

# The Crisis of Underdevelopment: A Reexamination of Economic Models in the Third World

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*The paper offers three major models of development: The first is the capitalist model analyzed from the viewpoints of the classical and neo-classical traditions. The second is the socialist model, which adopts Marxist conception of development. This alternative path has been taken by countries that underwent radical political/economic transformation like Cuba and Nicaragua. The third model is an emerging one, totally undeveloped in terms of action strategy and approach, and inspite of the vastness of the literature has not been definitive in its stance. This model has been given various labels, including dependency, neo-Marxist, Marxian, radical, and nationalist all within the context of determination of the developing society's economic destiny. The final part of the paper challenges the discipline of public administration, or more specifically development administration, to develop a new model which may serve as synthesis between the first two models.*

## Introduction

The nature and causes of continuing underdevelopment among Third World countries have increasingly become significant areas of concern in a spirited era fixated with the promise of modernization and economic growth. Despite more than three decades of preoccupation with development aspirations, the problems of poverty, unemployment, wide income disparity, high population growth rates, low levels of output and other forms of social and economic deprivation continue to beleaguer the so-called "developing nations."

While policy-makers of Third World nations have taken to diligently engage in systematic, macro, multi-year planning of their economies to improve levels of output and correct income inequalities pervasive in their societies, the specter of underdevelopment and dependency remains as a disturbing predicament that looms large and forbidding in the agenda of growth of countries in Asia, Latin America and Africa. To be sure, the development plans generated by most Third World countries, and the policies and strategies designed to implement them under the appealing rhetoric of "development administration," have failed to push people off the poverty rolls, as stagnation and economic backwardness continued to persist.

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Paradoxically, this situation comes in stark contrast to the quality of life in at least thirty developed countries which, in a revealing appraisal by Andre Gunther Frank some ten years ago, was believed to account for "less than 30% of the world's current population and forseably only 20%" by the year 2000. Frank estimates that these countries "now account for approximately 90% of the world's income, financial reserves, and steel production, and 95% of the world's scientific and technological production."<sup>1</sup>

Todaro somehow confirms this and provides an equally dismal account, claiming that approximately 83% of the world's total income is produced in these economically developed regions which have less than one-third of the world's population. On the income side, he continues, the Third World, where at least 70% of the world's population resides, subsists on less than 20 per cent of the global income. The collective per capita incomes of underdeveloped regions average less than one-fourteenth of the per capita incomes of rich countries. The gap can be highlighted when comparisons are made, as for instance in Switzerland in 1981 which had a US \$ 17, 430.00 per capita income or over one hundred times the per capita income in Bangladesh which had only US \$ 140 for that period. The Swiss per capita income in 1981 is also over sixty times greater than that of India, one of the world's largest nations, which had US \$ 260.<sup>2</sup> These international inequalities have been claimed to have worsened over the last thirty years,<sup>3</sup> and now stand as an enigma and a challenge to development theorists, policy-makers and planners.

Why does underdevelopment among Third World countries persist in dark contrast to the affluence enjoyed by developed and industrialized nations? What are the reasons for the failure of developing countries to transform their environments from traditionally agrarian subsistence economies to agro-industrial or modernized societies as conceived in elaborate and well-defined development plans? Is it because the economic models that have been used in steering the development of industrialized nations and subsequently made to apply to developing societies are inappropriate and ill-fitted to the conditions of the Third World? Or is it because, as claimed by Marxists and similarly situated persuasions, that the nature of the international global economic order dominated by a capitalist system of integration is basically exploitative and inhibitive of growth among former colonies in the Third World which are now seeking for a share of prosperity? Can underdevelopment likewise be explained by the inherent defects in approaches and strategies that would be inconsistent with the demands of the global capitalist order?

Invariably, the reasons would tend to be numerous, complex and varied. The analysis of underdevelopment has been the subject of much interest and concern in recent years, and conceivably the literature has become increasingly abundant and overflowing.<sup>4</sup> Sadly, only the literature has thus far been enriched, and certainly not the quality of life and well-being of the objects of

these initiatives, in this case, the population of developing nations presently enmeshed in poverty and deprivation.

Much of the confusion lies largely on the relative nature of the points of views and terms of reference that pervade the subject. Firstly, the examination of the nature and causes of underdevelopment has been approached from distinct disciplinary positions, from political to economic, sociological to administrative, and such diverse dimensions as cultural, demographic or technological. On the whole, these advocacies provide an increasingly eclectic, interlocking approach to the problem. The dilemma that however permeates this manner of approach is that there is a tendency for the analysts to be prisoners of theory, to be trapped in the tyranny of their own logics of inquiry, and be forever engaged in explaining the present in terms of the past, characteristically using the experience of industrialized nations, which are generally capitalist in orientation and development, as empirical referents. Thus the models of economic development that worked well in today's developed and industrial nations are seen as accepted criteria, in spite of what some scholars like Myrdal tried to argue, that conditions in the Third World today are radically different from those that confronted the First World nations. These include such aspects as population, climate, interference of well-endowed nations on developing ones, and other perverse factors that tend to obviate a smooth and sterile replication of economic strategies that adapted well two or three centuries ago for industrial, capitalist countries.<sup>5</sup> The common thread however that binds this approach is that they seek to explain how development can be reached from a stage of underdevelopment, with a perspective flowing from an orthodox conceptualization of the issue.

A second approach that has relatively gained currency in explaining underdevelopment in recent years is the one viewed from an ideological perspective. The emergence of the Socialist viewpoint among Third World countries has influenced thinking towards the persuasion that peculiarities inherent in the capitalist order pervade a relationship of domination and hegemony between developed and developing nations. This view is nurtured by the Marxist approach, which treats underdevelopment as effects of the neo-colonial order, and which Lenin described as the last stage of monopoly-capitalism, or the phenomenon of imperialism. Lenin's concept of imperialism attributed, among other things, the concentration of production and capital as the advanced stage of capitalism in capitalist societies paving the way to the formation of international capitalist monopolies which ultimately share the world among themselves. This results in the territorial division of the world among capitalist powers.<sup>6</sup> The theory of imperialism thus attempts to explain underdevelopment from an ideological point of view, of what Cohen describes as "a relationship of effective domination or control, political or economic, direct or indirect, of one nation over another."<sup>7</sup> Unlike the orthodox approach of prescribing how development can be had, the focus is why underdevelopment

persist based on the Marxist notion of domination. The prescriptions under this approach is the radical, sweeping restructuring of existing modes of production and relationship, of market forces, state organization and its power configurations, and societal institutions. The change process is achieved through revolutionary intervention.

A third approach straddles between the capitalist prescription and the socialist alternative, and which has been described rather loosely with various labels, from radicalist or dependency theories to neo-marxist conceptions. This strand likewise seeks to explain why and how underdevelopment persists. This paradigm adopts the Marxist interpretation of domination, and seeks to modify existing exploitative relationships between rich and poor nations but somehow working within a capitalist framework. The strategy appears suggestive of working within a capitalist milieu, unorthodox and "radical" in theme, but without the violent, revolutionary upheaval predicated under a Marxist transformation.

To begin with, the literature has been vast and expansive to be fused and captured in a single paper. It is not our intention to cover this ground thoroughly but mainly to reassess the watershed approaches, and in so doing, pinpoint, haphazardly if you will, the fundamental options by which underdevelopment can be attacked. In all these, the temptation to identify a compromise strategy - a sort of middle ground, or a tenuous centrist perspective that would combine the best of the different approaches and discarding those that are dangerously extreme - have become all too engrossing. The difficulty in this "here and there" experiment however is that there is a tendency to satisfy the preconditions, to meet the demands of the approaches which in the long run may be incompatible. What is suggested here is that in straddling between, for instance, the capitalist and the socialist models, we generate conflictual perspectives that merely accentuate loss of identity and direction in the alternative path - and the strategies that go with it - that is being pursued. Thus, a developing nation may aspire to pursue capitalist models of development but its strategies may veer towards regulation of market forces, of free trade and investment, the imposition of high taxes, the involvement of government in enterprises which is better left off with the private sector and other such restrictive or control oriented policies which may be overly inhibitive of business or private sector initiative. As can be noted, a policy such as these would be better implemented under a "collectivization" type of economy not unlike those in socialist countries.

This paper seeks to analyze underdevelopment and the models of growth that is currently being employed or made to adapt in Third World countries based on the foregoing premise. The position adopted by this paper is not too difficult to discern. The attempt is a return to fundamentals in the reexamination of the context of underdevelopment and an assessment of the options that offers promise of resolving untidy propositions. There is no claim to provide an

all-embracing, midnight panacea to solve the predicament of underdevelopment, but merely to contribute to the present discussion with a plea that Third World policy-makers and planners may have to restudy their options by looking at the barest, most fundamental paradigms of development and not to be confused with the baggage of premises that has accumulated through the years. It may be worthwhile now to strip our models and the approaches and strategies that go with them with the nuances of compromise that yield contrived systems that tend to be incompatible or inconsistent with the character of government or society. A more decisive approach may have to be made, and the issue that must be asked is, given the dilemma of underdevelopment, where do we go from here? What model or economic system can or must we employ? Are we to follow the capitalist road? Can we prescribe the socialist alternative? Or a different, hybrid one?

This paper is thus a synoptic review of underdevelopment and a plea for the reexamination of the economic models currently in place among developing societies. It consists of three parts. Firstly, we shall provide a brief, perhaps passing discussion of underdevelopment, characterizing it and trying to identify causes that have been offered in the literature. Secondly, a survey of economic models will be presented. Let it be established here that we have taken to review this from an ideological perspective aware of the risk that compartmentalizing paradigms may be overly simplistic. But that precisely may be what is demanded: a return to basic propositions to enable us to understand the vagaries and nuances of our approach to development and growth. Thirdly, the paper will seek possible or potential alternatives, giving emphasis on philosophies underlying the development process and the administrative agenda that may have to be considered by developing nations, mainly in terms of attention and organization, in pursuing the potential options.

### **A Brief Analysis of Underdevelopment: Unraveling the Ways and the Wherefores**

The characteristics and premises of underdevelopment are well-defined in the rubric of the literature. Krishnaswamy points out however that interest in the phenomenon of underdevelopment has been fairly recent. Underdevelopment has been regarded as the inverse of development, and in conventional usage, if development means the process of "developing," underdevelopment was conceived in "a static fashion, as a state and not as a process."<sup>8</sup>

Krishnaswamy credits the economist Gunnar Myrdal as being one of the early scholars "to view 'underdevelopment' as a dynamic and relational concept as opposed to viewing it merely as a static condition."<sup>9</sup> Myrdal stressed the totality of the development process and explained that underdevelopment is a process of cumulative circular causation among such factors as levels of

living, income, and productivity. These factors "mutually reinforced one another in a vicious cycle to perpetuate stagnation, social rigidities and stratification, attitudes of the elite, habits and behavior, and religious beliefs. Political and administrative environments tended to perpetuate and aggravate inequalities neutralizing and nullifying the attempts at economic growth."<sup>10</sup>

In a searing inquiry on the poverty of nations, which he called rather symbolically as *The Asian Drama*, Myrdal outlines the characteristics of underdevelopment as:

"...a constellation of numerous undesirable conditions for work and life: outputs, incomes, and levels of living are low; many modes of production, as well as attitudes and behavioral patterns, are disadvantageous; and there are unfavourable institutions ranging from those at the state level to those governing social and economic relations in the family and the neighbourhood..."<sup>11</sup>

In this sense, Myrdal attempts to look at underdevelopment as not only confined to economic dimensions measured in terms of productivity, income and living conditions, but one that transcends sociological and political considerations. Myrdal identifies low levels of living in terms of the following manifestations: specific deficiencies in food, bad housing, poor public and private hygiene and medical care, and facilities for education. He also identifies problems in the conditions of production, low ratio of savings to income, little enterprise, crude technologies and production techniques, faulty distribution of labor, and lack of skills. In a different direction, Myrdal also takes time to address such sociological problems as undesirable attitudes and patterns of performance, and inherent defects and limitations of the politico-administrative system such as low standards of efficiency and integrity, rigid attitudes to work and a low degree of popular participation accompanied by a rigid, inegalitarian social stratification."<sup>12</sup>

Todaro on the other hand, provides a similar description. He outlines six characteristics of what has been euphemistically referred to as developing countries: (1) low levels of living which are "manifested quantitatively and qualitatively in the form of low income (poverty), inadequate housing, poor health, limited or no education, high infant mortality, low life and work expectancy, and in many cases, a general sense of malaise and hopelessness;" (2) low levels of productivity which are generally measured in terms of gross national product per capita; (3) high rates of population growth and dependency burdens (older people and children). It has been identified that birth rates in less developed countries are generally high, in the order of 35 to 40 per cent per 1,000, while those in developed societies are less than half that figure. Likewise, the proportion of children under 15 years of age is almost one-half of the population; (4) high and rising levels of unemployment and underemployment, which involves relatively inadequate or inefficient utilization of labor;

(5) significant dependence on agricultural production and primary product exports. The vast majority of people live and work in the rural areas or roughly, on the average, at least 80%, compared with only about 35% among developed countries; and, (6) dominance, dependence, and vulnerability in international relations. Todaro points out that for many less developed nations, a significant factor that contributes to persistent low levels of living, unemployment and income inequality is the highly unequal distribution of economic and political power between rich and poor nations, enabling the former to control the pattern of international trade and dictate the terms of technology, foreign aid and transfer of private capital.<sup>18</sup>

Underdevelopment has thus been taken to mean as "the flip-side of the coin of 'development,' using the standards or milieu of developed, and generally industrialized countries as frame of reference."<sup>14</sup> Elkan maintains that although "underdeveloped countries differ greatly from one another the one thing they have in common by definition is that the majority of their peoples have relatively low standards of living." For Elkan therefore, "it is this low standard of living which underlies most of the characteristics of underdeveloped countries." He continues to enumerate some of the features: low levels of accumulated capital, production or output, lack of adequate technology, rapid inflation in the course of development, high unemployment rates, and wide diversity in development problems and resource endowments.<sup>15</sup>

These representative interpretations more or less, follow a common thread. The substance of analysis pursues similar thematic lines, and on that basis, it is not difficult to identify or isolate underdeveloped societies, although variances will occur in terms of magnitude or extent of the defining characteristics. Other writers would go farther than describing the features, and as Myrdal would insist, tend to see underdevelopment as a process. Henriot for instance, views underdevelopment as referring to "the process whereby a country, characterized by subsistence agriculture and domestic production, progressively becomes integrated as a dependency into the world market through patterns of trade and/or investment."<sup>16</sup> This view goes a step ahead in that instead of merely describing what are those cluster of conditions that makes a society as underdeveloped, it advances the perception of why it is underdeveloped.

Which brings us to the more important issue: what causes underdevelopment? Griffin advocates the view, as others like Myrdal did earlier, that the concept of underdevelopment must be understood from an "all-inclusive" perspective, considering or taking into account "a society's political organization, economic characteristics and social institutions."<sup>17</sup> Poverty here is seen neither as a synonym for underdevelopment nor a cause, but rather as a symptom of a more general problem. Early assessments of the phenomenon such as those found in the propositions of Nurkse,<sup>18</sup> and Boeke<sup>19</sup> would tend

to explain the problems of underdevelopment to low income, the inherent poverty in the society, low capital formation, the problems of social systems and culture and similar manifestations obtaining in economy of the undeveloped society. This suggests that the major theses propounded hinge on the incapacity or inability of the economy to develop because of inherent deficiencies within the structure or framework of the economic system, and that this can be corrected with the intervention of the developed nations. These economists can be referred to in this paper, mainly for lack of a better term, as the "traditionalists."

The points of view, or emphases of the traditionalists in analyzing underdevelopment stand in remarkable contrast to the flood of arguments that has recently gained currency and which attributes the problem as having been the effects of the intervention of rich nations perpetuating an inequitable and exploitative economic structure to support the international capitalist global order. These views of course finds lineage with the Marxist's conception of imperialism, or neo-colonialism, and which have been given different labels in the works of Andre Gunther Frank, Celso Furtado, Constantino, Lichauco, Baran and Sweezy, Johan Galtung, and other thinkers along this mold.<sup>20</sup> Such labels as "radical approach," "dependency theory," "neo-Marxist and "center-periphery" relations, have been used to describe these strands of thought trying to explain the phenomenon of underdevelopment using perspectives of imperialist theory. The views of this "new tradition" considers seriously the colonial relationships which marked the growth of countries in Asia, Latin America and Africa, and the ensuing neo-colonial relationships that persisted even after national independence.

To be sure, the problems of underdevelopment among developing nations have become less inscrutable in recent years. It is however the problem of interpretations as to cause, and consequently approaches and strategies that has become distinctly problematic. Undoubtedly this will have severe implications on how to treat or correct the situation.

Elkan provides a useful diagnosis as to why underdevelopment occurs, and cites various reasons that had been advanced by the traditionalists. He points out that the most widely "canvassed notion" to explain why countries have failed to develop is because they are trapped "in a series of interlocking vicious circles of poverty and stagnation." This "circle" takes poverty as the starting point.<sup>21</sup> The first shows that poverty means low productivity and low incomes, which result in low savings and therefore low levels of investment. The low level of investment in turn perpetuates a deficiency in capital which then explains continued poverty. A second notion is that low incomes are insufficient to provide the people's minimum requirements in nutrition and other social amenities, and therefore impairs physical efficiency which results in reduced productivity. A third circle involves the role of aggregate demand



in development. Poverty implies a low level of aggregate demand which in turn explains a dearth of profitable investment opportunities, and thus, little investment. This interpretation continues Elkan is "attractively simple" and "intuitively plausible" yet erroneous. This he claims was used by Nurkse who ventured the idea of interlocking vicious circles to support his thesis that:

"...the only way to promote development was to break into the vicious circle by capital investment from abroad or by foreign aid. With an injection of capital, productivity would rise and the resulting higher incomes would eventually generate higher savings, sufficient to carry on the momentum of capital formation initially created by the injection of capital abroad..."<sup>22</sup>

The logic of this proposition is however challenged by the existence today of many developed nations which started with low incomes per head and low stocks of accumulated capital, exhibiting many of the features of today's underdeveloped economies. Yet, as Elkan argues, these countries (developed ones), progressed economically without injections of outside capital, and certainly without foreign aid.<sup>23</sup>

Boeke on the other hand, ventured the argument that the explanation for underdevelopment can be traced to the social systems and cultures of the low income countries which he claims are not adapted to economic change. Relying on his studies of the Dutch experience in Indonesia, Boeke maintained that capitalistic methods of production and distribution failed to spread from export industries established and directed by Western entrepreneurs because of the absence of the cultural and social imperatives for Western capitalism.<sup>24</sup> This implies that people in developing countries are often not inclined to venture into entrepreneurship, and would readily opt for "white collar" jobs to generate income.

A third explanation which finds affinity with the dependency model is that advanced by Myrdal which could be viewed as the early rumblings of the concept of "dualism." This proposition conceives of two sectors bifurcated into a capitalist and a "non-capitalist" economy, or a division between a modern sector, characterized by industry and high levels of productivity as against a traditional society, usually agrarian, and which is underdeveloped. Myrdal argues that the process of development in one part of the world has had the effect of impoverishing the others, or made the other sector encounter more difficulties in developing.<sup>25</sup> Subsequent economists and scholars have attributed the low level of development "either to colonial exploitation, or to the deliberate and legalized political, economic and racial discrimination imposed by advanced countries on peoples who could not defend themselves."<sup>26</sup>

From here flows what contemporary development analysts call as the dependency theory, and similar persuasions that have been termed as neo-marxists, radical, or nationalist. Admittedly, there are differences in the

point of analysis and the prescriptions that are submitted by the proponents of this persuasion. However, they embody a converging theme anchored on tracing the roots of underdevelopment to the continued exercise of hegemony, political and economic control and domination by developed, and generally industrialized capitalist countries over Third World nations.

As mentioned earlier, the concept of dependency derives from the Marxist perspective, where Lenin, the architect of the Russian revolution, espoused the view that capitalist imperialism, in this case, the colonial powers, struggled to divide the world into their spheres of interests. The proposition proceeds to explain that developed capitalist societies, exercising domination and hegemony on the political economies of Third World nations through inequitable economic arrangements, promote and perpetuate their development at the expense of underdeveloped economies. Constantino argues that "with the post-war break-up of colonial empires as nation after nation attained political independence, the United States and other capitalist states sought to transform these new nations into neocolonies in the guise of helping them to develop their economies."<sup>27</sup>

This state of affairs is further enhanced by the institutionalization of structures such as the World Bank and the International Monetary Fund to ensure control of the destiny of economies of Third World countries. Aggravating this is the entry of multi-national interests which exacerbate dependence by way of control of capital, investment opportunities and market forces in the underdeveloped country. Thus, Constantino, analyzing this phenomenon in the Philippines, and citing a study by Magallona on transnational corporations points out succinctly that:

"Mass poverty and distorted development are the by-products of the country's neo-colonial status. The Philippine economy is controlled by foreigners, from banking and finance to the simplest consumer goods for everyday use. American, Japanese, and Western European global corporations monopolize, dominate or are prominent in many key industry lines. They have near monopoly in the manufacture of motor vehicles, rubber, batteries and accessories, pharmaceuticals, soap and other washing compounds. They are dominant in food manufacturing, in petroleum refining, in the production of electrical machinery, appliances and supplies, in the making of paper and paper products, in the field of chemicals and chemical products, and in the supply of office equipment. They are also well-entrenched in many agri-business fields..."<sup>28</sup>

The dependency model thus explains underdevelopment as the precise effects of colonialism and imperialism on developing countries in Asia, Latin America and Africa.<sup>29</sup> While the dependency theory draws from Marxist conceptions of imperialism, it has been classified into different varying perspectives which would be too expansive to discuss here in detail. As Chilcote points out, the literature on dependency "moves in different directions, and critics set forth a multitude of positions." Some thinkers attack the nationalist inclinations of advocates of dependency who oppose outside

influence. Others invite attention to external considerations of dependency but neglect internal class struggles within an underdeveloped state.<sup>30</sup>

We can however take mild liberties in differentiating the different conceptualizations that have emerged by polarizing, at the risk of oversimplification, dependency models into those espousing a "vertically" pronounced Marxist view, e.g., where prescriptions are anchored on the Marxist conception of liberation and thus, a dismantling of the capitalist system, and those that pursue "anti-imperialist" or "nationalist bourgeois" lines, e.g., persuasions which recognize the persistence of imperialist hegemony and domination, but would demur restructuring of society along completely socialist prescriptions. The latter view would tend to operate within the capitalist framework but be assertive of national sovereignty to free the developing economies from the stranglehold of domination and dependency. As we shall attempt to discuss later, this will have marked effects on the character of the development model that is to be applied.

#### **A Survey of Development Models in the Third World: Fine-Tuning the Paradigms or Setting New Ones?**

Undoubtedly, the existing models of development and growth in Third World economies, and the policies they prescribe have produced marginal results, as policy-makers and development experts began developing fits of conceptual depression and paradigmatic burn-out. This is especially so with former colonies that have attained political independence before and after World War II. The character of the development models and policies employed has distinctly demonstrated imitative tendencies with that of industrialized and developed economies in the West, suffused with what Savage calls as "the wish to catch up to the 'yesterdays' of the West."<sup>31</sup> This cannot be helped mainly because of the influence of developed nations on former colonies which look at the former's development patterns vicariously, hoping, aspiring, that the modernization that characterized industrialized societies can be translated and replicated in their own. It is not surprising therefore to find prevailing models of development among Third World countries as primarily Western not only in premises and assumptions but in orientation. For one, as Savage maintains, "leaders and elites [of developing nations] assume or assert that to be developed is to be economically progressive in the way that the West is. Western industrialized economies, or at least their hardware and output capabilities, are taken as a model. Non-Western leaders aspire to emulate this model without necessarily emulating the political and social means by which it was attained."<sup>32</sup> Griffin, on the other hand, laments the problems on the influence of Western theory saying that:

"Most of the theorizing on economic development has been done by economists who lived and were trained in the industrial West. Some economists, in fact, have written about underdeveloped countries before they have seen them, and others - although they may

have visited an underdeveloped country - write as if they have seen only the capital and perhaps a few of the other major cities. Almost all these economists, moreover, are ignorant of much of the economic history of the countries about which they are theorizing. Thus many writers on the poverty of nations have suffered from two serious handicaps: lack of knowledge about the broad historical forces associated with underdevelopment and ignorance of the institutions, behaviour responses, and ways of life of the largest sector within the underdeveloped countries, the rural areas... It is almost certain that once additional evidence is accumulated *many of the theories of development proposed in the last two decades will have to be abandoned.*" (underscoring supplied)<sup>33</sup>

While the strategy and approaches may vary, the economic model, i.e., the capitalist path, to be definitive about it, remains firmly the same, with the exception of countries which have taken or appears to have taken, an alternative path, such as those of Cuba and Nicaragua, in which case, the preconditions of the Socialist model, e.g., radical transformation of societal institutions by way of revolutionary intervention, have been satisfied.

But is a bloody, violent upheaval necessary? The Marxist conception of history prescribes so, because it is only through this medium can a radical transfer of power be reached, as the case of Allende's Chile would demonstrate. Allende attempted to install a Socialist form in his government by way of parliamentary means, but was assassinated in the process, resulting in the country's return to the capitalist road of development.

Still, the provisions for compromise remains open even if a scenario becomes difficult at this point to be conjured. Be that as it may, the ultimate goals of development tend to look alike, as Savage argues: industrialization, urban accretion, material and social welfare, widespread education, the spread of technology and scientific expertise, and such other "accouterments" for international stature.<sup>34</sup>

The models that have been conceived to attain this goals have been, on the whole, numerous. Savage posits that "there is a growing body of literature on the theory of economic development available to provide 'models' for political decision-making. Whether the theory espouses the cause of balanced or unbalanced growth, it is based on quantified notions of the proper synchronization, sequences, and rates to be applied to a range of economic variables. What is interesting about the normative aspects of this literature is that they seldom provide the *operating premises of the political present.*" (underscoring mine) The contention for determining these operating premises of the political system certainly deserves attention, and for which we can delve into in succeeding discussions.

To be sure, there are different models and approaches that have been endorsed, and applied through the years. Todaro draws two strands of thought,<sup>35</sup> which he classifies into: (1) the stages of growth theories of the fifties and early sixties, and associated with neo-classical economics such as Rostow's stages of growth theory, among others, and (2) the structuralist-

internationalist models of the sixties and early seventies which were influenced by Marxists and neo-Marxist philosophies. Earlier of course, approaches based on classical economics were prescribed, as well as variants like those of the Harrod-Domarr model, Nurkse's balanced growth theory and Hirschman's unbalanced growth concept.

Clements pursues the same typology except that he separates the structural approach to highlight a neo-Marxist perspective as an alternative to the "monetarist models" of the neo-classical school which he claims did little in containing underdevelopment in Latin America.<sup>36</sup>

The latter position typifies an uneasy ambivalence over a well-defined capitalist conception of development, and offers some sort of "synthesis" to relieve underdeveloped societies of external dependence to the capitalist global order by way of decisive individual national positions and policies that would install protectionist barriers in trade with developed economies. The foci of the structuralist approach is to accept the need for rapid capital accumulation as the motor for economic development, the use of technological forces, and the breaking of concentration of wealth within the country's ruling economic elite. A third view offered by Clements is that which espouses Marxist and neo-Marxist premises and veers farther away, calling for some kind of integration of Third World economies to counter dependency. The central theme is that "the central motor for development (technology and industry) lies outside peripheral economies but inside the capitalized industrialized centres of the world." It posits the view that "it is impossible to understand why development is or is not occurring in particular nations unless one first understands the major characteristics of the world capitalist system." This position further views the dynamics of capital accumulation at the centre as one that results in a "series of unequal exchanges that consistently favour the advanced industrial nations at the expense of the majority of predominantly agricultural nations."<sup>37</sup> The latter approach which characterizes the dependency model pursues analysis and solutions along Marxist lines but retaining some reluctance towards moving to a completely Marxist formation. The view maintains capitalist posturings that subscribes to standard paraphernalias of free enterprise under a "mixed economy." The strategy is to break the system of monopoly and control of the national economy by developed nations and transnational business through, among others, the deconcentration of finance and industrial capital in the so-called "centre nations," by way of consolidation of Third World countries.

While these categorizations provide a useful frame of reference in understanding economic models, it is submitted that these classification can be compartmentalized further, and more compactly into: (1) those that advocate a capitalist orientation, where a free enterprise system is a fundamental proposition, and which would be aligned with the international capitalist

system in terms of political and economic systems, and in matters of trade, capital, output, market and investment opportunities; (2) those that follow the socialist orientation and thus would be aligned towards the socialist bloc; and (3) a rather, ambiguous, hazy perspective, one that seeks to align with both, rejecting the domination of the West and that of the socialist bloc. The last would be the more problematic one in terms of theme and approach, in that it proposes a synthesis, what we called earlier as the middle ground, and which at this point in time, would need more refinements in terms of operating premises.

### *Capitalist Growth Models and Strategies*

The development of modern capitalism dates back to the 16th century with the collapse of the feudal system, and has since become the most dominant philosophy in the economies of Western nations.<sup>38</sup> Wallerstein points out that "the world-economy has a capitalist mode of production," and "although there have been other world-economies...known in history, the modern one of which we are speaking of is the only one which has survived over a long period of time without disintegrating or being transformed into a world-empire (with a singular, political structure)." He further advances the view that for a world-economy to survive, it "must have a capitalist mode of production."<sup>39</sup>

In this light, capitalism has become the most dominant form of economic philosophy that prevailed even among Third World countries that were once part of the colonies of nations in the West. The growth model that remains to be pervasive among developing nations, except those that underwent socialist revolutions is that of the capitalist path. The propositions of Adam Smith and David Ricardo, the early exponents of the capitalist doctrine, were anchored on the importance of capital formation or accumulation. In turn, accumulation was a function of profits, which depended on wages, on the price of food, and the availability of the factors of production such as land.<sup>40</sup>

Much of the propositions on growth have been anchored on this theme, with classical economists viewing the size of production and the national income as being determined by the productive capacity, which is further influenced by the available amounts of the factors of production, i.e., capital and labor, the production function, and the relationships between the inputs. At a given moment, the production function is fixed, but in the course of time it shifts because of increases in capital and labor, and technical progress.<sup>41</sup> From this view, other perspectives surfaced such as the Harrod-Domar model of growth which starts from a fixed relationship between the amount of capital and the amount of the final product. This relationship is called as the capital-output ratio and presupposes the notion that increases in output must be constant with the rise in the capital stock.<sup>42</sup> The Harrod-Domar model however has been subject to criticism because it neglects the factor of labor and change in technology which may cause increase in output without new infusions on the capital stock.<sup>43</sup>

Other capitalist theories that have influenced thinking on underdevelopment were those that advocated the concept of "balanced growth." Rosenstein-Rodan and Nurkse argued for the emphasis on simultaneous development of complementary industries which they believed result in growth in income and in demand. Rosenstein-Rodan advocated the incorporation of a provision for heavy investment in such social overhead capital industries as inland transport, electric power, harbours, and piped water supply, among others, as precondition and supportive facilities in the development of manufacturing. These, he recognized, would require large amounts of capital with a long gestation period, but the returns would be advantageous. Here, he emphasized the need for government intervention, or what has been loosely termed as the "big push."<sup>44</sup> Nurkse follows a similar line and advocated for domestic and foreign savings to stimulate capital formation that will serve as the motor for investments.

Hirschman, on the other hand, insisted that development must be treated as a gradual process, and that it is unthinkable to superimpose a large modern sector on a traditional economy abruptly. He maintained that the greatest shortage is the ability to perceive and take investment decisions, even when opportunities exist. Using this premise, he argued the case for "unbalanced growth" which he claimed seeks to remedy this shortage by creating situations which would force or attract people to investment decisions. Such situations are achieved by deliberately "unbalancing" different sectors of the economy. If certain part of the economy are made to grow, the shortages in the complementary parts will create pressures for their growth, forcing investments to be made. Hirschman also argued against central planning because this tends to internalize external economies and diseconomies.<sup>45</sup>

An important contribution that deserves to be highlighted here is the advocacy of labor-intensive industries as against capital-intensive ones. Labor-intensive industries have been prescribed for Third World nations because of the amount of manpower available at its disposal and to curb nagging problems of unemployment. Galenson and Leibenstein submitted a provocative thesis saying that developing nations would be better off, if capital formation is to be stimulated with giving priority to capital intensive industries because this will make possible a more rapid investment rate. If a labor-intensive approach were adopted, more workers will be brought into employment and will be paid wages. Under this circumstance, it is unreasonable to expect them to save, and that most of their income will be channelled into consumption. Thus, consumption will expand, and there will be less leftover for saving and investment. This argument "assumes that the more that is saved and invested the higher will be the rate of economic development." A capital-intensive industry then will lead to faster economic development than one in which the share of wages is higher.<sup>46</sup> The only problem with this perception is that while labor indeed will move towards consumption, their

income will be absorbed by the economy, increasing aggregate demand, and therefore, stimulating economic activities that come in the form of capital formation.

A major proposition that gained currency in the fifties and later in the sixties was Rostow's stages of growth theory which depicted development as following a linear pattern. Rostow argued that at various times in history, the advanced countries passed the stage of "take-off into self-sustaining growth" and following this pattern, underdeveloped economies that were either still in the traditional society or the "pre-condition" stage have only to follow a certain set of rules of development to "take-off."<sup>47</sup>

Much of the strategies of these theories however centered on the transformation of agricultural or traditional subsistence economies to modern industrial societies that will occur through the operations of free market mechanisms with factors like investments, profit, extraction of raw materials, new markets, and new technologies playing pivotal roles. Typical of the assumptions that dominated capitalist thinking is that the infusion of massive financial support in the form of investments, aid or loans and of technical assistance by advanced nations would spur modernization and stimulate economic activity. The model also operated on the premise that the structural character of the political system would follow or adhere to the tenets of liberal democracy in, more or less, the same pattern operative in the United States, the United Kingdom and other Western democracies.

As mentioned earlier, this perception is weakened by the analysis of the experience of developed or advanced nations which, in the course of development did not receive similar support.

#### *The Socialist Model: Understanding the Alternative Paradigm*

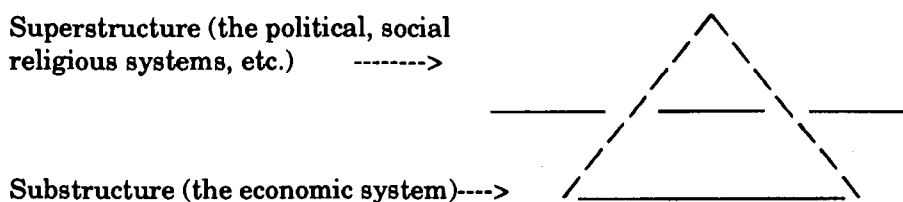
The socialist approach is primarily founded on Marx's materialist conception of history derived from the Hegelian premises of the dialectics. It prescribes a system of political economy anchored on the labor theory of value and the theory of surplus value, predicated, among others, on the significance of labor as the sole value producing sector of society. It proceeds with assumptions on capitalist accumulation, and the concentration of capital which results in the exploitation and oppression of labor or the proletariat by the ruling elite, or the bourgeoisie. Marx proposed the "centralization of the means of production and the socialization of labor" reaching to a point where they become incompatible with their "capitalist integument" and which will force the collapse of the exploitative capitalist system.<sup>48</sup> As such, the philosophy provides for a comprehensive theory of state and of revolution.

The Marxist proposition can perhaps be viewed as the original proponent of the stage theory of development in that it appreciates historical



growth based on transitions of society taking place as a result of contradictions within it and brought about by class struggles between the oppressors and the oppressed. Marx saw society as consisting of an economic base, or the *substructure* which provides the basis or character of societal formations. Upon it is built a *superstructure* that corresponds to this economic system, and represents the society's political, social, religious, cultural, moral, legal and other systems. Thus, if the economic base collapses, the top portion also disintegrates. This is shown in the figure below.

**Figure 1. The Societal System Based on Marxist View**



Thus, in Marx's view, it is important to collapse the economic system, which through the years evolved from a slavery system, a feudal base, and a capitalist structure, all of which were historically characterized by antagonisms between the oppressed class and the owners of the means of production.

Marx postulated that the history of societies are characterized by the history of the productive forces and relations that govern it, and that the superstructure changes as the economic system is replaced by a new mode of production derived from inherent antagonisms within those productive forces. He thus analyzes the growth of capitalism as a result of the transitions from such historic modes as primitive communism, slavery, feudalism and which finally matured into the capitalist system.<sup>49</sup> In a simplified interpretation, we can describe this process, which has been referred to as "historical determinism," along the stages and their historical components or peculiarities reflected in Fig. 2.

Socialism here represents an intervening period that mediates the transition from a purely capitalist society to communism. It is in the socialist stage where overhauling of society, precipitated by a violent revolution, is made to dismantle bourgeoisie leadership. Unfortunately, Marx's prescriptions did not occur in a society advanced into capitalism, but instead found its beginnings in feudal formations like Russia and China.

As a model of growth and development, socialism offered deliverance from poverty and income inequality by breaking up the concentration of capital,

**Figure 2. Historical Determinism According to Marx as Interpreted<sup>50</sup>**

<i>Nature of Society</i>	<i>Mode of Production</i>	<i>Antagonistic Forces</i>	<i>Political System</i>	<i>Dominant Religion</i>
Primitive Communism	Absence of ownership of means of production	State of Nature	Tribal	Idolatory worship
Slavery	Grazing, Pasture, Animal Raising, Forms of Agriculture	Slave-Master	Empire (e.g. Rome)	Paganism
Feudalism	Agriculture based Fiefdom	Tenants and Landlords	Monarchy i.e., break-up of Empire into Nation States	Christianity, Catholicism
Capitalism	Mercantilism, Factory System, Industries	Proletariat-Bourgeoisie	Republican States (democracies)	Protestantism
Socialism	Collapse of private Ownership and Centralization of the Means of Production	None	Dictatorship of the Proletariat	Materialist View of Religion
Communism	Absence of Private Property	Absence of Class Contradictions	Withering of the State	Materialist View of Rel.

releasing the economy from domination and hegemony by the so-called "center-nations. It is today represented by countries in the so-called second world such as the Union of Soviet Socialist Republics, the People's Republic of China, and the Socialist states in Eastern Europe as well as those of North Korea, Vietnam and Burma in Asia, and Cuba and Nicaragua in Latin America.

*An Emerging Synthesis: Can We Have One?*

Throughout this discussion, we have suggested the need to evolve a model of development that would suit the demands and peculiarities of developing economies. While we have invited attention to the contrived nature of a model that seeks to pursue a capitalist orientation based on socialist interpretations of why or how underdevelopment persists, there has to be some room for compromise. In the long run, there would persist no "pure" or unadulterated persuasion because the realities of the environment are such that certain adaptations to some peculiarities would have to emerge. The only issue that is disturbing, as we have submitted earlier, is that economies that follow capitalist policies must try to be consistent with the advocacies of the premise, and that incompatible state policies that hamper private initiative or capital formation may have to be reviewed.

The trouble with a "compromise model," if one could really be conceived, is that it lacks the logic of experience, and may be prone to trial and error. But be that as it may, the emerging synthesis that figure prominently during the last two decades is that underdevelopment is increasingly explained in terms of neo-Marxist postulates of imperialism, hegemony and neo-colonialism, but the approach to contain this continues to percolate within a capitalist system. Apparently, the option of a bloody socialist revolution, and therefore, a realignment with the socialist system has not been advocated, or simply left hanging, even in the premises of the dependency model. What has emerged is that underdevelopment is explained and understood as a consequence of the center-periphery relationships between advanced nations and underdeveloped economies, although the prescriptions towards pursuing a rectification of this anomaly have not been well defined. Along these lines, several options for a synthesis can be explored. These are:

(1) The pursuit of industrialization may be redefined with developing nations using "intermediate technology" which is neither "so advanced that it is beyond the means of underdeveloped countries nor so primitive as that originally prevailing."<sup>61</sup> Thus, Elkan argues on this point in the following manner:

"...The technology embodied in the machines now being produced in the advanced industrial countries is inappropriate because it was developed to economize the use of labour which in the advanced countries is the scarce factor. To use the technology which it has superseded, i.e. the technology used in days when labour was less scarce, is no

answer either because that technology was in a sense less efficient. What the underdeveloped countries badly need is equipment which is efficient both in a technical and economic sense...<sup>152</sup>

The problem with this option however is that it is difficult to operationalize. Questions like "what can be considered as intermediate technology?" would be compelling. Moreover, there is the problem of markets. If a developing economy were to adopt an "intermediate technology" to produce finished products or even intermediate goods, e.g., those that will serve as inputs or materials for production of a finished product, would that economy be in the position to compete with advanced countries, which use sophisticated technology in manufacturing a similar product? Issues like these may have to be explored, given the problem of competition, and given further the behavior of the free enterprise system in eliminating potential competitors.

(2) A second option is the development of production of alternative goods which would be complementary to the demands of industrialized countries. This may come in the form of raw materials, and although the prospects of exploitation by developed economies will remain, developing economies can take stock of the idea of integration with similarly situated countries to protect themselves from undue exploitation. This premise have been given prominence in the dependency model and which may serve as caveats so as to ward off inequitable trade arrangements. The alternative goods in this sense may refer to agricultural products, and which, as found in the experiences of the People's Republic of China, Japan, the Republic of China (Taiwan) and South Korea can yield remarkable results in propelling a developing society's economy. Thus, Johnson and Tomich, in a study of agrarian structures in Asia, point out the importance and potentials of broad based agricultural development among low income Asian countries following the example of those nations that have gained a footing in this path:

*"Progress since World War II in the Republic of China, Japan and the Republic of Korea has been spectacular and it was greatly facilitated by their success in achieving broad based agricultural development. Experience in the People's Republic of China differs greatly from the experience in those three East Asian countries. Nevertheless, remarkable progress has been made in eradicating poverty and improving the health and nutrition of the population. Despite its radically different ideology and political system, agricultural development in the Peoples' Republic of China appears to have largely involved a programme of modernization of small production units based on labor-using, capital saving and land-saving technologies leading to a pattern of agricultural development broadly similar to that of Republic of China, Japan and the Republic of Korea<sup>53</sup> (underscoring supplied)*

From this analysis, one can see the potentials of agriculture in a society where labor is abundant whether the political system is capitalist or socialist. While this approach has received much criticism in the past in that it tends to stunt industrialization among less developed countries, and be forever trapped in an agrarian subsistence economy, refinements can be undertaken

by adopting an agro-industrial base. In this way, developing nations and their products become complementary to the industrialized ones. The important premise here however is that agriculture based economies, in producing agricultural output, must be conscious of the dependency perspective or the problems of hegemony and domination, where inequitable arrangements in trade are engendered by advanced countries to exploit the developing societies.

(3) A third option is to pursue industrialization using oblique theories or approaches, as what Japan was claimed to have done in the post-war era. The Japanese model of growth employed strategies inconsistent with recognized strategies in the West. Japan's approach stands incompatible with time-honored principles of static advantage which generally occupy the horizons of Western development models.

Blumenthal and Lee, analyzing Japan in the post-war period, and that of South Korea, claim that such policies as emphasis on capital intensive industries in the face of an abundant labor supply and short supply of capital were radically employed, with the country absorbing short-run inefficiencies to realize long-term gains. This is what these authors call as a "future-oriented" strategy.<sup>54</sup> Ohkawa likewise identifies this "unorthodox" style as being one preoccupied with "improvement of capital efficiency during the course of capital accumulation where less and less capital came to be used per unit of output." In contrast to Rostow's stage theory which prescribed an initial big acceleration to form the "take-off" stage, Japan allowed a moderate growth in output per capital in the initial stages, absorbing the impact of short-term inefficiency for long-term viability.<sup>55</sup> Blumenthal and Lee provide a good summary:

"In summary, the actual realization of the future-oriented strategy in the Japanese case consisted of the following elements: a quick transition from labor-intensive to capital-intensive products and technologies in defiance of the principles of static comparative advantage; a skillful use of tariff and non-tariff barriers, as well as direct and indirect subsidies, in order to protect domestic industries and promote exports; utilization of borrowed technology, after its adaptation to domestic conditions, for the development of new products and processes; and generation of a national consensus to support future oriented strategies despite their long-term costs..."<sup>56</sup>

Conceivably, Japan's economic development may not be traced to these factors alone. Other variables may have contributed to the success of this "awkward" style, and these may be explained in terms of such traits as the Japanese people's strong sense of national discipline, nationalism, identity and dignity, work attitudes and perseverance, commitment to work and to the national polity, and the endurance of the population during the cruel phases of transformation. Undoubtedly, these may be important factors that may have to be considered in following the Japanese experience, and as what South Korea is presently doing.

(4) Finally, another option is recasting the existing political system into a socialist configuration, with or without the intervention of a violent revolution. This may need establishing of well-defined political and economic alignments with the socialist bloc and may have remarkable effects on the societal system and the prevailing balance of power. Still, the "emergent socialist state" can continue trade relationships with capitalist countries although guided by a different ideology.

Admittedly, the above options are disputable as to their viability and efficacy. The postulates are unclear and muddled at this point, but the discussion can serve as impetus towards ascertaining the alternatives open to developing nations in their adventure of development and in conquering the problematics of underdevelopment.

### **The Administrative Challenge: Development Administration and The New Agenda**

The traditional study of public administration and the bureaucracy says Gunnell "presupposed a particular social context and tended to universalize its concepts."<sup>57</sup> The relativity of administration has however become the premises of contemporary inquiries, and within the perspective of developing nations evolved what has been interestingly labelled as "development administration." In simple terms, development administration is the character of public administration among developing societies because these societies according to Ilchman are "concerned with increasing the capacity of the state to produce goods and services to meet and induce changing and expanding demands."<sup>58</sup> Landau describes development administration as "the engineering of social change" in the context of "emerging nations."<sup>59</sup> Simply put therefore, development administration is the prescription for administrative action for developing countries in their agenda of change, and may in a way, be the equivalent of what has been termed as "New Public Administration" for post-industrial societies which are equally confronted with problems of adaptation to change. New Public Administration was advocated in the late sixties at the Minnowbrook Conference in Syracuse.<sup>60</sup>

Development administration was probably coined in 1955 or 1956, according to George Gant, and seemed to be a simple and clarifying concept that distinguishes the focus of administration from traditional concerns of administering state functions such as preservation of law and order, delivery of services, regulation, etc., as against the inducement and management of change premised upon development aspirations.<sup>61</sup> Development administration then, and probably even now, represents the management of a complex of agencies, the administration of governmental processes and the supervision of policies, programs and projects designed to achieve development objectives.

Development administration, as is the case with its counterpart, New Public Administration, exhibited a modicum of smugness, of self-styled righteousness that was probably premised on the dimensions of classical thinking. It was, on the main, concerned with parameters such as gross national product, inflation rate, capital-output ratio, employment levels, levels of industrialization, and similar indexes that preoccupied the horizons of what has been called as "development economics." Lost in these myriad of concerns are issues like why do low levels of income or high rates of inflation persist, or what economic system would be viable given the travails and peculiarities of a society with which these indicators are measured. Gunnell maintains that the term development administration "has become a fashionable expression that it has somewhat become artificial. Quoting Irving Swerdlow, Gunnell says that the meaning of development administration,

"...is unexplored and deceptively vague, and it is in danger of becoming merely a slick expression for 'good public administration' that adds nothing to professional vocabulary or to thinking about problems of public administration..."<sup>63</sup>

Viewed from this standpoint and similar persuasions like Riggs, who also argued that the "new" field of development administration raises a host of "theoretical questions which still remains unanswered,"<sup>63</sup> the challenge to the administrative system of developing countries and scholars in the field today appears to be a morass of concerns that begins with philosophies and models and ends with organizations and procedures. This agenda may be described crudely as falling within the following lines:

(1) The administrative system must endeavor, first and foremost, to unravel the real causes of underdevelopment because it is only by having a distinct understanding and explanation of the phenomenon can it realistically design appropriate strategies. If the dependency model were to be explored and to be accepted, then it is incumbent for administration to follow the premises. A national consensus may have to be reached as to the nature of underdevelopment since this is the only way with which concerted action can take place. Moreover, it becomes important to have a comparativist perspective with similarly situated societies so as to have a collective agreement by which an integrated effort can be adopted; in this way, developing societies may be put in a better bargaining position;

(2) Based on that premise, a model, a system or a strategy can be reached. This appear deceptively simple, but embedded within this task is a host of propositions that would require understanding of the experience of advanced and developing economies. As a caveat of sorts, the comparativist approach would be conceptually enriching, but policy-makers and theorists may do well in being cautioned that comparisons are merely tools of understanding experience. Caution must be considered in overly copying, imitating or replicating experience of advanced nations or even those of developing ones without benefit of inquiring as to viability of a given approach to the culture,

mores, social system and other variables of individual environments. It is imperative for administrative systems to be wary of overly patterning their models and strategies with another society without understanding the peculiarities of the environment.

Seen in this light, the major agenda then of development administration, if we prefer to continue calling it in that label, is to identify the model and the strategy of development which would be based on the understanding of the experience of other countries and an equal understanding of its own. In this way, the proclivity to imitate may have to be contained.

In the search, the administrative system must have to understand the compatibility of the model not only with its environment but with that of the world, be they in the capitalist or in the socialist realms.

(3) Based on the foregoing, a more objective appraisal may have to be adopted. By this, we mean having to draw away from contemporary biases where policy-makers and the administrative systems, following what has been prescribed, tend to discriminate against their options. This can be explained in terms of the persistent bias for industrialization to the detriment of the agricultural sector where majority of the population resides. In recent years, we have come to equate development and modernization with highly sophisticated, technology intensive industrialization similar to advanced nations, resulting in widespread distaste for agriculture which is seen as rural and atavistic. In the process, developing nations may have neglected the reality that agriculture could be "industrialized" and could serve as the motor of development even in the interim. Development is simply understood presently as industry, the manufacture of finished goods, of technologically "rich" merchandise. It is our view that development must now be conceived as a liberation from the stranglehold of poverty, of low income and unemployment, and other deprivations we have known in our tainted past and which has been simply presupposed as to be eliminated once society is delivered from an agricultural mode of production. It is our contention in this paper that *the emerging global concern by the year 2000 and beyond would not be oil, but food.* This is a gut feeling shared by other scholar in the field such as Gant who maintained that "agriculture is a sector of the economy - of the world's economy and of the economies of developing countries - which needs and which can benefit directly and enormously from administrative support. The needs for greatly increased agricultural production are great and they are urgent..."<sup>64</sup> Thus he continues to describe the situation more vividly:

"The world's growing demand for food is staggering, increasing at the rate of about twenty-five million tons of food and grains a year...There is no doubt of the need for larger consumption by the existing population, given conservative estimates that five hundred million people are hungry and undernourished..."<sup>65</sup>

This prescription may be far too distasteful to advocates of industrialization such as Lichauco of the Philippines, having been convinced that it merely



perpetuates dependency. This, conceivably, is an issue that needs to be addressed, but the realities are that even if industrialization, or a modicum of it were achieved, developing nations may still have to adopt a resolute and firm stance to protect itself from the exploitative quality of the international global capitalist order; this situation is exacerbated if the path of industrialization is adhered to because, all the more, advanced nations will be more tenacious in "subverting" the development of emerging economies because of its potential to compete and displace the former from their market positions, as Japan and South Korea, have remarkably demonstrated. The reality is that the industrialized field which is engaged in the production of cars, and other consumer items is crowded, and for developing nations to insist to be part of that bandwagon would be tragic and resource depleting.

(4) A final agenda is for developing countries to be more decisive of the character of their political systems as well as the structures, processes and limitations encompassed therein. The administrative system, being the vehicle by which public policy is to be implemented, enforced or supervised, must assist the political leadership into coming to terms with the nature of the political system compatible with the idiosyncracies and vagaries of the environment. Such concerns as graft and corruption, red tape, redundancy and inefficiency may have to be dealt with more decisively and squarely. We hasten to include here concerns like preservation of peace and order, maintenance of political stability and maturity in the political process such as elections, control of birth rates and the achieving of a national consensus.

### **Conclusion**

This paper attempted to revisit the character, causes and the underlying perspectives as to the nature of underdevelopment. As such, we have provided a synoptic review of underdevelopment based on the perceptions of economists and other scholars who offered propositions and premises as to this long drawn problem. The different manifestations of underdevelopment have been briefly discussed and from here, we ventured into examining the different models and strategies that have preoccupied the landscape of development theory in recent decades. While various models and strategies have emerged, the paper opted for a call to go back to the basics, or the fundamentals of existing models, which we have outlined or compartmentalized briefly, at the risk of oversimplification into three: (1) the capitalist models of development which have prevailed through the years as a legacy of advanced nations; (2) the socialist alternative which challenges capitalist posturings of development; and (3) an emerging, somewhat undefined synthesis with the potentials to explain continuing underdevelopment systematically and based on historical accounts of the modernization of the West and the pervasiveness of less developed nations.

Prescriptions are often risky business. They can be experimental and subject to dispute or controversies. But underdevelopment in itself is a controversy, a dispute for a share of the world's income and resources which are presently concentrated within a dominant center. In this paper, we submitted certain alternatives and the administrative agenda that may have to be pursued in following these alternatives. As emphasized earlier, we do not attempt here to evolve an overnight nostrum which would solve problems of underdevelopment with the wave of a wand. What has been suggested is to begin with the underlying philosophy by which underdevelopment can be contained based on a review of options. In this light, the paper may have over-indulged in proposing the development of an agro-industrial base for developing societies, given the demands of the international environment and anticipated pressures that can be expected in the years to come.

As a way of analogy, the proposition for a search for other means by which underdevelopment is to be contained can be similar to the predicament of the fallen angels in the biblical story of Lucifer and which was captured and given literary flavor in Milton's *Paradise Lost*. The analogy is highlighted by Antony Jay in his discussion of corporate options of an embattled firm seeking alternatives to maintain a competitive stance against a strong opponent. Jay points out that "an important part of the company spirit is the forfeiture of the pride of authorship." Relating this to Milton, it was told that when the fallen angels were driven out of paradise, Lucifer called a meeting of his advisers: Moloch, Belial, Mammon and Beelzebub to discuss their options. Moloch advocated total war, regardless of consequences, and that their forces should go back to battle even if the prospects of annihilation are imminent. Belial took an opposite position, a rational but pessimistic one, opting to accept their destiny of defeat, and hoping for some form of capitulation in the future; Mammon's advise presupposed that they have not yet been defeated and are but developing new strategies of fighting. Beelzebub gave the most rational option, saying that the essence of battle is not fighting out to the last man, nor capitulation, but in developing new markets, and presumably new products.<sup>68</sup> That precisely brought the demon into earth with which he continues the fight.

We can probably take some lessons in here. Development strategies cannot be attained in a foolhardy manner where we insist on "total war" or in capitulation, and be exploited in the process. If there is reluctance to suffer the pain of revolution, the option for us is to take a pragmatic path, seeking alternative products and markets. In this way, developing nations do not necessarily compete headlong with a competitor advanced in technology and resources, but complements. This premise may well be the central proposition of this paper. Admittedly, we may have neglected the details of this configuration, but the philosophy in developing a model and derivative policies that concretely express the strategies of that model is there.

## Endnotes

<sup>1</sup>Andre Gunther Frank, "Postwar Boom: Boom for the West, Bust for the South," *Millenium: Journal of International Studies* Vol. 7, No. 2, (1978), pp. 153-161, as cited in Kevin Clements, *From Right to Left in Development Theory* (Singapore: Institute of Asian Studies, 1980), p. 1.

<sup>2</sup>See World Bank, *World Development Report, 1983* (Washington: Oxford University Press, 1983), pp. 148-149. The disparity is much similar to that registered four years earlier, in 1977. Switzerland then had a per capita of US \$ 12, 100.00 while Bangladesh had US \$ 90 and India with US \$ 180. See Michael P. Todaro, *Economic Development in the Third World*, 2nd Ed. (New York and London: Longman Group Limited, 1981) p. 30. Estimates in 1986 showed the same marked disparity.

<sup>3</sup>Clements, *op. cit.*

<sup>4</sup>See for instance the discussions by V. Krishnaswamy, "Underdevelopment in the Third World," *Philippine Journal of Public Administration*, Vol. XXV, No. 1 (January 1981), pp. 1-15; Henry Bernstein (ed.) *Underdevelopment and Development, The Third World Today* (London: Penguin Books, 1978); Gunnar Myrdal, *Economic Theory and Underdeveloped Regions* (London: G. Duckworth, 1957).

<sup>5</sup>Gunnar Myrdal, *The Challenge of World Poverty* (New York: Pantheon, 1970), as discussed and summarized in Krishnaswamy, *op. cit.*, pp. 6-7.

<sup>6</sup>N. Lenin, *Imperialism, The Highest Stage of Monopoly Capitalism*, 1916. The present discussion is derived from the interpretations in Christopher Hill, *Lenin and the Russian Revolution* (Middlesex, England: Penguin Books, Ltd., 1971), p. 101.

<sup>7</sup>Benjamin Cohen, *The Question of Imperialism: The Political Economy of Dominance and Dependence* (New York: Basic Books, 1973), p. 15, as cited in Ronald H. Chilcote, *Theories of Comparative Politics, The Search for a Paradigm* (Boulder, Colorado: Westview Press, 1981), p. 313.

<sup>8</sup>Krishnaswamy, *op. cit.*, p. 4.

<sup>9</sup>*Ibid.*

<sup>10</sup>*Ibid.*

<sup>11</sup>Gunnar Myrdal, *Asian Drama*, as abridged by Seth King (Middlesex, England: Penguin Books Ltd, 1972), p. 355.

<sup>12</sup>*Ibid.*, pp. 356-358. The issue is discussed extensively in Chapter 27, and it may have been a disservice to Myrdal for us to have truncated discussion of the material so as to miss other important points which cannot be covered sufficiently for the sake of conceptual economy.

<sup>13</sup>Todaro, *op. cit.* pp. 29-44, *passim*.

<sup>14</sup>Peter Henriot, "Development Alternatives: Problems, Strategies, Values" in Charles Wilbur (ed.), *The Political Economy of Development and Underdevelopment*, 2nd Ed. (New York: Random House, 1979), p.11.

<sup>15</sup>Walter Elkan, *An Introduction to Development Economics* (Middlesex, England: Penguin Books Ltd., 1976), pp. 13-27, *passim*. Again, Elkan provides a comprehensive analysis of the characteristics of underdeveloped countries which we synthesized in this paper to capture the more salient points or issues.

<sup>16</sup>Henriot, *op. cit.*

<sup>17</sup>Keith Griffin, "Underdevelopment in History" in Wilbur (ed.), *op. cit.*, p. 80.

<sup>18</sup>Ragnar Nurkse, *Problems of Capital Formation in Underdeveloped Countries* (Oxford: OUP, 1953).

<sup>19</sup>J.H. Boeke, *Economics and Economic Policy of Dual Societies* (New York: Institute of Pacific Relations, 1953).

<sup>20</sup>These positions are expounded in such materials as: Andre Gunther Frank, *Capitalism and Underdevelopment in Latin America* (London: Penguin, 1969); and Frank, *Dependent Accumulation and Underdevelopment* (London: Macmillan, 1978); Frank, "The Development of Underdevelopment" in *Monthly Review* XVIII (September, 1966); Celso Furtado, *Economic Development in Latin America* (Cambridge: Cambridge University Press, 1970); Renato Constantino, *The Nationalist Alternative*, revised edition (Quezon City: Foundation for Nationalist Studies, 1984); Alejandro Lichauco, *Towards a New Economic Order and the Conquest of Mass Poverty* (Quezon City: SSP, 1986); Paul Baran and Paul Sweezy, *Monopoly Capital: An Essay on the American Economic and Social Order* (New York: Monthly Review Press, 1966); Johan Galtung, "A Structural Theory of Imperialism" *Journal of Peace Research* Vol. VIII, No. 2 (1971). There are other scholars and analysts which we have not mentioned here. The reader however may refer to Chilcote, *op. cit.*, pp. 296-330 for a comprehensive discussion on the different propositions on dependency theory.

<sup>21</sup>Elkan, *op. cit.*, pp. 28-29.

<sup>22</sup>*Ibid.*

<sup>23</sup>*Ibid.*

<sup>24</sup>*Ibid.*, p.35.

<sup>25</sup>*Ibid.*

<sup>26</sup>*Ibid.*, p.32.

<sup>27</sup>Constantino, *op. cit.*, p.2.

<sup>28</sup>*Ibid.*, p. 11.

<sup>29</sup>Clements, *op. cit.*, p. 8.

<sup>30</sup>Chilcote, *op. cit.*, p. 297.

<sup>31</sup>Peter Savage, "Of Time and Change: Temporal Perspectives in Development Administration" in Dwight Waldo (ed.) *Temporal Dimensions of Development Administration* (Kingsport: Duke University Press, 1970), p. 31.

<sup>33</sup>*Ibid.*, p. 33.

<sup>34</sup>Keith Griffin, "Underdevelopment in Theory" in Wilbur (ed), *op. Cit.*, p. 23.

<sup>35</sup>Savage, *op. cit.*

<sup>36</sup>Todaro, *op. cit.*, pp. 50-69, *passim*.

<sup>37</sup>Clements, *op. cit.*, pp. 5-9, *passim*. Clements provides an extensive discussion of the approaches.

<sup>38</sup>*Ibid.*

<sup>39</sup>Dudley Dillard, "Capitalism" in Wilbur (ed.), *op. cit.*, p. 69.

<sup>40</sup>Immanuel Wallerstein, *The Politics of the World Economy* (Cambridge: Cambridge University Press, 1984), p. 14.

<sup>41</sup>Charles Kindleberger, *Economic Development* (New York: McGraw-Hill, 1965), p. 42.

<sup>42</sup>J. Pen, *Modern Economics*, trans. from Dutch by Trevor S. Preston (Middlesex, England: Penguin Books, 1965), pp. 192-193.

<sup>43</sup>*Ibid.*, p. 195.

<sup>44</sup>Kindleberger, *op. cit.*, p. 48.

<sup>45</sup>Elkan, *op. cit.*, p. 78-79.

<sup>46</sup>Warren Frederick Ilchman and Ravindra C. Bhargava, "Balanced Thought and Economic Growth" in Wilbur (ed.), *op. cit.*, pp. 38-39.

<sup>47</sup>Elkan, *op. cit.*, pp. 86-87.

<sup>48</sup>Todaro, *op. cit.*, p. 58.

<sup>49</sup> We have to admit that the interpretations of Marxist theory deserves a more expanded treatment than this, as we conceded earlier with the discussion on Capitalism. The reader however may refer to the basic writings of Marx, although the most useful reference material is his *Selected Works* (2 vol., 1950). See R. N. Carew Hunt, *The Theory and Practice of Communism* (Middlesex, England: Pelican, 1963) for interpretations.

<sup>50</sup>The reader may refer to abridged passages of Marx's works to understand these issues. A good reference is T.B. Bottomore and Maxmilian Rubel, (eds.) *Karl Marx, Selected Writings in Sociology and Social Philosophy* (England: Penguin, 1961); and Arthur Mendel (ed.) *Essential Works of Marxism* (New York: Bantam, 1965).

<sup>51</sup>My interpretation.

<sup>52</sup>Elkan, *op. cit.*, p. 88-89.

<sup>53</sup>*Ibid.*, p. 89.

<sup>54</sup>Bruce Johnston and Thomas P. Tomich, "Agricultural Strategies and Agrarian Structure." *Asian Development Review* Vol. 3, No. 2 (1985), p. 2-3.

<sup>54</sup>Tuvia Blumenthal and Chung H. Lee, "Development Strategies of Japan and the Republic of South Korea: A Comparative Study," *The Developing Economies* Vol. XXIII, No. 3 (September, 1985), p. 221-222.

<sup>55</sup>Kuzushi Ohkawa, "Japan's Development: A Model for Less Developed Countries?" *Asian Development Review* Vol. 1, No. 2 (1983), p. 46.

<sup>56</sup>Blumenthal and Lee, *op. cit.*, p. 224.

<sup>57</sup>John G. Gunnell, "Development, Social Change and Time" in Waldo (ed.) *Op. cit.*, pp. 46-47.

<sup>58</sup>Warren F. Ilchman, "New Time in Old Clocks: Productivity, Development and Comparative Public Administration" in Waldo (ed.) *op. cit.*, p. 136.

<sup>59</sup>Martin Landau, "Development Administration and Administration Theory" in Edward D. Weidner (ed.) *Development Administration in Asia* (Tennessee: Duke University Press, 1970).

<sup>60</sup>The collection of articles that conceptualized New Public Administration are found in Frank Marini (ed.), *Toward A New Public Administration: The Minnowbrook Perspective* (Scranton: Chandler, 1971). These papers were discussed in 1968 at the Minnowbrook Conference site of the Syracuse University.

<sup>61</sup>George F. Gant, *Development Administration, Concepts, Goals, Methods* (Wisconsin: University of Wisconsin Press, 1979), p. 19-20.

<sup>62</sup>Gunnell, *op. cit.*, p. 47.

<sup>63</sup>Fred W. Riggs, "The Idea of Development Administration" in Weidner (ed.), *op. cit.*, p. 25.

<sup>64</sup>Gant, *op. cit.*, pp. 32-33.

<sup>65</sup>*Ibid.*

<sup>66</sup>See the discussion in Antony Jay, *Management and Machiavelli* (New York: Bantam Books, 1967), pp. 16-21.