

Book Reviews

Hartmut Elsenhans. *Development and Underdevelopment: The History, Economics and Politics of North-South Relations.* New Delhi: Sage Publications, 1991. 176 pp. Price: Rs 160.00.

This is an English translation by Madhulika Reddy of the original German book first published by Verlag W. Kohlhammer in 1984, under the title: Nord-Süd Beziehungen: Geschichte-Politik-Wirtschaft. It deals with the complex economic relationship between the highly developed industrial countries of the North and the underdeveloped countries of the South in the perspective of history, sociology, and political economy. The nature, scope, and range of many difficult problems of North-South relations, in their historical context and in their socio-economic and political contents, give this book an aura of urgency and immediacy. These issues directly impinge not only on the lives of millions of human beings living in the developing countries of Asia, Africa, and Latin America who have been making strenuous efforts to solve the chronic problems of poverty, unemployment, underdevelopment, illiteracy, disease, and general social stagnation, but also affect the affluent people of the North who face the insidious threats of creeping recession, recurring unemployment, and falling productivity in their economies for lack of effective demand for their manufactures of high technology on the part of the disadvantaged developing countries.

The main problem addressed is the North-South economic relationship in this broader framework, seeking to link the internal social and economic structures of the underdeveloped societies of the South to those of the North. The central thesis is that the New International Economic Order (NIEO) must be defined and elaborated in terms of a "development pact" between the North and the South which provides for (i) egalitarian social changes and land reforms in the agrarian societies of the South and (ii) capital flows from the North to these egalitarian societies which will then accelerate the development process; so that the benefits will reach not only the ruling elites but also to the dispossessed lower social classes. The author asserts that land reforms and egalitarian changes in the South will boost employment and increase mass incomes and consumption, which will ultimately lead to the rise in demand for the manufactures of the North. This will help solve the recurring problems of recession and unemployment in the North.

Therefore to generate this message, the author delves deeply into the history of colonial relations, and correctly describes how the South was plundered by predatory Western Imperialism. Analysing the slow-changing societies of Asia and Africa in the so-called 'Asiatic' or 'tributary' mode of production, the author, however, tends to grossly simplify the complexity of the North-South relationship. His suggestion that a new economic model will link capital flows from the North to the South if radical land reforms are carried out in the socio-economic systems and structures of the latter is simplistic, because these Third World economies and polities are mostly controlled by the powerful ruling elites correctly termed by the author as "bureaucratic state-classes". The basic question, then, is: Who will bring about radical social changes and land reforms in the economies of the South? It is a fact of history that the Imperialist countries of the North themselves created these state-classes in the South during the 1960s and 1970s when, according to the Western model of development current at that time, only an elite (entrepreneurial, capitalist, financial, or bureaucratic – civil and military) could lead development and modernisation in the developing societies. The current polarization of some developing countries into powerful rich elites and impoverished masses is the direct result of this developmental process. The author himself asserts that economic and political power always remains in the hands of these elitist groups camouflaged by various political flags and slogans.

The author is, nevertheless, correct in his conclusion that the underdeveloped countries of the Third World cannot solve the chronic problems of poverty, unemployment, and scarcity of capital resources by accumulation of capital financed through state mobilisation of local savings and supplemented by foreign aid and control of external economic relations (protectionism, import-substitution, industrialisation, etc.), or through the strategy of export-led industrialisation. The author believes that development can take place only on the basis of mass production and mass consumption, when land reforms have been carried out, and when production becomes broad-based and is not narrowed down to the production of luxury goods for the rich elites only.

It is quite true that, in general, the industrially advanced capitalist countries of the North specialise in the production of manufactures of high technology which are capital-intensive; and the South in general specialises in the production of agricultural or primary commodities. The developing societies also happen to be at different stages of development. Some, like India and Pakistan, are labour-abundant and use labour-intensive methods for production. The African countries are land-abundant and their economies largely depend on the export of primary commodities. Then there are fast-developing economies like those of South Korea, Taiwan, Singapore, Hongkong, etc. A few countries of the Third World, like India, Brazil, and Argentina, have succeeded in establishing their capital goods industries after

completing the initial stages of import-substitution industrialisation. They are now entering the crucial stage of export-led industrialisation. The economic problems of all these categories of Third World countries are, therefore, diverse.

These differences in the nature, characteristics, and peculiarities of development, economic structures, social systems, methods of production and technologies, make the issues of the North-South relationship a highly complicated problem. Nevertheless, Third World countries face some common major problems, such as unequal trade relations; transfer of capital-intensive high technology to the South; falling prices of primary commodities relative to the stable prices of manufactures produced by the North; direct investment of multinational corporations in the South and their hegemonic behaviour; deepening debt crisis, debt restructuring, and "indebted industrialisation" in the South; growing protectionism in the North against the manufactures of the South; the demand of the South for an increase in the volume of foreign aid; a higher share of the Third World in the world industrial production; and establishment of a New International Economic Order between the North and the South.

According to the author, not only the developing countries of the South will benefit from the NIEO; the developed North also has a stake in it. If necessary reforms are not carried out in the Third World and internal inequalities (economic and social) are not removed, the North will not be able to solve its chronic problems of unemployment, recession, and falling productivity. However, this prognosis of the author may appear to be far-fetched. The fact is that the progress and development of the South and the North is a single whole, which binds all human beings living on this planet into a single larger economic order, in which economic relations, social systems, production methods, consumption patterns, and human aspirations and expectations have all become inter-dependent and interconnected. Poverty of the South is reflected upon the North in the form of chronic recession and unemployment. And these cannot be surmounted without mutual cooperation at the international level.

Thus, the author discusses the forces which can be mobilised in the North and the South in such a manner as "to link up the transfer of financial resources to the governments of the South with social structural reform in the underdeveloped countries".

As the state-classes or ruling elites in today's Third World control the economies and political systems, they tend to suppress the poor masses to keep them in the quagmire of poverty, illiteracy, and disease; and they hinder the development of the Third World. Without land reforms and mass consumption based on egalitarian changes and equal distribution of wealth in the Third World, poverty and underdevelopment cannot be eliminated. Such egalitarian industrial development in the Third World, in the opinion of the author, will boost the production of manufa-

tures and so increase the South's purchasing power to ultimately benefit the North in controlling recession and unemployment. In this way, a NIEO will virtually come into being and both the North and the South will benefit.

For a fresh and bold interpretation of the various economic and political issues involved in the North-South relations, this book will be useful for a variety of audiences. The English translation by Madhulika Reddy is so impeccable; fluent and idiomatic, it reads like an original, adding to the thought-provoking, insightful, and extremely engrossing proposals of this book for a dramatic transformation of the world.

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