



# THE PHENOMENON OF UNDERDEVELOPMENT: A CASE OF PAKISTAN

**Tahir Kamran**

Before delineating a strategic approach to understanding underdevelopment, it is prudent to engage in a discourse on the conceptualization of underdevelopment itself. Within the extensive body of literature encompassing political economy, both historical and contemporary, underdevelopment is predominantly construed as a condition characterized by inherent structural impediments to economic advancement. "Underdevelopment" typically refers to a condition in which a country or region lacks the economic, social, and political infrastructure necessary for development. It's often characterized by low levels of income, limited access to education and healthcare, inadequate infrastructure, high unemployment, and reliance on primary industries.

The term "underdevelopment" was popularized during the mid-20th century, particularly in the field of development economics and political economy. While it's challenging to attribute its exact coinage to a single individual, scholars such as Walt Rostow and Gunnar Myrdal played significant roles in popularizing and conceptualizing the idea of underdevelopment during the 1950s and 1960s.<sup>26</sup> Rostow's stages of economic growth theory and Myrdal's work on economic development and inequality contributed to the understanding of underdevelopment as a distinct condition characterized by structural impediments to economic advancement. Underdevelopment can result from

a variety of factors including historical legacies, colonialism, corruption, poor governance, inadequate investment in human capital, and unfavourable global economic conditions.

Immanuel Wallerstein's theory of underdevelopment is closely associated with his world-system theory, which views the global economy as a complex system characterized by hierarchical relationships between core, semi-peripheral, and peripheral countries. In Wallerstein's framework, underdevelopment is not seen as a natural state or a stage that countries must pass through on their way to development, but rather as a structural feature of the global capitalist system. Underdevelopment is the result of the historical processes of colonization, exploitation, and unequal exchange that have occurred within this system.<sup>27</sup>

According to Wallerstein, underdevelopment is perpetuated by how the world system is structured, with core countries benefiting from the exploitation of peripheral and semi-peripheral countries. Peripheral countries are typically characterized by their dependence on the export of raw materials, low-value manufactured goods, and cheap labour, while core countries dominate the production and consumption of high-value goods and services. Wallerstein argues that attempts to address underdevelopment through strategies such as foreign aid or economic development programs are ultimately ineffective because they fail to address the underlying structural inequalities of the world system. Instead, he advocates for radical political and economic changes that challenge the existing global order and redistribute wealth and power more equitably among nations.<sup>28</sup>

Within the Marxist framework of political economy, an analysis elucidated the contrasting trajectories of capitalism's impact on European economies during the industrialization phase and on colonized economies. This analysis revealed a dynamic pattern wherein European capitalism exhibited robust growth dynamics, juxtaposed with a deliberate embedding of economic stagnation within colonized economies. Notably, the restructuring of these economies aimed at augmenting surplus generation capacity while thwarting domestic reinvestment endeavours. Instead, a systematic process of resource extraction was institutionalized, facilitating the consistent transfer of economic surplus to colonial economies. Consequently, the global capitalist system exerted disparate effects on European nations vis-à-vis countries in Asia, Africa, and Latin America. It engendered developmental outcomes for Western countries while perpetuating conditions of underdevelopment for economies in the Third World.

Characteristic of the colonial economic framework was its focus on the production and exportation of primary goods of relatively modest value, juxtaposed with the importation of high-value manufactured goods from

Western nations, where specialization in such production had been attained by the nineteenth century. The consequential deterioration in terms of trade vis-à-vis Third World nations emerged as the principal mechanism facilitating the transfer of resources from underdeveloped regions to the developed world.

In the post-independence era, elites in numerous former colonial territories, such as Pakistan, endeavoured to pursue industrialization as a means of fostering economic growth, albeit within a neo-colonial institutional structure rooted in rent-seeking practices. This approach to industrialization mirrored an assembly-line model, lacking the requisite international competitiveness. Simultaneously, local entrepreneurial elites displayed reluctance to diversify into exports of high-value-added goods. This hesitancy stemmed from a risk-averse mentality cultivated within a rent-oriented milieu, characterized by state protection from international competition, subsidies, and access to inexpensive credit.

In the context of Wallerstein's world-system theory and other Marxist perspectives, the underdevelopment of Pakistan can be attributed to a combination of historical, economic, and political factors, both internal and external. Here are some key aspects:

1. **Colonial Legacy:** Pakistan, like many other countries in the Global South, was colonized by European powers (in Pakistan's case, primarily by the British). The colonial period led to the extraction of resources, the destruction of local industries, and the imposition of political and economic structures that served the interests of the colonizers rather than the local population.
2. **Dependency Theory:** According to dependency theory, underdevelopment is perpetuated by the unequal relationships between developed and underdeveloped countries within the global capitalist system. Pakistan's economy has long been dependent on exports of primary commodities, such as agricultural products and textiles, which have limited value-added and are subject to fluctuating prices in the global market.<sup>29</sup>

<sup>27</sup>Wallerstein, Immanuel, *The Modern World-System: Capitalist Agriculture and the Origins of the European World-Economy in the Sixteenth Century*, (New York, Academic Press Location: 1974).

<sup>28</sup>*Ibid.*

<sup>29</sup>On dependency theory, see Cardoso, Fernando Henrique, and Enzo Faletto, *Dependency and Development in Latin America* (Berkeley, University of California Press, 1979).

<sup>30</sup>Wallerstein, Immanuel, *The Modern World-System: Capitalist Agriculture and the Origins of the European World-Economy in the Sixteenth Century*, (New York, Academic Press Location: 1974).

<sup>31</sup>Shitiaz Nazeef, "Fundamental Determinants of Developing Countries' Income Terms of Trade: A Reassessment of the Prebisch-Singer Thesis", M.Phil. Dissertation, Department of Economics, Forman Christian College (A Chartered University), Lahore, 2016, cited in Hussain Akmal, Pakistan, *Institutional Instability& Underdevelopment: State, People and Consciousness* (Lahore: Folio Books, 2023), p.244.

<sup>32</sup>Hussain Akmal, Pakistan, *Institutional Instability& Underdevelopment: State, People and Consciousness*, pp.245-48.

<sup>26</sup>Smith, J., "The Origins of the Concept of Underdevelopment" *Journal of Economic History*: 2021 Volume: 30 Issue: 2, 45-62. Hussain, Akmal, *Imperialism, Encyclopedia of Capitalism*, Vol:11(H-R), Syed B.Hussain (General Editor), Fact on File Inc., New York, 2004, pp.397-401.



3. **Neocolonialism:** Even after gaining independence, Pakistan and other formerly colonized nations continued to face economic and political domination by former colonial powers and other advanced capitalist countries. This neocolonial relationship has often manifested through unequal trade agreements, foreign debt, and the influence of international financial institutions like the IMF and World Bank.
4. **Unequal Distribution of Resources:** Within Pakistan, there are significant disparities in the distribution of wealth, land, and resources. Land ownership is concentrated among a small elite, while the majority of the population struggles with poverty and lack of access to basic services such as education and healthcare.
5. **Political Instability and Corruption:** Political instability, frequent military interventions, and corruption have hindered Pakistan's development efforts. Weak governance structures and the prioritization of elite interests over those of the broader population have contributed to a lack of effective policy implementation and infrastructure development.
6. **Militarization:** Pakistan's significant investment in its military, including conflicts with neighboring India and involvement in the Afghan war, has diverted resources away from social and economic development. Military spending often takes precedence over investments in education, healthcare, and infrastructure.<sup>30</sup>

Addressing underdevelopment in Pakistan from a Marxist perspective would involve challenging the existing capitalist system, redistributing wealth and power more equitably, promoting domestic industries, reducing dependence on foreign aid and loans, and implementing policies that prioritize the needs of the majority rather than the interests of the elite and external powers.

Pakistan's struggle to diversify exports into high-value-added products has hindered sustained economic growth, unlike China and Turkey, which successfully enhanced their income terms of trade through such diversification. Nazeef Ishtiaq's research challenges the notion that shifting to manufactured exports alone improves income terms of trade; instead, diversifying into knowledge-intensive goods and services is crucial for sustained growth.<sup>31</sup>

Within the Marxist paradigm, power dynamics in advanced capitalist societies drive imperialist control over Third World nations, extracting economic surplus through military and economic dominance and disseminating hegemonic ideologies. This colonial and neocolonial restructuring integrated Third World economies into global capital accumulation, perpetuating their subordinate position. Mental restructuring during colonialism severed indigenous peoples from their culture and creativity, while in the neo-colonial era, adherence to Western economic doctrines stifled critical

inquiry and policy innovation in Pakistan. The failure of neo-colonial elites to promote independent thinking and original knowledge generation perpetuated colonial-era structures of underdevelopment, despite Pakistan's sovereignty.

According to the economist Akmal Hussain, the New Institutional Economics (NIE) offers a distinct perspective on underdevelopment, focusing on the efficiency of institutional structures as the primary determinant of economic performance. Unlike Marxist traditions, the NIE emphasizes that developed countries sustain long-term growth due to efficient institutions, while underdeveloped countries experience sporadic growth due to inefficiencies. However, the NIE overlooks power dynamics and ideological influences shaping institutional frameworks, limiting its analysis to economic efficiency. In Pakistan, rent-based institutional frameworks have led to heightened contention among ruling elites, exacerbating instability and perpetuating underdevelopment. Underdevelopment, therefore, can be redefined as the systematic suppression of society's human potential, encompassing economic, social, and moral dimensions. Overcoming underdevelopment requires addressing inequalities in access to resources and opportunities, nurturing compassion, and fostering virtuous actions that align with the deepest consciousness of individuals.<sup>32</sup>

In conclusion, the conceptualization of underdevelopment encompasses a myriad of factors rooted in historical, economic, and political contexts. Immanuel Wallerstein's world-system theory, along with Marxist perspectives, shed light on the structural inequalities perpetuating underdevelopment in countries like Pakistan. These inequalities stem from colonial legacies, neocolonial relationships, unequal distribution of resources, political instability, and militarization, all of which hinder sustainable development. Additionally, the New Institutional Economics (NIE) offers insights into the role of institutional efficiency in economic performance but fails to account for power dynamics and ideological influences. Addressing underdevelopment requires challenging existing power structures, redistributing wealth and resources equitably, promoting domestic industries, and fostering critical inquiry and original knowledge generation. Ultimately, overcoming underdevelopment in Pakistan necessitates a holistic approach that addresses economic, social, and moral dimensions, empowering individuals and communities to realize their full human potential.

**The author is Liberal Arts Professor at Beaconhouse National University, Lahore.**