral areas. And the political process of imperialism makes it possible to have the economic process of "unequal exchange"²⁹.

Distinguishing the concept of 'world economy' from that of 'international economy' in scope -- one being global and other national -- he implies that 'by contrast the concept of "World economy" assumes that there exists an economy wherever there is an ongoing extensive and relatively complete social division of labour with an integrated set of production processes which

29 Immanuel Wallerstein, The Politics of the World Economy (Cambridge, 1984), p.5.

with the
 relate to each/other through a common "market" that
 has been instituted or created in some complex way ³⁰.
 World economy essentially has a capitalist mode of pro-
 duction. The operation of capitalist world economy'
 takes place via "a social relationship called capital/
 labour", in which the surplus created by direct producers
 has been appropriated by other either at the point of
 production or at the nearest market place.

Once the extraction of surplus value has taken
 place, the distribution of surplus-extracted succeeds
 among a network of the beneficiaries. The mode of
 redistribution is the exchange-processes of the 'market'.
 Structurally the world economy permits an (primarily
 trans-state) unequal exchange of products, goods and
 services, such that much of the surplus extracted in
 the peripheral zones of the world economy is transferred
 and permeated to the core zones. The unequal amount
 of social labour is exchanged. This we call the core-
 periphery relationship, which is a pervasive, and conti-
 nuing process. There"tend to be geographical locali-
 sations of productive activities such that the 'core-like'

30 *ibid.*, p.13.

production activities and 'periphery - like' production activities, tend each to be spatially grouped together!" We can, thus, refer to some states as core states and others as peripheral states. In so far as some of the states function as loci of mixed kind of production activities, we can speak of such states as semi-peripheral³¹. The position of a state is not constant with respect to the production process, by the very regular relocation of core-like and periphery-like economic activities. Since what makes a production process core-like or periphery-like is the degree to which it incorporates labour - value, is mechanized and is highly profitable, and all these characteristics shift over time for any given product because of 'product-cycles', it follows that no production is inherently core-like or periphery-like, but each has that characteristic for a given time. Though there are some activities of production which are always core-like or periphery-like³².

Each period of stagnation has created pressures to

31 *ibid.*, p.15.

32 *ibid.*, p.16.

restructure the network of production process and the social relations that underlie them in the ways that would overcome the bottlenecks to accumulation. Renewal or expansion takes place by the mechanism of--

(a) an intensified class-struggle both within the core states and between groups located in different states such that there may occur at the end of the process some political redistribution of world surplus to workers in the core zones and to bourgeois in the semi-peripheral and peripheral zones, thereby augmenting world effective demand.

(b) expansion of outer boundaries of the world economy, thereby creating new pools of direct producers who can be involved in world production as semi-proletarianized workers receiving wages below the cost of production³³.

The capitalist world economy which came into existence in Europe in sixteenth century, is a system based on the drive to accumulate capital on a world scale, the political conditioning of price levels (of capital, commodities and labour), and the steady polarization of classes and regions

33 *ibid.*, pp.16-17.

(core and periphery) over time"³⁴. The world capitalist economy is an integrated production process united in a single division of labour.

World capitalist economy's basic economic imperative is the ceaseless accumulation of capital made possible by continuous appropriation of surplus value, which is centralized via primitive accumulation, the concentration of capital and the mechanisms of unequal exchange. The peripheral countries are not strong enough to interfere with the flows of capital, commodities and labour between this zone and the rest of the world capitalist economy, but are strong enough to facilitate these same flows. This meant that incorporation involved in some cases, weakening the pre-existing state structures, in other case strengthening them or creating new ones--in all case, thus restructuring and reshaping them. Since most of the peripheral states have/had colonial status or as dependent zones, the national movements against imperialism is seen as the demand for changing

34 ibid., p.29.

the relations. Once these states of periphery were integrated into the interstate system of the world capitalist economy, the system operated to facilitate the peripheralization of the production process in the region and flows of surplus to core regions via unequal exchange³⁵.

Therefore, we see in this survey of western marxian approaches that there are two models-- the Internal and the Core-periphery. The approaches analyse the political economy of underdevelopment to look into the causes, origin and development of underdevelopment as a given central feature of world capitalist process which is essentially single and exploitative, as-- unremitting drive to ceaseless accumulation³⁶ and constructed around an axial division of labour between core zones and peripheral zones between which there is unequal exchange³⁷, on the one hand; and maintaining that these peripheral

35 ibid., pp.80-82.

36 ibid., p.168.

37 ibid., p.169.

countries do not lack (capital commodities and labour) raw material and resource potentialities, but they are compelled to a specific mode of utilization which is wasteful, nonproductive and export-oriented, on the other hand.

Now, let us see the Soviet Approach, which in its Marxist-Leninist frame work analyses the problems of development of Third World countries and premises that the anti-imperialist, Socialist orientation of the underdeveloped countries as the essential of their progress. They also view and opine that all the problems of the underdeveloped countries are the problem of transition from the pre-capitalist/feudal mode of production to the capitalist mode of production; escalation of social contradictions and class-conflicts in these countries are to accelerate the transition to Socialism. Socialism is the only solution to these underdeveloped countries to get rid of their backwardness. In historical perspective of marxist analysis there is an inevitable process going on to the most advanced mode of production, that is Socialism. Each country will have to follow

that path sooner or later, either through capitalist path or non-capitalist path of development, or through some other path of development peculiar to the circumstances and needs of the country concerned.

The Soviet approach on the political economy of Third world, and so, on the underdevelopment can be seen through the writings of Soviet scholars. Since Soviet concept on underdevelopment goes parallel with their view on the development process in the Third World in the broad framework of Marxist-Leninist ideology, one finds it easier to divide the Soviet approach in different period and phases.

Viewing the societies of the underdeveloped countries of Latin America, Africa and Asia in a state of transitory process on the road to socialism, the Soviets try to give a solution, and search for a model to the problems of development. Soviets apprehend, true to certain extent that the foreign capitalist domination would delay the process of

development and closer relations with the socialist bloc would 'speed it up'; though the basic solution to the problems lies with people within these countries. True to their observation they take the great advances made by the Soviet bloc as a magnet for the most of the exploited countries to take up the path of socialism, which otherwise also would be a result of historical evolution. They take up the anxious desires of the Third World to transform its backward economy to raise living standards and to do away with foreign exploitation.

Still a long way from socialist economic planning, which would bring the underdeveloped countries out of the integrated system of world capitalist economy, based on common public ownership of all the means of production, the countries of the Third world differ in many respects from the Marxist definition of socialism. They view that the advancement to socialism in the Third world may take different forms arising out from varying patterns of class-relations and their different historical backgrounds. Lenin himself, finding the law of uneven

economic development under capitalism was more insistent that 'each country must work out its own road to socialism.' Socialist revolution will not be solely or chiefly a struggle of the revolutionary proletariat within the national boundaries of a country against their bourgeois rather it will be a struggle of all the oppressed colonies and countries against imperialism³⁸.

Since the second world war the conditions have changed. The scope and pace of economic growth is much faster in modern world. The underdeveloped countries are surrounded by far more developed countries and a new idea (which was not there earlier) of socialist path of doing away with backwardness, has raised the question as to whether the new states would have to go through an exactly similar process of capitalist growth before they attain the existing level of the capitalist world, or whether in new world situation with the growth of socialist experiences, it would be possible for underdeveloped countries to

38 V.I. Lenin, Collected Works, vol.30, (Moscow, 1965), p.159.

find out a path along which they could skip over the torturous path of capitalist development and could advance more quickly.

Lenin mentioned that "with the aid of the proletariat of the advanced countries backward countries can go over to the Soviet system, and through certain stages of development, to communism, without having to pass through capitalist state"³⁹.

Thus "by-passing capitalism" and to follow a "contracted path of development" is the Lenin's "Non-Capitalist path of development", which he suggested with the assumption of the unity of world revolutionary process, against the integrated world capitalist economy and its reflection in the process of world imperialism.

The support to national liberation movements forms the heart of Soviet approach towards the countries of Third World as these movements are seen as the struggle against World capitalism and

39 V.I. Lenin, Collected Works, vol.31,(Moscow, 1966), p.244.

important enough to weaken the imperialism because of their complementarity with socialism.

Leninist theory of self-determination essentially became an incentive to class-struggle within the capitalist society, and thus, to sap its foundations. It was intended to forge an inseparable link between the proletariat of the West and the people of the colonies.⁴⁰ To escalate the process of class-struggle, Soviets support to the national aspiration of the colonial people under the Lenin's theses of the second Comintern Congress which lays down the guide line for Soviet policy.

It reads --

The communist International should collaborate provisionally with revolutionary movements of the colonies and backwards countries and even form an alliance with it, but it must not amalgamate with it; it must unconditionally maintain independence of the proletarian movement even if it is only in an embryonic stage.(41)

40 Zafar Imam, Colonialism in East-West Relations: A Study of Soviet Policy towards India and Anglo-Soviet Relations, 1917-1947 (New Delhi, 1969), p.10.

41 ibid. p.19.

Thus, the general support to the national movements in the colonies and semi-colonies was conceded on the assumption that they would weaken the hold of capitalism all over the world⁴², and would change the relations of production in favour of proletariats so as to strengthen the socialist-world.

The Leninist idea of a single world revolutionary process suffered during Stalinist period which deformed the old policy of united front of Communist and Nationalist adopted at second Congress in 1920. Though in 1926, Stalin endorsed the Leninist line saying that "the interests of ^{one} building socialism in/country completely and fully merge with the revolutionary movements in all countries, is the one general interest of victory of the Socialist revolution in all countries"⁴³, but in the Sixth congress when the colonial question

42 *ibid.*, p.20.

43 J.V. Stalin, Works, vol.9, 1926 (Moscow, 1954) p.65.

was discussed, a policy poles-apart from the earlier one was brought to the forum. The theses made it clear that the bourgeois revolutionary movements in the developed colonies and semi-colonies had already gone over to imperialism against their own people and could not be expected to lead to the colonial people to national revolution and later to the social revolution. Hence there is a total rejection of all such movements⁴⁴.

Zafar Imam puts that from 1929 onwards, Soviet interest in the colonies was purposely misguided, frequently regulated and sometimes with-drawn as the situation in the West demanded and the Soviet diplomatic efforts in the West required. He further comments that the Soviet attitude towards colonial problem was not motivated by philanthropic considerations. Beginning with a genuine desire to bring the colonies into the struggle for world revolution it soon, particularly, after Lenin's death, degenerated into the well-defined purpose of safeguarding

44 Zafar Imam, n.40, pp.36-37.

the Soviet state against the hostility of the capitalist powers and also of strengthening its hand in arriving at a rapprochement with these powers⁴⁵.

So, we find that in the Stalin period, the concept of non-capitalist path of development faced an eclipse. A little change in policy came in when in post-world war period the new global situation appeared on the scene and East Europe alongwith China came hand-in-hand with Soviet Union, with their revolutionary regimes. Since the indication of distrust on nationalist bourgeois was already given by considering them having made compromise with imperialist power in bargain to attain political independence, the newly-liberated countries of Asia and Africa in Stalinist period were given a negative Soviet perception.

But the Stalinist view is based on wrong notions. Because if we go a little deeper into the nature of liberation struggles in the Third World, we find that with many differences and peculiarities of their own the masses, and as well the leadership,

45 .ibid.; p.39, 46.

in these countries were fascinated to socialism because they hated the oppressions of imperialism. The proletarian movement in these countries was very weak. When these ex-colonies obtained political independence "it was basically an all-nation struggle". Though different classes, fought for independence for different objectives, with the achievement of independence the rising native capitalist class wanted to have a big share in the national economy and to throw away the foreign monopolistic domination. The national bourgeoisie which had led the movement of independence and occupied the key position in the liberated governments began to feel that after independence the growing class-conflict would create problems for them and so they indirectly discouraged further escalation of liberation movements. The experience of East Europe had shown that the rising capitalist class set the pace to end feudalism and paved the way for capitalism. And it was the working class in a united front with peasantry, petty bourgeois and middle bourgeois which made great efforts for the

down fall of capitalism and established people's-democracy to advance towards socialism.

But a major break through came in post-Stalin period. The 20th party Congress of 1956, followed the year 1955 in which Khrushchev and Bulganin made their historical visit to India. The Congress report called India one of the great powers of the world; and revived the concept of 'non-capitalist path of development' with regard to the Third World countries as a whole.

The people, however, begin to see that the best way to abolish age-long backwardness and improve their living standard is that of non-capitalist development(46).

It further took note of the 'dual and unstable nature of national bourgeois' in the Third World countries, and elaborated national-bourgeois-participation in the revolution against imperialism which "depends on the concrete conditions" and "differ from country to country"⁴⁷.

46 New Times No.50 (Moscow) (Dec ,1960) p.11.

47 ibid., pp.10-11.

With the concept came a new trend of recognising the political independence of many of the Third World countries as "independent national democracies". The national democracies were not entrusted with the task of preparing the transition to socialism through the non-capitalist development. This concept of non-capitalist path of development is, of course, not in the context of India's development. The task assigned to the national democracies were such that they could easily be taken care of by a regime pursuing a policy of independent capitalist development⁴⁸.

With these realities, of Soviet perspective, a section of Soviet academicians, have willingness to provide, through their writings, "a pseudo-ideological frame-work to meet the requirements of legitimation of the official line favouring cordial relations with the Third World countries following the path of independent capitalist development"⁴⁹.

48 Devendra Kaushik, 'Soviet Perspectives on the Third World: Ideological Retreat or Refinement?' Non-aligned World (New Delhi, 1983), vol.1, p.81.

49 ibid., pp.81-82.

Devendra Kaushik in his article 'Soviet Perspectives on the Third World : Ideological Retreat or Refinement?' has agreed that it was more a refinement of Soviet ideological stand. He wrote -

The modified present version of non-capitalist path conceding that transition to socialism can begin under a non-proletarian regime of national revolutionary democracy is not abandonment of Marxist-Leninist ideology. It seems to be indicative of an added ideological refinement, rather than a retreat(50).

In the 26th Party Congress report, the countries of the Third World are divided into two broad categories -

- a) Those following "the revolutionary - democratic path, and
 - b) Those where capitalist relations had taken roots
- The (b) is further sub-divided into countries following a "truly independent policy", and countries "taking their lead from imperialist policy"⁵¹.

50 ibid., p.83.

51 XXVI Congress of the Communist Party of Soviet Union. Document and Resolution: Documents available at the Cultural Department of USSR Embassy.

With the coming in of the new concepts - like, "potentialities of revolutionary democracy" and "growing into socialism" and "independent path of development", etc., the non-capitalist path of development alongwith state capitalism was recognised as "not a universal law, but rather one of the diverse routes for the advance to socialism"⁵² in context of Third World as a whole.

The search of model to cover the diversities of Third World societies, A.I. Levkovsky and L.I. Reisner developed the concept of "multi-structural nature" of society. According to Levkovsky, various modes of production existing in the Third World countries which has often resulted in more than one type of social relations at a time, has given the society and economy a "multistructural nature". But this 'multi-strutural' analysis is done in the Marxist-Leninist class-analysis. Multistructural society has six stages, according to Levkovsky.

52 R. Ulyanovsky, Socialism and the Newly Independent Nations (Moscow, 1974) pp.110-111.

The first stage occurs when the colonialists are in power. The second stage follows from the colonial rule leads to the state power of a group of indigenous propertied classes with a strong influence of land-lords resulting in a semi-colonial states. A gradual process of bourgeoisisation of power proceeds along with the inclusion of local capitalist strata into it, as also the bourgeoisisation of the feudals. In the third stage the indigenous big bourgeoisie is the leading force in the coalition of classes in power. In the economic sphere, this results in coming to the forefront of the structure of the indigenous private capitalist enterprise. The big bourgeoisie does not exist in all developing countries, and in the political sense, the third stage is strongly conditioned by national peculiarities. But, in all cases, the top section of the bourgeoisie must function in alliance with other classes. In the fourth stage, the lower sections of the national bourgeoisie come to the fore in the ruling coalition. They operate through a strong small capitalist structure. It is a mixed and confused stage having many of the important features of the preceding and following periods. The fifth stage arises with the advent of the representatives of the petty bourgeoisie to a key position in the power coalition. This stage is preceded by a tense social struggle and dramatic changes, particularly in the political sphere. And in the sixth stage, the state power is in the hands of a coalition with the leading role of the organizations of the proletariat and the intelligentsia, who have adopted the position of scientific socialism. The movement in these six stages is not from the lower structure to the higher, but vice versa(53).

In these six stages, four stages follow a capitalist transitional formation. But in further two stages the class-conflict becomes too sharp for a "pro-capitalist or pro-socialist solution of the important national class problems".

Hence, we see that starting from the non-capitalist path of development which is very controversial, to say the least, the Soviet approach extends to the new model of multi-structural nature of underdeveloped societies. The non-capitalist path of development has specifically been relevant to the countries of Latin America and Africa. In case of India this concept is not applicable. Apparently, Kotovsky has gone as far as to suggest that no Soviet academic has defended the concept of non-capitalist path of development to describe Indian realities. The non-capitalist path of development has been historically exemplified in case of Mongolia. To see the Soviet approach in a more elaborative manner to the Third World, it would be necessary for us to see the Soviet view of India's development, as India presents the most complex but classical example for the representation of Soviet approach.

CHAPTER-III

SOVIET VIEW OF INDIA'S DEVELOPMENT

The Soviet perspective on the political economy of the Third World is based on the characteristics of the Soviet conception of underdevelopment of Third World. The main qualitative distinctive features¹ of underdevelopment of the Third World can be summed up, briefly, as follows:

- I Economic dependence on foreign capital;
- II Systematic income drain by foreign capital and various other forms of regular income losses in external relations and dependence;
- III Disintegrated economy with open character and deformed infra-structure; and
- IV Heterogeneous society of a dual structure.

The first two of these features are concerned with international aspects while the other two with internal structural-system of a country.

1 T.Szentes, The Political Economy of Underdevelopment (Budapest, 1976), p.163.

While viewing all the Third World countries within the broad framework of Marxism-Leninism, Soviets have a special interest for India. As India, not only is the biggest of the Third world countries, but also geopolitically significant; and as the champion and leader of Third world has special status in Soviet spectrum of Third world.

On the one hand, India as a sub-continent of myriad social and economic complexities provides a classic example which comprehensively avails with data and information so as to much easily 'accessible to research'. The Indian subcontinent with its some of the world's most backward agrarian sectors and pre-capitalist mode of production, is crucial for the Soviet analysis of underdevelopment for the good reason that other countries of Third World, unfortunately fail, very often, to provide with a coherent idea with statistical information for research purposes.

On the other hand, the Soviet analysis of India presents one of the best cases for universality and

application of the Marxist-Leninist approach; for among the Soviets, over past three decades, have devoted the most of their resources to the study of developing countries and their writings on India offer abundant material to permit satisfactory generalisations. India, thus, ensconce herself in a dominant place in Soviet orientology.

The history of Marxist-Leninist concern for India's strategic international position goes back to the first days of October Revolution. As early as, in 1924, India, was still the colony which Stalin considered, 'held the greatest hope for rapid revolutionary overthrow'². A historical depth in the Soviet view of development, provides us with the uniqueness of the Soviet's third-world analysis.

The fact that India was one of the first independent countries of the Third World with whom the Soviet Union established diplomatic relations deepens the historical perspective from which one can observe post-war

2 W.W.Kulski, Peaceful Coexistence, An Analysis of Soviet Foreign Policy (Chicago, 1959), p.121.

Soviet analysis. Since diplomatic relations between these two countries have remained friendly, and, by comparison with the violent swings of Soviet relations with other ex-colonies, relatively stable since Stalin's death, this continuity in foreign policy has provided the framework for a generally stable, though not static, ideological stance towards India(3).

The Soviet analysis searches for a 'specific Communist model'. The establishment of diplomatic relations, cultural and commercial exchanges with developing countries permitted Soviet scholars for the first time to do field work⁴.

Delyusin in his article "Socialism and National Liberation Struggle", claims, "Marxism has been finding the right solutions for all the problems of current development including the complicated process and phenomena of the Third World, because it has never

3 Stephen Clarkson, The Soviet Theory of Development : India and the Third World in Marxist-Leninist Scholarship (Toronto, 1978), p.11.

4 ibid., pp.5-6.

stood still but ceaselessly developed, adding new prepositions and conclusions to its body of theory"⁵.

R.A. Ulyanovsky supportingly writes:

Naturally, it is the communists... who are able to offer the people of developing countries, constructive ideas about the shortest roads and successful methods for eliminating their age-old backwardness.(6)

But now Soviet do not plead that the Marxist-Leninist analysis is the 'single formula' rather they re-stressed Lenin's line that it is "an extremely profound and many sided doctrine"⁷, 'adapting to the problems as they evolve'.

Thence, Soviets portrait of Third World, has a

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- 5 L.Delyusin, "Socialism and National Liberation Struggle", Y.Zhukov ed. The Third World : Problems and Prospects (Moscow, 1970), p.251.
- 6 R.A. Ulyanovsky, The Dollar and Asia : US Neo-colonialist Policy in Action (Moscow, 1965), p.6.
- 7 A.Iskenderov, 'The National-Liberation Movement in Our Time', Y.Zhukov, ed., The Third World : Problems and Prospects (Moscow, 1970), p.33.

multiplicity of models, though in the same broad frame of Marxism-Leninism; each fit in to the particular country in a particular historical-national context/situation. Though each model is a socialist pattern to the developmental process and a road leading towards socialism, the path varies as per the perceptions of leadership of that very country. These perceptions are of the leadership in a specific historical-economic-social conditions through/with which the nation has come out of the imperialism's claws. Different stages of socialist development have been put forward by Soviet scholars to meet the growing varieties of national liberation struggle against imperialism and the path of development with which a number of nations have joined the international community as independent and free countries. Path to socialism, varying with the needs and ambitions of the nations and of the leadership, is so colourful, specific and peculiar that each country's portrait is different from that of the other. For Nehru, it was the solution to the nationality-question and rapid industrialisation; for Nasser, it was the nationalisation and for others the interests might vary from economic to political to planning to state control, etc., etc.

Thus, the Soviet view on Third World has taken zig-zag path and has played snake and ladder dramatically over time, in quality and variety both, from author to author, under whips and whims of international situations and the only consistency which has ever remained is of its broad framework of Marxism-Leninism. Since the Soviet scholars are ineluctable part of Soviet political process, their writings and research studies on developing countries can be scrutinized for clues on Soviet Third World policy. Coming as the directive to local communist parties, Soviet publication on the Third World comes through Kremlin's ideological mentors, as the 'reflections of Moscow's current strategy'.

As official Soviet ideology has gone through several distinct phases since the October Revolution, influenced by changes in the internal economic and political situation as well as in the external international position of the Soviet Union, the Soviet view of India can be divided into 'Upto-Stalin' and 'post-Stalin' periods.

'Upto-Stalin' period, Soviet analysts have seen India, since October Revolution, as a highly developed

capitalist economy on the brink of a socialist revolution (1921-28); a colonial economy in the hands of a reactionary bourgeoisie (1928-41); an important economic and industrial base for the British, their war-time allies (1941-45); and as a continuing colony in the UK-US empire (1947-53); but in post-Stalin period, since 1955 onwards India has been a 'truly independent and progressive Third-World power'.

In the 'Upto-Stalin' period, raising the question on Indian underdevelopment, Marx and Engels have distinguished the feudalism with the Asiatic mode of production - as the absence of private property in land -- as a historically and analytically a different stage of development⁸.

 8 Marx and Engels , 'On Colonialism' (Moscow,n.d.) pp.309-310.

(Marx on 2 June 1953 wrote to Engels : 'Bernier rightly considered the basis of all phenomena in the East -- he refers to Turkey, Persia, Hindustan -- to be the absence of private property in land. And Engels replied on 6 June 1953, : 'The absence of property in land is indeed the key to the whole of the East. Herein lies its political and religious history. But how does it come about that the Orientals did not arrive at landed property, even in its feudal form?')

Lenin, refusing to wait for history to catch up with revolutionary agency in a backward and semi-oriental society, created new adaptations to western revolutionary theory by 'creating a party to act in the name of peasants and proletariats, 'which made him the revolutionary strategist and the prudent peacemaker of Marxist thought for pre-capitalist Third World. Lenin suggested at the Second Congress of Comintern that Communist are obliged to support all bourgeois-democratic movements in the colonies⁹.

Though the hopes to find in India the vanguard of socialist revolution in Asia were belied, M.N.Roy got his theses' modification on colonial problem adopted at the Second Congress of Comintern in the July 1920. In Lenin's and M.N. Roy's theses -- the division of the world into oppressor and oppressed nations by imperialism, the growing importance of the colonies and semi-colonies in the struggle against imperialism and the need to draw them into this struggle and the inevitability of the world-wide revolution embracing the colonial world as well--

9 Y.Varga, Politico-Economic Problems of Capitalism (Moscow, 1968), p.87.

were quite common¹⁰. The major difference was in tactics in the policy to be adopted towards the colonies. Lenin viewed the whole question from "the strategy of world revolution ... alliance of the proletariat and the working masses of all nations and countries for the common revolutionary struggle"¹¹. Lenin was in favour of supporting the bourgeois national movements, and regarded the nature of bourgeois nationalist revolution as potentially revolutionary against imperialism. Roy in his theses, advocated a tactical policy -- the class-historical viewpoint of the theory of self-determination. He pointed out that to support colonies and semi-colonies would merely amount to supporting the bourgeois against the working masses of these countries. Lenin's final theses laid down that the Communist International should collaborate provisionally with revolutionary movements of the colonies and backward countries and even form an alliance with it, but it must not amalgamate with it; it must unconditionally maintain independence of the proletariat movement even if it is only

 10 Zafar Imam, Colonialism in East-West Relations : A Study of Soviet Policy towards India and Anglo-Soviet Relations, 1917-1947 (New Delhi, 1969), p.17.

11 *ibid.*, p.17.

is an embryonic stage¹².

G.Safarov criticised Roy saying, "the problem of Soviet Revolution is not our immediate task in these countries, where our first duty is to fight for the liberation of the working class and organization in the political and economic field"¹³.

With a strategic consideration that the colonies had a high revolutionary potential the Soviet thinking, concerning a particular country did bear a direct connection to the prospects of the Communist Party in that particular country. The weakness of communist parties in any region leading to 'bleak prospect of revolutionary breakthrough accounted for the general Soviet disinterest in that area'.¹⁴ The internal Soviet politics also, had an impact on their view of any Third world country.

Although, there were many changes in the strategy and tactics during the years that Stalin was in power, the Soviets' writings on India, in this period

12 *ibid.*, pp.18-19.

13 *ibid.*, p.25.

14 Clarkson, n.3, p.18.

of the Soviet analysis, was overwhelmingly clouded by the comments Stalin had made in 1925, during his speech at Communist University of the Toilers of the East¹⁵. In this address he classified India as the most capitalistically developed of the dependent and colonial countries, having a 'more or less numerous national proletariat'. Denouncing the "compromising section" of Indian bourgeois for having made a conciliation with British imperialism, he calls it necessary to prepare "the proletariat for the role of leader of the liberation movement" and emphasises that the hegemony of proletariat "can be prepared" and realized "only by the Communist Party"¹⁶.

Roy's 'decolonization theory', in 1928, at the Sixth Comintern Congress, was condemned. Roy's theory was that ^{the} imperialism has changed its strategy, and is now favouring economic development in the colonies. This process would inevitably lead to decolonization. Since that view became, officially, an anathema, being it called a theory of "apologists of imperialism"¹⁷, a second preoccupation of the writings of this period

15 J.V. Stalin, Works Vol.7, 1925(Moscow, 1954), pp.135-152.

16 . ibid., pp.150-151.

17 M.N.Roy, The Communist International (Bombay,1943), p.48.

was to insist that imperialism was trying to prevent economic development in the colonies, a theme that permeates Soviet writings to this day¹⁸.

After a period of uncertainty from 1945 to 1947, in the post-Second World War phase, the Soviet line, as per the demands of their own international needs became hostile towards any country, new or old, which was not an open ally. Under the two-camp division and the Cominfom, India with its national government, which was as much 'dual nature bourgeoisie'¹⁹, as of any other developing country or colonial leadership, was denounced for having subservient "close ties with British and American monopolies"²⁰. Indian National Congress was condemned as a reactionary bourgeois party and the official Soviet indication in the re-revised hard line vision of the colonial world in general, was of hostility to Nehru's bourgeois regime, which had a Dominion status within the

18 Clarkson, n.3, p.23.

19 Varga, n.9, p.88.

20 J.A. Naik, Soviet Policy Towards India--From Stalin to Brezhnev (New Delhi, 1970), p.35.

Commonwealth^e 21. Eugene Varga, shows the Soviet view on India at the last phase of Stalinist period (1947-1953).

The creation of the Indian Dominion is merely symbolic of the compromise made between the English imperialist bourgeoisie and the Congress's ruling puppet bloc of big capitalists and land-owners. By granting formal independence, English monopoly capitalism was trying to conserve its economic position in India with the aid of the native ruling classes, while the latter were trying, with imperialist aid, to defend the existing social structure against the growing revolutionary movement of the workers and peasants.(22).

So, here we find the same vision of Soviets that the national bourgeoisie leading the national-liberation movements because of its very nature, has a vacillating approach to the world revolutionary process. Though the concept of the unity of the world revolutionary process

21 A.Daykov, in his article "Partitioned India" in New Times, (Moscow), no.3, 1948, wrote that the acceptance of the Mountbatten Plan (for partition) by the leaders of Indian National Congress was a result of a compromise deal between the Indian bourgeoisie and British imperialism. What chiefly prompted the Indian bourgeoisie to make this political compromise was its fear of the mass movement for national liberation.

22 Clarkson, n.3., p.25.

with its essential support to the national liberation movements, in Stalin's period, was never abandoned, it is altogether a different matter that the perception of what constituted a national liberation movement had changed. Stalin "viewed independent India as a semi-colony governed by a reactionary regime representing the interests of the big monopolist bourgeoisie, which was in league with foreign capital and tied to feudal landlords"²³.

During the same period there existed a divergent assessment of the regimes in ex-colonies. Dyakov in his article "Contemporary India" published in Feb. 1946 issue of journal Bolshevik, portrayed the Indian national movement as an all class-struggle with the exception of feudal princes²⁴.

Considering the 'small size of India's internal market as the "principal objection to industrialization",

23 Devendra Kaushik, "Soviet Perspectives on the Third World Ideological Retreat or Refinement? Non-aligned World (New Delhi, 1983), Vol. 1, p.77.

24 *ibid.*, p.78.

Soviets found that transformation of agrarian relations through agrarian reforms were a necessity, which has been "sabotaged by the bourgeoisie". The "supply of cheap labour for industry", enabled the bourgeoisie, "in conserving the feudal (relations and) conditions of the country's agriculture"²⁵. These feudal relations can be done away with only by a communist party in power.

In Marxist - Leninist frame of reference political analysis is observed at large in the discussions of economy, and class contradictions: in the linkages between corporate sector and national bourgeoisie leadership. Though, in Soviet Indology, there is a virtual void in the study of political parties, political axis of orientation of India's development is assessed by Soviets with 'two prime determinant factors: the nature of ruling class and the ruling groups major development-policy thrust (capitalist closely linked with foreign capital or anti-capitalist striving for independence from imperialism). Even if the leadership of independent India has consistently

25 Clarkson, n.3. p.26.

claimed that it was bent on building a socialist type of society, (in the early years), Soviet analysts note that the Indian National Congress primarily consists of and serves the interest of the national bourgeoisie that itself nourishes close ties with imperialist monopoly capital"²⁶.

In post-Stalin years, analysing the character of the ruling class in India, A.I. Levkovsky, in 'Ekonomika Sovremennoi Indii' (The economy of modern India) extended:

India's governmental power is in the hands of the national bourgeoisie, whose interests define the character and specific features of Indian state capitalism, its lack of coherence and its contradiction(27).

In an article he writes --

To the extent that Indian state capitalism is aimed at liquidating economic backwardness and encourages the country's independent economic and political development, one must recognise that it is a progressive

26 ibid ., p.34.

27 A.I. Levkovsky, "Gosudarstvennyi Kapitalizm i chastnokapitalisticheskoe predprinimatel 'stvo v Indii" (State Capitalism and private Capital enterprise in india), in Ekonomika Sovremennoi Indii(The Economy of Modern India) (Moscow, 1960) p.192.

phenomenon which largely answer the interests of the broad popular masses(28).

Therefore, in post-Stalin period, with the assertion that the national bourgeoisie is acting in the interest of the people as a whole, Soviets put, in historical perspective, a condition that "in India State capitalism could only arise in the conditions created by general crisis of capitalism when the forces of imperialism were greatly weakened and when the powerful socialist camp had been formed"²⁹.

State capitalism was regarded as a necessary requirement to create the basis for Indian capitalism's new stage of development³⁰. Nevertheless, in the hands of Soviet analysts the deemed progressiveness of Indian State capitalism has fluctuated. Clarkson writes --

Attributing a progressive historical role to the state capitalism in the struggle to suppress the vestiges of the colonial heritage it has shifted the major blame for the economy's backwardness from the governing groups, who had taken power after decolonization, to the colonial regime.

28 A.I. Levkovsky, "Gosudarstvennyi Kapitalizm v Indii - nekotorye Osnovnye problemy", (State capitalism in India : Some fundamental problems) Sovremennyyi Vostok, (Moscow), Vol.5, (1958), p.14.

29 ibid., p.16.

30 Levkovsky, n.27, p.177.

When presenting the national bourgeoisie leadership as appropriate to the historical stage for the country, the Soviet analysis accepted two propositions that the 'bourgeois - democratic revolution' still had to run its course and that the national bourgeoisie was a sufficiently progressive ruling class to be able to execute the historical and economic transformation from feudal colonialism to pre-socialist capitalism(31).

Thus, we see that in post-Stalin period, India has been seen in a state of historical transition with the potential for making economic progress. The resulting post-Stalinist school of thought presented a developmental model centred in the same broad frame work and political economic paradigm of state capitalism³², which was more than an economic

31 Clarkson, n.3, p.46.

32 State Capitalism, as a political-economic paradigm is based on three major postures:

- (a) The historical position maintained that the emergence of a powerful socialist bloc enabled Third World countries to pass from a feudal to a socialist stage through an accelerated State capitalism stage;
- (b) The economic proposition asserted that a gradual transition to socialism was possible through the expansion of the state sector under long-term planning.
- (c) The class analysis held that the national bourgeoisie could direct this transition with internal support from progressive proletarian and peasant forces.

model.

Due to changes in dramatis-personae with coming in of Khrushchev and Bulganin, the political line in Kremlin needed a total re-orientation in Soviet thinking towards the ex-colonies of Third World. The change in Soviet-perception symbolised by the leadership making trip to India in December 1955, took the concrete material form of diplomatic support and economic aid as a major breakthrough from the past hostility.

This reorientation brought in new lines. The authenticity of the former colonies political independence, and their local nationalist bourgeoisie in the national liberation struggle; the possibilities of real economic development under state capitalism, non-capitalist path of development, national democracies, independent path of development, and the multistructural societies; were the new doctrines on which good relations with India (and with the ex-colonies) were to be based. During the 20th Party Congress of CPSU the weakness of Soviet orientology and the errors of previous analysis were denounced as the

products of the 'personality cult'³³, by the same authors who had propagated them, originally.

The 20th Party Congress, held in Feb 1956, adopted new propositions, like- peaceful coexistence between states of different social systems, real possibility of preventing world war, the variety of forms that the transition to socialism may take in different countries, alongwith the irreconcilable struggle against hostile bourgeois ideology and against imperialism, the principle of collective leadership and high values of Marxism-Leninism to be maintained and propagated³⁴.

This shows a major break in Soviet approach from the Stalinist phase. Despite wide fluctuations in these phases of Soviet Indology, these variations can best be seen as politically - inspired interpretations within a generally stable analytical paradigm of Marxist-Leninist political economy. In any case, since Khrushchev's de-Stalinization of Soviet-Marxism and his

33 B.N. Ponomarev and others, A Short History of the Communist Party of the Soviet Union (Moscow, 1970), p.301.

34 *ibid.*, pp.295-300.

'positive' re-orientation with supporting Soviet hand in the foreign policy gloves towards independent Third World countries invalidated the major scales and theses of Stalinist analysis.

India has increasingly figured in the calculations of Soviet policy - makers³⁵, as a truly independent and progressive nation in a historical stage of transition to socialism.

Now if we elaborate the Soviet view of India's development it can be schemed out into four major 'key areas' --

i) Economy, ii) Planning, iii) Foreign trade and aid, iv) Agriculture.

On the economic axis, Soviet scholars while analysing the internal economy have come closer to their western colleagues' discussion of a mixed economy and are not optimistic about the developmental role of the state sector. According to Rozaliyov, Soviet scholars attempt to define the mode of production that predomin-

35 Naik, n. 20, p.66.

ates in a given Third World country at a given point of time; which in Third World countries is not easy 'because of their general backwardness, imperialism's continuing influence, the relative weakness of national capitalism and immaturity of socio-class relations in the majority of the young states', resulting to multiple and mixed modes of production -- 'tribal, communal, feudal, early capitalist and developed capitalist relations',³⁶. India is difficult to be classified by its predominant mode of production. Her modern heavy industry sector coexists with an equally large pre-capitalist small scale industrial and handicraft economy. In agriculture, both capitalist land owners and small independent farmers coexist with marginal and share cropping tenants.

Soviet scholars, too, like their western-Marxian counterparts, have asked questions about the class-structure-nature of political power in order to identify the economic mode of production. The Indian economy's structure was inconsistent and skewed in terms of the Marxian model of capitalist development and so

 36 Y. Rozaliyov, "Specificities of capitalist development in Asian and African countries", International Affairs (Moscow), no.2 (Feb 1976), p.67.

with the Soviet concept of industrialization because of the "direct dislodging of lower forms of production by the higher does not play a big part here", thus ensuring "a relatively prolonged coexistence of different types of industry". "At the same time the state evidently will continue to exercise a stabilizing influence, seeking to prevent the excessive advance of individual groups of enterprises"³⁷. Hence, Soviets observed India as a pre-capitalist and imbalanced economy characterised by a developed heavy industry and high concentration of capital, 'serving the interest of bourgeoisie and through them of British imperialism'.

They devote more attention to the pre-capitalist form of economy. Shirokov mentioned that in India a 'clear preponderance of pre-capitalist and early capitalist forms', a 'traditional sectoral structure' with its 'extremely low labour productivity' constitutes 'a practically independent reproduction cycle', which with the retention and even expansion of small-scale commodity production (as an integral part of

37 L.I. Reisner, and G.K. Shirokov, "The Industrial Revolution in Contemporary India" R.Ulyanovsky ed. Industrial Revolution and Social Progress in India (New Delhi, 1970), p.31.

India's industrialization strategy) has resulted in 'the gap between the higher and lower structure (being) widened', thus increasing the imbalance in the economy's development³⁸. Despite this unevenness in the planned growth of different branches of the economy and despite serious problems of unused capacity, Soviet analysts continue to make clear their general approval of the government's economic policy of industrialization by creating a first sub-division of the economy able to produce the means of production³⁹.

For Soviet analysts industrialization depends on high capital intensity and heavy industry, on the size of the public sector, on the country's financial independence and strength alongwith its technical and managerial autonomy from outside control.

38 G.K. Shirokov, "Industrialization and the Changing Pattern of India's Social and Economic System", V. Pavlov ed. India - Social and Economic Development (18th - 20th centuries) (Moscow, 1975) pp.201-2, 232.

39 M.A. Aleksandrov and S.M. Mel'man, "Privlechenie resursov iz-za rubezha" (Attracting resources from abroad), Problemy ekonomicheskogo i sotsial'nogo razvitiya nezavisimoi Indii (Problems of economic & Social development of independent India) (Moscow, 1967), p. 118.

For if the Public sector is sufficiently developed, it would by itself provide the momentum for further capital accumulation and more progressive-development. According to Ulyanovsky, as in India, the 'state sector is gradually gaining strength and acquiring domination in some branches', it plays 'an important part in weakening the power of the monopolies, (in undermining) the positions of foreign capital and in reducing the disparity in the level of economic development in different parts of the country'⁴⁰.

Ulyanovsky writing about the main trends of India's socio-economic development mentions in his article 'India : Main tendencies of socio-economic development', that -

The state sector in the economy is steadily growing in size and strength. At the end of the 1960s it accounted for 12.5 percent (now it has increased to 16 percent) of the gross national product. State involvement is being especially strengthened in such key industries as iron and steel, heavy engineering and power generating equipment, oil extraction, aircraft and others. The banks, imports of major goods,

 40 R.A. Ulyanovsky, "People's fight for democracy and social progress in India", in R.Ulyanovsky and others, Industrial Revolution and Social Progress in India (New Delhi, 1970), p.1.

the production and distribution of electric power and air transport and largely under direct state control(41).

Thus, with the balance among classes, a country's economic policy, for Soviets, is directly proportional and related to the growth and relative size of the public sector, in that country. Hence we see that growth of public sector and nationalisation was seen by Soviet scholars, - like Maev, Mirsky, Ulyanovsky and others, - as a 'process of democratisation' and 'growing political strength of progressive forces'. For G. Mirsky nationalisation was of "general significance" as it indicates the direction of Indian economy. For him, it showed that India was not after all 'firmly embarked on a practically classical capitalist road of development', as "the national bourgeoisie was capable of scoring some success in industrialization and the acceleration of economic growth rates". The polarization of forces within the Congress Party was an ample proof that "this country will not be able to win complete economic independence and wipe out poverty and backwardness by following the capitalist path"⁴².

41 R. Ulyanovsky, "India : Main tendencies of socio-economic development", International Affairs (Moscow), vol. 12 (Dec 1971), p.53.

42 G.Mirsky, "Changes in the Third World", New Times (Moscow)no.39 (1969), p.5.

They see a struggle going on between two possible kinds of capitalist development - (a) the conservative path followed by the big bourgeoisie in cooperation with the foreign monopolies, and (b) the radical path leading to the real democratic transformation. This on going struggle is characterised by the state regulation and participation in economic development. Indian concept of industrialisation is the idea of a mixed economy, i.e., of co-existence and interaction between the public and private sectors⁴³.

Since, the Soviet economic analysis is within the politico-economic paradigm of state-capitalism and class-analysis forms a part of it, we find the Soviet analysts concentrating on social nature of groups and present classes in contradiction that seem able to co-exist. But Ulyanovsky cautions that class-struggle do not lose its intensity as he views that this struggle is gaining strength, although 'this may often not be noticeable, since state capitalism is not only a new form of bourgeois property but also a new form of class struggle in society'⁴⁴.

43 Shirokov, n.38, pp.199-200.

44 R.A. Ulyanovsky, "Indiya v bor'be za ekonomicheskuyu nezavisimost"--(voprosy goskapitalizma)" (India's struggle for economic independence: the problems of state capitalism), in Nezavisimaya Indiya, 10 let nezavisimosti, 1947-1957,

The Soviet view that the class struggle is growing constantly does not conform with the complex nature of Indian bourgeoisie and the various social strata in relation to the Indian industrial sector. India's bourgeoisie constituted a sufficiently strong social basis for capitalist development. This big monopoly bourgeoisie was not monolithic and had not succeeded in dominating the lower groups of the bourgeoisie, particularly because of Nehru's policy of maintaining a balance among the classes⁴⁵. Hence, it was not impossible but very difficult to organise the proletariat to fight the bourgeoisie state as the government itself protected wage earners in their struggle against the employer. This task is being solved along the capitalist path of development although the Indian National Congress calls for "socialist-type-society"⁴⁶. Capitalist relations are developing apace

(fn.Contd..)

Sbornik Statei, (Independent India, 10 years of Independence, 1947-1957; Collection of articles) (Moscow, 1958), p.45.

45 L.I. Reisner and G.K. Shirokov, Sovremennaya indiskaya burzhuzaziya (The Modern Indian Bourgeoisie) (Moscow, 1966), p. 207.

46 V. Bylov and M.Pankin, "India's Economy" International Affairs (Moscow), vol.9 (Sept 1967), p.109.

in India⁴⁷, and capitalism has won out⁴⁸. Though a few scholars exceptionally look askance at state capitalism for its failing in mobilizing productive forces and increasing the rate of accumulation, Bylov and Pankin are of the view that 'the achievements of the two past decades (Article was written in 1967) testified to the correctness of India's path which she has taken in building an independent national economy through industrialization and expansion of the state sector⁴⁹; mixed economy and planning process.

Planning provides a national forum to budget the potentials of development. The Soviets assessment of planning, in non-socialist countries, has varied with their evaluation of the ruling group's class-essence, and its major development policy in

47 V.L. Tyagunenkov, "Capitalist and Non-capitalist Development", International Affairs (Moscow), vol.5, (May 1967), p.56

48 V.G. Solodovnikov, "Africa's Objective Difficulties and Contradictions", International Affairs (Moscow) vol.5, (May 1967), p.65.

49 Bylov and Pankin, n.46, p.111.

historical orientation. Soviet analysts run two opposite tracks in their analysis of Indian planning - one critical - seen as non-progressive and other sympathetic - trying to understand the problems of planning. As an expression of economic policy, with some 'general recommendation', limited and indirect authority, through allocation of resources and financial policy planning has 'great potential in the struggle for a democratic solution of the objective economic problems'.

Soviet commentators have agreed on the imperfect nature of Indian planning which for India has been a journey towards increasing self-reliance. 'The plan could not embrace all the phases of the production process in this vast, small-peasant country with its different economic sub-systems, their complex inter-relationships, the dominant role of the capitalist economic structure and the country's great dependence on the world capitalist market and foreign capital',⁵⁰.

50 Ulyanovsky, n.44, p.75.

Approving of the top priority of agricultural and infrastructural development given in the first plan, Soviets reveal the concept of a pre-industrialisation stage; for the plan (had) created the "important economic, industrial and technological pre-requisites" for the future industrialisation, of the country⁵¹.

The second plan aimed at rapid industrialisation by forced development of heavy industry. Soviet scholar, M.I. Rubinshtein also contributed to the planning commission's working on Second Plan.

Over all the inflationary deficit financing, disproportion of industrial development, dependence on foreign aid, lack of investment capital, worsening unemployment situation have often been the causes of criticism by Soviet analysts like, N.G. Lozovaya, A.Z. Arabadzhayan, V.Vasilev, R.S. Gorchakov, E.A. Bragina, etc. Since the degree of progressive social potentialities realized in the plans depends on the concrete close relations between various sectors, capital has to be invested in the whole complex as one.

51 ibid., p.21.

Soviets no longer claim to have an answer to the problems of developing countries in the form of a standard formula.

The choice of development strategy, specifically industrialisation, is an intricate process which requires not only a detailed analysis of diverse trends in the national economy as a whole, but also consideration of tendencies of both economic and social development, their interaction and at times contradictions. It is clear that there is no 'single', 'universal' solution. A proper approach is arrived at only on the basis of a most thorough examination of the concrete conditions... This, in turn, demands very flexible forms and methods of planning and a correct system of criteria and planning evaluations(52).

While Soviet analysis of Indian politics seems to be paralysed by the fear of hurting the Indian communist party and the economic analysis being under the pressures of political consideration and pulls of doctrines, like state-capitalism, non-capitalist path of development; the independent path of development, etc., the Soviet analysis of India's external economic relations are coloured with ideological commitment to anti-imperialism and anti-colonialism on the one side and with strategic interests of USSR

52 V.L. Tyagunencko, ed., Industrialisation of Developing Countries (Moscow, 1973), p.10.

in global politics, on the other.

Considering national independence indistinguishable from social progress, they have, ideologically demonstrated imperialist aid as exploiting, shackling and unwanted; O.V. Maev while summarizing the neocolonialist objectives of Western aid to Asia, Africa and Latin America, wrote -

- 1) To support the imperialist economy by subsidising the expansion of its own monopolies.
- 2) Ideologically to fight Socialism by forcing the developing countries to limit the state sector, to give free rein to private enterprise and to concentrate on preparing the necessary conditions for private capitalism
- 3) To try to maintain capitalism in the developing countries to tie them firmly to the imperialist camp, and to support big(bourgeoisie) business, its most trusted colleague, in achieving these ends⁵³.

 53 O.V.Maev, 'Ekonomicheskaya programma indiiskikh monopolistov' (The economic programme of Indian monopolists), Narody Azii i Afriki (South Asia and Africa), (Moscow), no.5, (May, 1964), p.161.

And the economic relations with socialist bloc as liberating, developing and sought for; Tyagunenکو maintain in his "Introduction" in "Classes and Class Struggle in the Developing Countries", that

the further strengthening of economic links with the countries of socialist commonwealth opens before these young states real prospects of achieving economic independence.

Cautioning to fight capitalism internally and imperialism externally, Soviets find that the cause of backwardness and underdevelopment of Third World is a direct consequence of rape by imperialism. Since, mere political independence is nothing but shifting the colonial status, most of the Soviet analysts identify the 'struggle for economic development with struggle for economic independence'. Drawing parallel between economic development and economic independence, they emphasise on 'breaking the stranglehold of foreign capital⁵⁴ and breaking off with capitalist system for 'liberation from imperialist exploitation⁵⁵, and to fight against entire world capitalist relations which

54 R.N. Andreatyan, "Developing Countries and Foreign Capital", International Affairs (Moscow), vol.5, (May 1967), p.70.

55 L.V. Stepanov, Problema Ekonomicheskoi Nezavisimosti (The problems of economic independence) (Moscow, 1965), p.6.

give an unequal treatment to Third World countries because of their low labour productivity which in turn perpetuates by this membership of world capitalism. The world capitalist system still seeks new spheres of application for its excess capital, new markets, new sources of raw materials and agricultural products, resulting in Third World's widespread poverty, archaic socio-economic system, painful economic heritage, and in its technological backwardness. Ulyanosky views that the 'continued exploitation of developing countries by the United States (imperialism has) provided the basic objective for the aggravation of the contradictions' between them. These 'contradiction are fundamental and antagonistic and not temporary and transitory',⁵⁶.

There are two approaches that Soviet analysts trace. The radical-assuming foreign investment entails dependence and that without prior economic independence, there cannot be development. The moderates- hold that there can be no meaningful progress towards independence

56 Ulyanovsky, no.6, p.16.

without the development foreign investment causes.

India has paid much more emphasis on internal industrial development after independence in 1947, considering that the absence of industry compels the developing countries to remain agrarian and raw material appendages of advanced countries. Ulyanovsky looks at India's development -

In the domain of international economic relations, India has stopped being the agricultural and raw material appendage of England. Although the position of foreign capital is still very strong in certain of the economy's branches, the monopoly of foreign capital inside the country and in India's relations with the world market has evolved considerably. With the loss of its governmental hegemony over India, ... English capital has lost its colonial monopoly ... its monopoly in the supply of modern means of production has disappeared(57).

Since India has chosen a path of accelerated development under the leadership of a national bourgeoisie which has compromised with the foreign capitalists, in Soviet view, because of the growing foreign capital

57 Ulyanovsky, n.44, p.22.

in India by the technical and commercial agreements between foreign and local capital, alarms a danger to the national interest. But the efforts made by government and local bourgeoisie to encourage the establishment of joint companies would indicate that the contradictions involved were more theoretical than operational. Still the Soviet hardliners maintain that the prerequisite for industrial progress is the elimination of foreign capital domination⁵⁸.

Recent Soviet view has treated India as a country where "capitalism develops on a broader and more democratic basis". N.A. Simonia opines that this type of development may be slower from the view point of special growth indicators, but it was more comprehensive from general socio-economic developmental considerations. In his view, India presents a case, in which there was "lesser dependence on foreign capital" and no "one-sided economic dependence on neo-colonialism". He denies that the foreign monopolies operate freely in India and asserts that neither these monopolies

58 *ibid.*, p.97.

not the institutions, controlled by the imperialist states, like the IBRD or the IMF determine the strategy of economic development of India.⁵⁹

While defending the virtues of socialist aid they denounce the western exploitation of developing countries through imperialist aid; which they consider not less deadly than AIDS!! Soviet analysis **is** more concerned with the motivations of imperialist and analyses it as an integral part of Imperialist foreign policy. Tyagunenکو puts in his article "Break-up of Colonial Empires and Imperialism" that the 'export of capital' and 'aid' are designed artificially to delay the decay of imperialism, and has nothing to do with the real aid and retorts in another that "the imperialist are doing their utmost to retain the liberated countries within the capitalist orbit. They resort to intervention, subversion, open destruction of productive forces, economic blockade and all the manipulations of currency and prices, etc."⁶⁰ .

59 N.A. Simonia, "Newly Free Countries: Problems of Development", International Affairs (Moscow), no.5, (May 1982), p.83.

60 Tyagunenکو, n.47, p.58.

Of the aid given by the West, which is highly conditioned and have high interest rates, is spent for light industrial development and production of consumer goods and not the capital goods. Soviet analysts see that it has "augmented India's capacity for 'simple reproduction' but not for 'expanded reproduction'. By not establishing branches with complete cycles of reproduction, this aid, in Soviet eyes, did not lead to genuine independence⁶¹.

Socialist aid has been looked as an integral part of the international policy of working class movement and communism. Supporting all anti-imperialist national liberation movements Soviet aid is to strengthen the positions of underdeveloped countries in their struggle against monopoly capital.⁶²

Visualising the international financing as the manifestation of 'collective-colonialism' they specify that the 'principal aim of imperialist aid is to block the process of national and social liberation' which in case of India, thus, aims at "transformation of that

61 Aleksandrova and Mel'man, n.39, p.93.

62 V.Rimalov, Economic Cooperation between the USSR and Under-Developed Countries, (Moscow, 1964), pp.6, 41.

country (India) into an 'oriental support' for the world capitalist economy". Ulyanovsky viewed the USA's high export of 'state capital' input in India as the "American urge to prevent India's transition to the socialist road",⁶³ while socialist aid aims at liquidating imperialist exploitation, and to create conditions of rapid economic advancement which is the urgent need of Third World countries to consolidate their liberation.

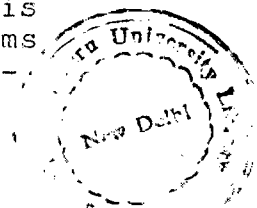
Though, imperialism as the enemy of industrialization for the developing countries' economies has been maintained by the Soviet hardliners, like L.I. Aleksandrovskaya, the moderate Soviet analysts no longer assert that the vast flow of imperialist state funds to the Third World prevented any industrial development. Here they would have to accept the bare truth that developing countries are in dire need and require external sources of capital accumulation and would also have to admit much bare fact that the socialist countries cannot alone provide all the growing needs of

63 Ulyanovsky, n.6, p.189.

the Third World. Soviet analysts of India's problems more recently have considered western aid to be necessary and no longer feel the need to write the word between quotation mark⁶⁴. Since the Soviet aid consists of non-exploitative -- long term loans, with soft interest rates and no conditions leading to intervention in internal affairs of the recipient country, Indo-Soviet ties have strengthened over time and have promoted security and stability in Asia and advancement of prosperity and progress.

A. Kachanov, in his 'New Vistas of Soviet Indian Economic Cooperation' views Soviet aid as an agent to solve socio-economic problems of India and build her economic potentials. He writes:

The large-scale fruitful cooperation contributes to the consolidations of India's economy and to the solution of important problems of economic and social development. The Soviet-Indian economic and technical cooperation is aimed at, solving the urgent problems of India's development and at building up her economic potential(65).



64 Aleksandrova and Mel'man, n.39, p.93.

65 A. Kachanov, "New Vistas of Soviet Indian Economic Cooperation" in Soviet-Indian Relations, 1986. Documents available at the Cultural Department of USSR Embassy.

The trade with imperialist countries bring an exploitation through non-equivalent exchange, which leads to unfavourable terms of trade for developing countries. They concede that Soviet trade is based on equal world-prices and also, is a rupee-trade, which by its very nature is not exploitative.

Thus, India's relations with the USSR are based on mutual advantages and equal partnership. Their friendship and cooperation has extended its pangs from agriculture to space. The friendship between the two is based not on transient time-serving factors, but on the common interests in the struggle for peace, national liberation and social progress.

Hence, we find that Soviet view on India's economic development are her own political considerations, requirements and compulsion over time.

In Soviet analysis there is a tension between theoretical proposition and empirical description. The Soviets are most often criticised for letting the former dominate the latter. But in their economic analysis empirical considerations increasingly

take precedence over doctrinal generalisations. Their interest in India's transition to independent path of development leads to the growing freedom of Soviet Indo-logy which can be seen in the good relationships between Moscow and Delhi that has been maintained despite numerous warning by Soviet authors on the growth of reaction and the monopolization of economy, in India.

In an Area, the Soviet analysis is most vigorous and scholarly, most firmly based on Marxist-Leninist theory and on empirical research free from the concerns of party politics and cold-war tension, and that area is -- Agriculture. It is in the rural sociology that the Soviet academic tradition finds its roots in the pre-revolutionary soil.

From the early 1950's the assessment of India's agrarian problems has been the strongest part of Soviet analysis. Considerable research and resources have been put to analysis of agrarian-relations, since ninety percent of the Third World population is peasantry and no theory can be worthy without taking its unique problems into sincere account.

The basic problem for Soviet agrarian analysts is defining what historical stage agrarian development has reached. Since India provides the complexities of agrarian relations and rural-structure in all its ramifications, Soviets observe India to be a laboratory for the study of all Asian agrarian problems: "Practically any variant of agricultural development in the Asian countries... can find a parallel in India's agricultural development"⁶⁶. Soviet agrarian analysis has been a coherent model centred around the development of capitalism in Indian agriculture.

Indian agriculture in pre-reforms period, with its fundamental contradiction between the developing capitalist mode of production and the old agrarian structure, had two classes to support feudal mode of production, i.e., landlord and peasantry. Landlord was dominant as the carrier of feudalism and remained central even as capitalism emerged. For Soviet Marxists the landlords form a clearly defined social class which incarnates both the

 66 V.Rastyannikov, "The Agrarian Evolution and Class Formation processes in India", Social Sciences (Moscow) vol.4, no.3 (1974), p.139.

reactionary maintenance of the old feudal barriers and the potential for a progressive change of the agrarian structure towards capitalism⁶⁷. They re-
solved the relative importance/^{of}feudalism versus capitalism, in favour of the latter.

Stepanov reveals that -

The two most prominent features of India's agrarian system today are the survival of pronounced feudal relics and a somewhat accelerated development of capitalist relations in the rural areas. A factor apart is the existence of large tea, coffee and rubber -- tree plantations, many of them organised on the lines of capitalist big business, producing for export, and maintained by harsh exploitation of hired labour. Foreign capital is strongly entrenched in this sector of Indian agriculture. In certain areas, on the other hand, where tribal social relations have persisted, the cutting and grass-fallow system of land-tenure prevails, based on community cultivation of land. This is simply subsistence farming, in which whatever is produced is consumed by the farmers, and there is no barter trade, with outsiders. The great majority of small peasants holdings (around 80 percent) are also run, essentially, on a subsistence basis, with crops

67 R.A. Ulyanovsky, "Reforma agrarnogo stroya" (Reforms of the agrarian structure) Ekonomika Sovremennoi Indii (The Economy of Modern India) (Moscow, 1960), p.77.

barely able to ensure the peasants' food supply leaving nothing for sale(68).

A similar assessment is done by Ulyanovsky when he wrote that -

The decline and fall of local manufacturing based on agriculture, the general development of a commercial and money economy in the country, the creation of private semi-feudal, semi-bourgeois landed property and its entry into commercial exchange, the organization of a capitalistic plantation structure, the efforts to start up capitalist farming by large landowners, the differentiation of the peasantry, the formation of a class of agricultural workers: such were the signs of capitalist relations which were developing in India, co-existing and intermingling with the surviving elements of the precapitalist rural structure(69).

Thus, Soviet Indologists find that dominated by large land holdings and undermined by fragmented land cultivation, semi-feudal form predominated India's agriculture with usury capital interested in extracting interest payment,"by the reign of feudal survivals which were responsible for the extremely

68 L. Stepanov, "Why Social Reforms are Inevitable?", Y. Zhukov ed., The Third World : Problems and Prospects (Moscow, 1970), pp.132-3.

69 Ulyanovsky, n.67, p.64.

backward state of agriculture⁷⁰. Kotovsky blamed colonialism to wreck the national economy of India by imposing free trade and Zamindari and Ryotwari system; and denounced imperialism for creating hinderances in India's agricultural development. He observed that the agricultural development was nevertheless evolving along capitalist lines:

Britain's agrarian policy was designed to keep semi-feudal production relations in the Indian countryside. However, the transformation of India into an agricultural and raw material appendage of England stimulated the development of commodity-money relations in the Indian village and the growth of commercial agriculture(71).

Despite a repressive imperialist policy to restrict capitalist economic progress, capitalism was maturing out of feudal economic structure. The growing agrarian capitalism was seen by Kotovsky in the growing specialization, cultivation of crops to supply local industry for export markets, 'the increasing material inequality among different social strata', which he took as a sure sign of the transformation of old seigneurial and peasant classes into two new antagonistic

70 G.G.Kotovsky, Agrarian Reforms in India(New Delhi, 1964), p. IX & X.

71 ibid., p.30.

classes, the bourgeoisie and the proletariat',⁷².

The Soviet claim is not that agrarian system of colonial India has been feudal in the sense that it demonstrated the defining characteristics of the European land relations in the middle ages. It is rather feudal⁷³ in the sense being pre-capitalist. While Kotovsky had 'denied that the feudal farms had become capitalist' he maintained that 'they had created a favourable basis for furthering capitalist operation'⁷⁴. In an article Ulyanovsky reflects the Soviet view that one can no longer speak of the overall domination of feudal survivals in the Indian countryside even in the regions of former large land-holdings⁷⁵ (emphasis added).

It was considered that in India, feudal agrarian

72 *ibid.*, pp. 30-38.

73 A relationship appears to be feudal to the Soviet analysts if it prevents the development of capitalistic relations and besides exploitation, diverts the capital to wasteful non-productive uses.

74 Kotovsky, n.70, pp.33-37.

75 Ulyanovsky, n.67, p.81.

system is in a state of transition to capitalist agricultural relations, because of agrarian reforms. In saying that Indian agriculture is directed towards capitalism, the Soviets do not mean and concern that capitalist farms are the major producers at the present moment but importantly points out how far capitalism has progressed. Soviet Indologists have put greater emphasis on the pre-capitalist aspects of the village in actual fact. By maintaining the large landlords and abandoning radical agrarian reform, pre-capitalist vestiges have been permitted to survive.

Hence, comes the view of 'pre-capitalist mode' in agriculture, which is supported by Soviet analysts agreement that 'the capitalist farming is replacing the feudal operations in large landholdings',⁷⁶ and the consolidation of fragmented land parcels by the better-off peasants and the purchase by the more privileged tenants of title to the land they have traditionally worked⁷⁷.

 76 A Maslennikov, "Agrarnye reformy v Indii" (Agrarian Reforms in India) Agrarnye reformy v Stranakh Vostoka (Agrarian Reforms in the countries of the East) (Moscow, 1961), p.86.

77 Kotovsky, n.70, pp.150-151.

To solve the agrarian problems - like, continuing failure of agriculture production to develop fast enough, the still unresolved food problem, the industrial revolution hardly started in agriculture in order to progress and to achieve accelerated growth of productive forces in agriculture, the most important pre-requisite of the economic, social, political and cultural development of the newly independent states, is the radical path -- the abolition of feudal type agrarian structure⁷⁸. Actually the solutions to the agrarian problems are to be determined by the interests of the different classes of the society. With the growing demands of peasantry, the incomplete liquidation of semi-feudal relations of production, the lack of solution to the land question, the aggravation of the contradictions within the agrarian economy, combined with the development of agrarian capitalism form the basis for a further sharpening of social contradictions and the class-struggle in India's countryside⁷⁹. Keeping all this acute

78 G.G. Kotovsky and P.P. Moiseev, Social and Economic Transition of the Rural East : Basic Trends, Some Problems of Methodology (Moscow, 1967), p.1.

79 Kotovsky, n.70, p.170.

social contradiction between different strata in consideration, the Indian government declared agrarian reforms.

The rapid growth of the peasantry's struggle and the objective needs for capitalist development forced the national bourgeoisie which came to power in 1947 under the leadership of Indian National Congress, to declare agrarian reforms⁸⁰.

While the contradictions forming agrarian reforms in India were economic and social, what decided the policy content and the way of implementation was the class character of the (new) country's political leadership. The fact with the transfer of power in the hands of national bourgeoisie, when in the period of 1947-1953, legislation was enacted for agrarian reforms and land proprietors put a resistance, Soviet commentators concluded that the national bourgeoisie did not really want to sacrifice the political support of the landed proprietors, to which it was in any case closely tied both by family and financial connection⁸¹. In Soviet eyes, the land (agrarian) reforms were aimed

80 ibid., p.42.

81 ibid., pp. 43-48.

not at the abolition of feudal landownership but its general replacement by large and medium bourgeois⁸² property .

"After 1953 the bourgeoisie determined to extend its political support by implementing its programme of bourgeoisie - landlord agrarian reforms", though Ulyanovsky was sure that "the class which had taken the lead in the mass anti-imperialist national liberation-movement and which had now reached to power, could not effect a radical, anti-feudal agrarian revolution"⁸³. He held fast that the class-structure of the government determines the course to be chosen, to solve agrarian problems.

The moderate view opined that 'once' in power the bourgeoisie would found itself obliged to tackle the agrarian questions in order to maintain its leadership of the national movement' during this new stage. The agrarian reforms launched under a broad programme

82 Kotovsky and Moiseev, n.78, pp.2-5.

83 Ulyanovsky, n.67, p.64.

"the land-to-the-tiller" included Zamindari abolition, elimination of the intermediaries, between the peasant producers and the government, establishment of an acreage ceiling on landholdings, reducing rents and guarantee of tenant's rights, with grants of opportunity to buy the land, they had been cultivating. These reforms did not spell the annihilation of large landlord class but only its gradual transformation:

The bourgeois-landlord agrarian reforms, by means of which semi-feudal landholding is partially restricted and is then gradually transformed into capitalist landholding with the strengthening of the stratum of the rich peasants and the impoverishment and proletarianization of the vast majority of the peasantry(84).

Indian agriculture policy aimed at the gradual achievement, with the cooperation of the large landowners, of certain definite changes in agrarian structure encouraging some modernization and a more rapid development of agrarian economy along capitalist-lines, and not at the total destruction of the survivals of feudal structure. With respect to the decline of feudalism in India, Soviet experts observe that

'the agrarian reforms have liquidated the social and economic privileges based on custom and law traditionally enjoyed by the rentcollecting strata'⁸⁵.

For all limitations of the agrarian reforms, their historically progressive and objective significance rests with having considerably reduced the sphere of semi-feudal exploitation of the peasantry⁸⁶.

With Ulyanovsky's view to the Green Revolution as a case of "accelerated capitalist development of agriculture in India"⁸⁷, the struggle for land and agrarian reforms(1950's) is now no longer the focus of attention for the Soviets, as they are much more interested in the "state's regulatory action" in the agricultural market place.

To sum up we can say that a major breakthrough

85 Maslennikov, n.76, p.78.

86. Kotovsky, n.70, p.153.

87 R. Ulyanovsky, "People's fight for Democracy and Social Progress in India", in R.Ulyanovsky ed. Industrial Revolution and Social Progress in India, (New Delhi, 1970), p.2.

has come since post-Stalinist analysis of Soviets. India has increasingly been the central in their view on Third World. Considering that India is a truly independent and progressive nation in a state of historical transition, they opine that in the field of agriculture, capitalist relations are growing to out-mode pre-capitalist, feudal and semi-feudal modes of production. Agrarian reforms and new technological revolutions are seen as the booster for accelerated development of capitalism in Indian agriculture.

Soviets view of India's economic development are her-own political considerations and compulsions over time. In other words, it can be said that Soviet analysis of India's development has been politically-inspired-interpretations as per the Soviet needs in international arena. Soviet aid has acted as an agent to resolve socio-economic problems and has increased economic potentials.

Both India and the USSR being interested in peace, and progress with anti-imperialist approach, India is seen as developing on "independent" lines,

where state capitalism has grown faster. Soviets no longer claim to have an answer to the problems of developing countries in a 'standard formula'. They accept the growth of revolution within the world revolutionary process, under the peculiarities and specificities of a country's own historical transition. Considering the causes of backwardness and underdevelopment of the Third World as a direct consequence of the rape by imperialism, they hold that national independence is a farce without economic independence. Only the countries of Socialist growth can do away with backwardness by breaking off world capitalist system.

With an imbalanced economic growth characterised by heavy industry and high concentration of capital, the multiplicity of modes of production in India, has made it difficult for Soviet-analysts to classify the predominant mode of production. Their analysis is now based on the actual operation of economic system in India which has taken up a path of accelerated development towards increasing self-reliance. While pointing out that Indian planning is not the 'scientific-socialist' type, the Soviet

analysis accepts, in principle, its efficacy in a mixed economy.

Soviets see in the national liberation movements the potentiality of weakening the world imperialism, and hence, even if such movements in the Third World are led by national bourgeoisie, and not by the proletariats, have been supported.

If generalization could be made, we find that Soviet view of India's development presents the best illustration of Soviets' Third-World policy. The expansion of Socialism is not the immediate task of Soviets in the underdeveloped countries of Asia, Africa and Latin America, but they take up their first duty to fight for the working class and their organization in political and economic fields.

CONCLUSION

Development is the enhancement of potentialities. This is what I said, while describing it, in the first chapter. Now, in the light of the survey of various Western Marxian and Soviet approaches to underdevelopment, let me put it -- that-- the Development is not only the enhancement of potentialities but also the most appropriate and optimum utilization of the potentialities available, in such a way that these potentialities are regenerated in the process of utilization.

History never forgives; Politics never pardons; ^{are} and so, we underdeveloped. After surveying various Western Marxian and Soviet approaches, to the political economy of underdevelopment, we come to know about the nature, origin, and causes of the most obvious, but the most important fact of life of the Third world, i.e., UNDERDEVELOPMENT.

Within its limits the study finds that the nature of underdevelopment, which is a complex product of

historical process, has reflected itself in the countries of Third World in the distinctive qualitative characteristics; like low per capita income, growing social contradictions with weak infrastructure, wasteful, non-productive and export-oriented use of surplus, high consumption rates, population pressures, international demonstration effect, import-oriented constricted home markets, low capital formation, lack or slow growth of native capitalist class along with non-conducive administrative, technological, transportation and communication environment under the pressures of political expediency, pulls of foreign powers and strings of foreign aid, dependency and exploitation, etc., etc.

We find that there are two aspects of the nature of underdevelopment-- one internal aspect and the other external. The internal aspects can be described as -- disintegrated, non-coordinating economy with distorted functioning and improper planning characterised by underutilization of potentialities and wasteful use of actual surplus. This has resulted in a stagnant, hierarchial

societal pattern which is heterogeneous, and isolated. This shows that the process of underdevelopment is by nature a geometric progression in which the social and economic backwardness and infrastructure, sharply limits the resources of internal accumulation and utilization of capital.

The external aspect can be put as -- the asymmetric and one sided dependence of countries of the Third World on the developed nations, resulting in the unequal exchange of capital (raw-material, commodity, and labour) and unfavourable terms of trade. This opens new vistas of exploitation of underdeveloped countries on the 'periphery' of world capitalist system, by the developed countries (metropolises) at the 'core'. The continuous drain of income leading to the lack of productive income alongwith international demonstration effect as a natural consequence appears in import-oriented markets. This has forcibly integrated the economies of the Third World into World economy. The World economy different from International economy, has world market, world capitalist-production forces, world

bourgeoisie and world proletariat. All kind of earlier linkages between different sectors of economies of underdeveloped countries were snapped and the only linkage between different sectors were provided by world market -- which is a neo-imperialist instrument of exploitation and maintaining dependency of the peripheral states on the core states. This has made the Third World to bleed a bit slowly but continuously without even, a feel about it.

Within the scope of survey, when we look at the explanation of underdevelopment, we face the dilemma whether capital is to be created in the development or development is to be a function of capital. This has resulted in the insincere theories of the underdevelopment, like vicious circle theory, or theories which take into account only the limiting and hindering factors and not the causes of these hinderances. These theories of underdevelopment mislead the comprehension of the serious problem of underdevelopment of the Third World which has more than a hundred countries and two-third of the world population.

These theories, though enlist a number of characteristics of underdevelopment, stand with Nurkse to say that "a poor country is poor because it is poor". This is nothing but an apology of West, the rich and affluents, to save their skin. These theories take up, if at all, a piecemeal approach to the development programmes & process and throw cold water to the concepts like North-South Dialogue, New International Economic Order, etc., and make patch-work efforts.

When we survey the Western Marxian and Soviet approaches to know the causes of underdevelopment, we find that Western Marxian approaches take up the problem from both the aspects of underdevelopment. The internal aspect has been emphasised in the Paul Baran's infra-structural approach, in which he truly chalks out the causes of underdevelopment in the non-conducive atmosphere of development in the Third World. He finds that it is the size, generation and mode of utilization of surplus that forms the growth pattern of a country. He specifies, the actual cause of underdevelopment, that it is not the

shortage of capital but a distinctive--unproductive, wasteful, irrational, exported--mode of utilization which causes underdevelopment in the countries of the Third World. In other words, he mentions the inability of socio-economic-political infra-structure to turn the potential surplus into actual surplus. He emphasises the drastic revamping of the socio-economic and political structure of the countries of the Third World to make optimum utilization of potentialities in a productive and useful manner, so that the generation and regeneration of actual surplus increases and the gap between potential and actual surplus decreases.

The external aspect of underdevelopment is taken care of by core & periphery approach. This approach explains the causes of underdevelopment in the light of the premise--the unity of World capitalist system which at the core has developed countries, and on the periphery the underdeveloped ones. The modes of production at the periphery are primitive, feudal, semi-feudal or pre-capitalist. These modes can appear in the peripheral countries in more than one modes

functioning at a time. Under the process of unequal exchange, profits flow to the 'core states' from the 'peripheral' states through a primitive accumulation mechanism which is reflected in trade and commercial exchanges between the core and the periphery. The periphery has metropolises (core) within themselves in the form of small enclaves. This theory takes into account the effect of the integration of periphery to the World capitalist economy. The exponent of this theory have been Andre G. Frank, Samir Amin, and I. Wallerstein. This approach has shown the essentially exploitative nature of World economy, which has a capitalist mode of production. The process of accumulation of capital is seen at the 'World Scale', and development and underdevelopment as the two results of the process of unequal exchange and transfer of values between the core and periphery.

The Soviet approach to the political economy of underdevelopment takes up zig-zag path under the whips and whims of Soviet politics but has always been within the broad frame-work of Marxism-Leninism.

Though Soviets no longer claim to have a single "Standard formula" to the problems of the Third World, they, nevertheless, profess that Socialism could do away with the problems of backwardness; and consider the "Socialist-orientation" of the countries of the Third World as a desired pre-requisite for their progress and development.

While conforming that each country would have to search its own path to Socialism, Soviets consider the underdeveloped countries in a state of transition. And these problems are because of the out-moded modes of production (feudal, semi-feudal, primitive or pre-capitalist) and production relations, which are, yet, existing in the underdeveloped countries.

They see the problems of developing countries in a complete perspective of social transformation and analyse the societies of Asia, Africa and Latin America. Various models of development--like, state-capitalism, non-capitalist path, independent path of development, multi-structural nature of the societies of the Third World, etc., have been given to meet the growing varieties of developmental processes in

the underdeveloped countries. Extending the non-exploitative trade and aid opportunities to the underdeveloped countries Soviets have given large-scale fruitful-cooperation to the countries of Third World, so that these countries could consolidate their economies and increase their potentialities.

In the economic and political class-analysis of the underdeveloped countries Soviet have analysed the nature of ruling group and its major development policy thrust. Soviets have often been criticised for ideological domination of their analysis, but now we find that Soviets analyse the systems of the countries of the Third world in their operative situation.

We find the Soviet analysis coloured with ideological commitment to anti-imperialism and anti-colonialism on the one hand and with strategic interests of the USSR in global politics on the other. Soviets have categorised the countries of the Third World into (a) those following the revolutionary democratic path & (b) those where capitalist

relation had taken their roots.

In Marxist-Leninist frame of reference political analysis is observed at large in the discussions of economy, and class-contradictions, in the linkages between corporate sector and national bourgeoisie leadership. Soviet-analysis has accepted two propositions, while presenting the national bourgeoisie leadership, that the "bourgeois-democratic revolution" still had to run its course and that the national bourgeoisie was a sufficiently progressive ruling class to be able to execute the historical and economic transformation from feudal colonialism to pre-socialist capitalism. This shows a major break through in Soviet approach from the Stalinist period.

The wide fluctuations and variations in Soviet analysis (in upto-Stalin and post-Stalin periods), can best be seen as politically-inspired-interpretations. The Soviet approach, in fact, is guided by their own political considerations.

Their attempts to define the predominant mode of

production in the countries of the Third World faces a set back because of the general backwardness, continuing influences of imperialism, relative weakness of national capitalism and immaturity of socio-class relations.

In economic analysis Soviets find that there is an imbalance in the economies of underdeveloped countries, between the industrial sectors and agricultural sector. There is an uneven, unplanned growth. A practically independent reproduction cycle has been constituted by the traditional sectoral structure with its extremely low labour productivity; the retention and expansion of small-scale commodity production has resulted in the gap between the higher and lower structure being widened, which has further increased the imbalance of economy.

The non-socialist countries which have adopted to planning as a national forum to budget potentials of development have been assessed by Soviet scholars in their evaluation of the ruling group's class-essence and its major development-policy concerns. Soviets, nevertheless, maintain that the different

sub-systems of economy, small-peasantry, multiplicity of mode of production, with its industrial and traditional sectors and their complex inter-relationships alongwith dependence on the World capitalist market and foreign capital; make the planning not only imperfect but also impedes in further progress because of wasteful allocations and non-productive concerns of priorities. They suggest that capital have to be invested in the whole complex as one, for the degree of progressive social potentialities realized in the plans depends on the concrete close relations between various sectors.

Viewing the reflections of national independence in the social progress and economic independence with self-reliance, Soviet scholars caution the countries of Third World about the exploitative nature of imperialist aid as-it is an integral part of imperialist foreign policy and perpetuates in a non-profitable, unequally treating membership of the World capitalist system.

Considering that the Third World's widespread poverty, archaic socio-economic system, painful economic heritage and technological backwardness are direct consequence of the rape by imperialism, they visualise the international financing as the manifestation of 'collective-colonialism'.

As an integral part of the international working class movement, the Socialist aid with its low interest rate and unconditioned extension has been viewed as liberating and consolidating the national independence. But Soviets are realistic in their comprehension of the problems of development in the Third world and confess that the socialist countries alone cannot provide all the growing needs of the Third World, in their socio-economic-political liberation struggles. And hence, the moderate line of Soviet scholars no long assert the view that the vast flow of imperialist state funds to the Third World, prevented any industrial development.

Realizing that the absence of industry compels the developing countries to remain agrarian and raw

material appendages of advanced nations, and the small size of internal market as the principle obstacle to industrialization, Soviets find that the transformation of agrarian relations through agrarian reforms were a necessity for the underdeveloped countries of the Third World.

Since most of the Third World countries are agrarian economies, and agriculture has always been the Achilles' heel of development process in underdeveloped societies; being it the primary source of capital accumulation. Hence, agriculture has been very important and the most consistent Marxist-Leninist analysis of the Soviets empirical research.

Soviet analysts' search what historical stage agriculture development and transformation of agrarian relations have reached in the countries of the Third World. They maintain that the colonizers followed the policy of retaining semi-feudal, feudal pre-capitalist mode of productions in the colonies to keep them as raw-material appendages. Though in

case of India they view that agriculture is growing on capitalist lines, while in case of the countries of Latin America and Africa still the feudal, semi-feudal and pre-capitalist relations prevail.

Analysing the acute social contradictions between different strata of the rural and urban societies, they view agrarian reforms as the objective needs of peasantry to force their demands to change the relations of production gradually; but the class-structure of the government determines the course of agrarian reforms.

Summarizing, we can say that the underdevelopment of the Third World is a product of the non-conducive atmosphere to development created by the stagnant infra-structural-dynamics of the Third World economies. This stagnant--infra-structure had, in the past, opened the vistas of exploitation, expansion of colonialism and imperialism, and, at the present, has integrated the underdeveloped economies to the world capitalist system in the core-periphery relationship. This gives an unequal treatment of

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exchange, and trade processes, and transfer of values leading to accumulation of capital, for the core, at a world scale through primitive accumulation mechanism from the extraverted, export-oriented dependencies of peripheral states on the advanced countries.

The survey of Soviet and Western Marxian approaches on the political economy of underdevelopment leads us to conclude that the development and the underdevelopment are the results of the single world capitalist process.

Since no model has been tried, examined or suggested within the limits of study and survey, I personally feel that the need to break-off from the exploitative capitalist process in order to develop, the countries of Asia, Africa and Latin America require a revamping in their infra-structural-dynamics to generate a new order of production, distribution, and exchange in such a manner that the socio-economic distributive justice is obtained on the scientific lines.

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