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Review

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frustrated experiments and the difficulties of establishing an international order–should culminate in a theory of violence.

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A sentence in the Talmud lays it down that no man is called upon to finish his work; it is never-ending. Yet considering the record and the stature of the essayist, we may still look forward to seeing the queries and topics that are bypassed in the article tackled before long.

*Comments by Eugenio Kossarev**

The "Critique of peripheral capitalism" published by Dr. Raúl Prebisch constitutes a new and important contribution to the development of the thinking which, since the end of the 1940s, has played a vital role in Latin America's advance towards its economic development and independence within the framework of a market economy. Without analysing the progress made by the Latin American countries in this respect –which is a different topic altogether– stress should be laid on the originality and interest of this study, part of which appears convincing and acceptable while another part invites controversy.

The "Critique of peripheral capitalism" represents an important step forward in the evolution of the 'peripheral economy' theory and raises the level of analysis of the development of Latin America by virtue of the new socio-economic approaches adopted. The peripheral economy theory afforded the bases for the preparation by CEPAL, and by many noted Latin American economists, of the Latin American development model known as the 'CEPAL doctrine'; the new theoretical contribution by Dr. Prebisch opens up fresh possibilities for its further elaboration.

This hardly seems the place to discuss whether or not the title of the doctrine accurately describes it. In my view the one usually applied to it does not, because the term 'CEPAL doctrine' fails to reflect its theoretical groundwork. The peripheral economy theory and the development model constructed on that basis are, by their content, different categories which can stand apart. While the former explains the origins and premises of the Latin American situation and suggests ideas for changing it, the latter is presented as a combination of objectives, means, mechanisms and driving forces for introducing the changes in accordance with those theoretical ideas. Accordingly, it would be more correct to talk about the 'CEPAL-Prebisch doctrine', for if the model does not exist without the theory, the theory without the model would have been in the nature of a mere abstraction.

Another reason for the need to give an exact title to the Latin American

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development doctrine which has been proposed and is being worked out by CEPAL is that there are innumerable doctrines which, because they are called 'developmentalist', may be confused with CEPAL's, while having little in common with it. They can often be seen to analyse and criticize the CEPAL doctrine without taking into consideration the main positions and ideas of the peripheral economy theory, a tendency which in practice leads to interpretation of the CEPAL doctrine in many different ways and to the loss or substantial alteration of its content and origin. It is common knowledge that numerous doctrines exist which are termed 'developmentalist' but which bear no relation to that of CEPAL.

Furthermore, such a plethora of interpretations of the doctrine of Latin American development, only superficially linked with the CEPAL doctrine, hampers thorough, critical and constructive analysis not only of this latter but also of the peripheral economy theory. Obviously, all interpretations have a right to exist, but it would seem more useful, both from the theoretical and from the practical point of view, to analyse them separately instead of labelling any and every 'developmentalist model' as 'CEPAL doctrine'. To use the term 'CEPAL-Prebisch doctrine' in these pages, however, would precipitate a discussion that would hinder comment on Dr. Prebisch's new theoretical approach.

The peripheral economy theory explained that the market-economy countries are divided into two main groups, i.e., the 'centres' and the 'periphery'; that national resources and incentives must serve as the essential basis for the peripheral countries' development; that existing conditions in international economic relations are not consonant with the development requirements of the peripheral countries and should be improved; that radical changes in the socio-economic structure are necessary in the Latin American countries; and that such changes can be made on the basis of private ownership of the means of production under the guidance of the State. That at least was the image of this theory formed outside the continent.

In it, however, recognition of the mode of production, i.e., the socio-economic basis of the peripheral economy, was absent. It accepted the form of ownership as a given premise, and took no account of the mode of production. It lacked the elements that predetermine the correlation and function of the productive forces, that establish what opens up the prospects for their development or fixes its limits, and what may act as a source of internal contradictions during the reproduction process. It laid strong emphasis on the role of private enterprises, and also on that of planning and of State participation or intervention in economic affairs. All this gave impetus to the creation of the institutional machinery and promoted the measures designed to translate development theory into terms of practical results. At the same time, the range of varying interpretations of the socio-economic basis of the peripheral economy multiplied the interpretations of the theory itself. In a sense, the failure to recognize the mode of production could be explained by the argument that the theory was still being worked out by the United Nations, but such an explanation strengthened neither the theory nor the doctrine.

The introduction of the 'peripheral capitalism' concept in the scientific analysis of the development problems of most of the Latin American countries

signifies acceptance of the socio-economic and political basis of the mode of production prevailing in many of the countries of the region. The problems of peripheral capitalism set forth in the article bring into focus not only the questions it raises with regard to stimulating the development of the continent, but also the difficulties and barriers in the way, as well as possible solutions. 'Peripheral capitalism', as a theory, is closely bound up with the peripheral economy theory, and simultaneously underscores the main characteristic of this type of capitalism: namely, that it is extrinsic to many processes which take place in the developed market-economy countries. The very term 'peripheral' indicates once again that Latin America's position in the international division of labour is still marginal, that the region occupies a specific place in the system of international economic relations, and that its development is still primarily predetermined by external forces and conditions.

In the world of today there are two socio-economic and political systems, the socialist and the capitalist, each with its own distinctive criteria and characteristics; and alongside these, the broad group of so-called developing countries which by reason of their development characteristics and idiosyncracies make up the group of countries in transition which are seeking their way. Sometimes they radically alter the particular pattern of development they choose. Accordingly, the new name of peripheral capitalism for the peripheral economy more completely and exactly reflects the basis and the peculiar features of the situation and development of many Latin American countries. At this point it should be emphasized that, as was the case twenty-five years ago or more and still is today, the peripheral economy theory and the new 'peripheral capitalism' formula are not pertinent only to Latin America; they belong to the Third World. Although theories abound and their reconciliation is occurring very slowly or is only in the embryo stage, the theory of the peripheral economy, and now that of peripheral capitalism, appear more logical, more convincing, more soundly reasoned and of more practical significance for the developing countries which still remain in the market-economy area. The peripheral capitalism theory, on account of its content –in particular the mode of production– brings out other aspects of these countries' struggle for economic development and for independence in their international economic relations. The foregoing remarks, however, are by no means intended to suggest that the theory is devoid of weaknesses or contradictions.

The structure of the study under consideration is clear and attractive. Neither the titles of its chapters or sub-sections nor its conclusions and arguments can leave us cold. It underlines, in a strictly concise summary, the typical features of peripheral capitalism; reference to some of them therefore seems required.

Dr. Prebisch begins his article by recognizing the disappointment of expectations with regard to income redistribution and the consolidation of the democratization process. Many Third World countries used to –and indeed still do– entertain high hopes that the incorporation of new technology, the introduction of modern techniques from the centres, would be one of the most effective ways of benefiting all the social strata, particularly the broad masses of the population; and this in turn would help to consolidate the process of de-

mocratization. The substantial change introduced in the productive forces by the incorporation of new technology is obviously significant. Yet analysing the expectations aroused, Dr. Prebisch rightly says at the very beginning of his article that "the facts forbid us to go on fostering such illusions" (p. 9). This conclusion is of great importance, since hopes are still being pinned to the achievement of changes and development basically through the transfer of technology from the centres to the peripheral countries. There are obviously many socio-economic development problems which cannot be resolved through such transfers, but must be dealt with by other means

Another of the main conclusions the author reaches is that behind the relations between the 'centres' and the 'periphery', the power of the centres is still as dominant as ever, and that the contradictions between centres and periphery persist in full force. One of these contradictions is that the hegemony of the centres limits the freedom of decision-making of the peripheral countries (p. 11); in other words their hands are tied in the most important respect, i.e., the formulation and implementation of internal and external economic policy.

Furthermore, Dr. Prebisch's contention that in the development of countries where peripheral capitalism prevails "the employment of labour . . . must increase faster than productivity" (p. 13) is a new departure in economics. This problem confronts alike the developing countries that remain within the market-economy system, and those that are pursuing other paths in the arena of economic, social and political development.

Dr. Prebisch also points out, *inter alia,* that "this excess demand allows the primary appropriation of the fruits of increased productivity by the owners of the means of production" (p. 13). In addition, he refers to the exacerbation of the distribution struggle; the necessity of the market as an economic mechanism and its powerlessness to resolve income redistribution problems; the economic incapacity of peripheral capitalism, or, in the author's own words, "the insufficient dynamism of the economy" for rationally assimilating technical progress, raising productivity and ensuring an improvement in income distribution as well as capital accumulation at a normal rate and along such lines that investment will not cause a decline in the absorption of labour; the contradictions in manpower training which are characteristic of the insufficient dynamism of the economy; the bases and special features of the free play of economic forces, and of the redistribution struggle, together with the inadequacy of the market regulating mechanism; the basic trends and characteristics of the present-day development of centre-periphery relations.

In considering all these facets, peripheral capitalism is being analysed from different points of view, and its content reveals the wide variety of driving forces which set it going as a system, as well as its inherent contradictions. Obviously, the range of approaches would have to be broadened for the purpose of studying the content of that process and analysing it in each of the areas mentioned. But two vitally important aspects of peripheral capitalism which are examined in the study merit the closest attention.

Chapter III, entitled "Primary appropriation of the fruits of technical progress", is of outstanding significance; in it the fundamental topic of the socio-economic basis of technical progress is

tackled, and the essential characteristics of peripheral capitalism are thus brought to light. This enhances the importance of chapter III (together with chapter V) as the backbone of the development of the peripheral economy theory, thanks to the introduction of the concept of 'mode of production' in the analysis, albeit the actual term is not used. The analysis of the mechanism for tapping the final product, or more precisely, for the appropriation of the fruits of technical progress, centres on the process of formation and appropriation of the 'surplus'. The content of this chapter is much more profound and far-reaching than its title suggests, since it analyses peripheral capitalism, or —no less important— describes one of its basic manifestations, i.e. imitative capitalism.

The terminology used in this chapter necessitates the definition of certain concepts. There are grounds for asserting that 'tapping' is synonymous with 'appropriation'; that 'surplus', as follows from the analysis, corresponds to 'surplus value'; that 'contraction' is equivalent to 'crisis of overproduction'. Among these terms, 'surplus' calls for some explanation, since it seems a debatable expression as it emerges from the context of the article and from its title.

The text reads as follows: "The surplus comprises the profits of enterprises, the interest paid on capital, and amortization of fixed capital" (p. 37). Some lines higher up it is stated that in the production process the "entrepreneurs pay the income of the . . . labour force" (p. 36). Altogether, the 'surplus' formula is clear in that it reflects the cost of production and the total value received by the enterprise; according to the article, it represents the value transferred from the installed means of production to the final product. It also shows what the enterprise pays to the banks for credits and the interest lost owing to the gap between the time when its production outlays are effected and the date on which it receives the profit from the final product. The author rightly notes that these outlays vary during the production process in accordance with market changes and inflation.

The 'surplus' formula, however, lacks specificity in respect of an important component, the one that generates the means of meeting the aforesaid outlays (raw materials, the part of the value of the production goods that is transferred to the value of the final product, payment for short-term operational credit, etc.). It lacks specificity in respect of the labour factor, whose cost is included in the cost of production as just another item of current expenditure. But the formula obscures the fact that part of the value created is received by the labour force and the rest, which the labour force also creates, never reaches it. The value of labour and the value created by it are always different, except in the natural economy. The 'surplus' formula is correct in the sense that it includes the production costs which can be measured in monetary terms; these costs are visible and necessary for the calculations pertaining to the process of producing and marketing the final product. It is incomplete, however, if account is taken of the difference referred to above, i.e., the social character of work and the manner of distribution of its results. The 'surplus' concept does not make this difference clear; and in the event of an attempt to extend the analysis of the production process, it would be more likely to hamper the undertaking.

In the article we are analysing, stress is laid on the dynamic nature of the

surplus during its formation; but some attention must also be devoted to the other side of the dynamism of the surplus, to make use of this term for the moment as signifying the motive force and principal incentive of the production process. Alongside these conclusions, however, the question arose as to whether the 'surplus' reflects the connexion between production goods and the 'labour power of the worker' (in the sense of the saleable good represented by the capacity to work), as well as –what matters most and is least visible in this formula– the problem of the relations between the owners of the one and of the other, and how they are interlinked in the production process. For the purposes of analysing the peripheral economy, peripheral capitalism or an economy based on any other mode of production, the study seems to need extending to cover production relations as well.

These aspects of the 'surplus' concept which emerge from its analysis in the light of the main problem –'the crisis of peripheral capitalism'– lead on to another concept, that of 'surplus value', which, in my view, reveals the economic and social roots of the creation and reproduction processes. The 'surplus' originates, as is normally affirmed, from trade in goods, investment, current expenditure and marketing of the final product. But the social content of one of the components of the production process –the 'labour power of the worker'– and the special nature of its participation in the creation of the final product tend to be overlooked. Whether the concept used is the 'surplus' or the 'surplus value', the basic question in both cases arises: how is it created and in the interests of which social strata, and by whom and how is it appropriated? The article provides a clear answer: it is appropriated by the owners of the means of production (p. 37). This answer is the true one, but it is not deduced from the 'surplus' formula; only the 'surplus value' concept leads to this basic conclusion.

Other important features of peripheral capitalism are also considered in chapter III, of which the structure and actual content demonstrate with emphatic precision the cyclical character of development, which is typical of the capitalism of the centres and the periphery alike. According to a statement on p. 41, "the cycle is the growth pattern of the capitalist economy"; and it follows from the text that the cycle, beginning with investment in means of production and expenditure on labour, passes through a phase of ill-balanced development and monetary expansion, inflation, and inability to absorb and accumulate the 'surplus' and channel it into the expansion of production and consumption, until an 'economic contraction' ensues (p. 40), or, in other words, a crisis of overproduction.

The exposition and brief analysis of these problems, within the limited space of the article, focuses on the conclusion that the peripheral cycle was set going by the cycle in the centres (p. 41), or, in other words, it was subordinated to this latter cyclical movement. Here we have yet another indication of the subjection of the peripheral economy to outward-directed development, and this is the crux of the matter, since the cycle constitutes one of the reflections of the basis of the market economy and the nature of its operation. If the analysis of peripheral capitalism and its origins, peculiar features and cycles is pursued, it seems appropriate and necessary to compare the progress achieved through

inward-directed development with what has been inherited from outward-directed development, and with the outward-directed elements that still subsist in the economy of the peripheral countries. This is what I deem to be of most living interest in the analysis of the peripheral capitalism of today.

Chapter V is of great importance for the study of the crisis of peripheral capitalism. Two other aspects of cyclical development are mentioned in it, one of which is typical of capitalist development in general and the other of peripheral capitalism. On page 58 it is stated that "the cycle is the natural form of capitalist development", and that the waves of prosperity flowing from the centres, which stimulate the development of the periphery, are followed by the ebb that does more serious and penetrating harm to the periphery than to the centres. Not only are these effects more damaging but they are inherent in peripheral capitalism.

The key features of peripheral capitalism are typical of pre-monopoly capitalism and at the same time reveal one of the most important characteristics of peripheral capitalism as compared with capitalism in the centres: the backwardness of its institutional links and economic mechanisms. Here, however, it seems relevant to point out that some aspects of peripheral capitalism are not discussed in the article, and I should therefore like to mention them and to suggest that they be included in the analysis. They are:

- The low level of institutionalization in the organization of production in the peripheral countries;
- The leading role played by money and prices as regulators of growth, and the habit of underestimating (in practice, not in scientific studies or government plans and laws) other regulators of which capitalism in the centres actively avails itself (the tax régime and other incentives, planning, direct State intervention and participation in production, scientific and technological progress, export promotion, etc.);
- Overestimation of the free play of economic forces and underestimation of control and management of the market mechanism;
- The means of preventing total subordination of the development cycle of the periphery to the cycle in the centres;
- The inability of peripheral capitalism to reach provisional compromises —as State/monopoly capitalism has sometimes been able to do— and the limits of the effect of such compromises in the conditions proper to peripheral capitalism;
- The mentality of the entrepreneur in peripheral-capitalism countries and the part he plays in their development;
- The economic and social problems of peripheral capitalism from the standpoint of the democratic forces of the countries concerned (the term 'democratic' is used here in a broad sense, according to the countries' social structure).

It was true to say that "the peripheral cycle is virtually unexplored" (p. 41), but we should add that it still remains so, since nothing has been done to explore the cycle within the framework of which peripheral capitalism operates. The special nature and basic characteristics of this mode of production at the periphery have yet to be sufficiently studied.

In addition to the aspects and problems of peripheral capitalism already

mentioned, others remain to be explored.

The new term suggested in the article, 'imitative capitalism', is unknown, although it expresses in a word the essence of the type of capitalism existing in some of the developing countries. If such capitalism is imitative, what does it imitate? The economic structure and the forms and level of development of the productive forces? The organization of the production process at the national and enterprise levels? The institutional structure of State/monopoly capitalism, its methods of intervention in the economy and its particular way of resolving social problems? Methods and measures for resolving the problems connected with the development and operation of the State-monopolies-science triangle? Relations within the classic triangle of bourgeois democracy – State-entrepreneurs-workers – or, as would seem more accurate, the interplay of power relations in this triangle? Or perhaps consumption?

Since the end of the 1960s peripheral capitalism has been studied in the socialist countries, particularly active interest being shown by the Soviet Union, the German Democratic Republic, Hungary, Poland and Czechoslovakia. Although they do not use the term 'peripheral capitalism', they are studying its emergence, special features and limitations; controversies are waged and publications are issued.

In contrast, peripheral and/or imitative capitalism has been very little explored in Latin America itself, notwithstanding that the approaches to such a study exist and are sufficiently well known. Among them is an alternative which was put forward many years ago, and is indeed the basic option: development in which direction (and we would add: for whom?), outwards or inwards? From this angle the study of peripheral capitalism can be intensified and carried out in greater depth.

In developing countries inward-directed development under conditions of peripheral capitalism is capable of leading to positive results.

Inward-directed development, while avoiding self-sufficiency and seeking primarily to evolve a diversified structure and a more independent economy, allows a country to formulate external and internal economic policy goals and measures that are genuinely its own, in keeping with the national interest and conducive to the improvement of its position in the play of international economic relations. This last result is one of the really important advances which a country belonging to the area of peripheral capitalism can achieve, within certain limits, through an inward-directed development policy. The implementation of such a policy will certainly permit a developing country to improve its position vis-à-vis the centres and in the international division of labour in the capitalist world, and will enable it to take advantage of the reserves that capitalism still possesses in the developing countries. All this by no means implies that peripheral capitalism does not reproduce the contradictions inherent in its mode of production, or that no permanent internal factors exist to curb the implementation of such an economic policy, since side by side with the potential and reserves available for economic development there are the barriers that obstruct social and political development. Peripheral capitalism has its limits as regards resolving the economic and, in particular, the social and political problems of the societies concerned.

These queries, and the aforesaid peculiarities and characteristics of peripheral capitalism, do not mean that this version of capitalism, or the State/monopoly type, can solve the problems with which the countries forming the system are faced; but in any case the possible paths and solutions open to peripheral capitalism should be explored.

Chapter V deals with what is the hardest and most important problem, for it constitutes one of the key issues in peripheral capitalism: democratization of the operation of its economy. Although the chapter starts with a reservation regarding the limits set to the analysis, both its specific content and the rest of the article warrant only one interpretation: in whose interests does this economy operate, in the interests of what forces –internal or external– does peripheral capitalism develop? The statements made in Chapter V invite both agreement and reinterpretation and discussion, since they bring to light the social mechanisms of the operation of peripheral capitalism, and this is the other important contribution made to the development of the peripheral economy theory.

The whole group of problems involved in the democratization of the operation of the economy is considered in the context of the interplay of power relations, and consequently the success of the democratization process is completely subordinated to the free play of the forces of a backward and non-directed economy. Spontaneous, fortuitous factors can therefore support it, hinder it, or bring it to a crisis.

From a different angle, this view of democratization sees it as the incorporation of new social groups or strata in active and increasing production for the market, whereby the distribution of the national income can be more extensively democratized. The incorporation of new strata in this process gives rise to new social problems in peripheral capitalism.

All these questions derive from the assumptions and positions adopted in this chapter, which starts with a proposition concerning interdependence between democratization and development –a matter of basic importance. The self-imposed limitation of the analysis, however, does not preclude the appearance of problems in this area. At all events, one of the characteristics of outward-directed development is well formulated: the "predominant political power was that of the members of the upper income strata, whose links with foreign capital were very strong", and "most of the population remained submerged in a layer of pre-capitalist technology" (p. 53); while at the same time it is pointed out that industrialization incorporates new strata which benefit by it. From this process stem the negative consequences considered in the chapter.

The spurious absorption of the labour force makes its appearance primarily in government activities. It is necessary in order to achieve income redistribution under the conditions prevailing in this mode of production but at the same time it slows down the rate of capital accumulation. The problem arises here from its ambivalent character.

The growth ot the 'political and organizational power of the labour force' improves the distribution of income and of the fruits of technological penetration up to a certain point; but the time soon comes when this same power, invoking 'economism', begins to act as a curb on accumulation and the growth of productivity and alters the distribution among the strata, not always in the fairest possible way. This is one of the interpre-

tations relating to the incompatibility between the exaltation of the consumer society and democratic development. For our part we would add that the consumerism of society reinforces economism in some strata, or, more precisely, among some leaders in these strata.

Representative democracy cannot arrest this trend; on the contrary, manoeuvring within its classic triangle, it strengthens economism, which inevitably sets up a barrier on the road to development.

It is perfectly true that the economy of peripheral capitalism lacks an automatic regulating mechanism. If, however, we follow the line of analysis pursued in the article under review, in accordance with Dr. Prebisch's ideas it would seem possible to create a mechanism of this kind that would be fairly well-balanced internally. Without at present discussing this possibility, or the limits to the operation of such a mechanism, and without cherishing illusions as to its effectiveness in all areas of development –particularly in the spheres affecting wage-earners– the following question may usefully be posed: What possibilities and means are there of utilizing it for the good of the most deprived strata during the arduous process of democratizing the running of the economy? I think it is necessary to study this aspect also of the problem relating to "Democratization of the running of the economy under peripheral capitalism": to study in depth not only the design and construction of such a mechanism, and the requisite conditions for its application, but also its organic limits.

In this same chapter consideration is given to democratization through the incorporation of new strata in the production process and in distribution; but why confine it to these two areas alone? I believe that democratization must begin in economic and social development, in its planning and management. Democratization in distribution is a secondary or derived result; democratization of the use of the final product (in the sense of the production process of the whole society) should be anticipated and ensured by means of planning, through the application of the tax system, public investment, orientation of private investment, and other mechanisms and instruments. The market, with its law of value, its monetary-mercantile relations, its vast apparatus of incentives and prices, must be an object of democratization.

Chapter V deals with new factors that stimulate the democratization process. I feel that here the role of the whole broad range of the lower and middle strata is underestimated, notwithstanding their need of development theory, doctrine and programmes.

The entire analysis in this chapter is based on two particular premises which weaken it. In the first place, democratization is viewed in the context of outward-directed development conditions, and it is not noted that in well-planned inward-directed development with its 'implementation' assured, many of the problems referred to would not have arisen; for as reviewed here they are problems typical of peripheral capitalism when development is outward-directed. Secondly, peripheral capitalism is discussed without reference to the influence of State/monopoly capitalism. The latter has its ways of manoeuvring in the social area and its repercussions penetrate the peripheral-capitalism countries.

The article says that "peripheral capitalism is more inclined to sacrifice democratization in one way or another for the sake of defending and promoting the consumer society" (p. 59). Exalta-

tion of the consumer society, imitation of the centres, must logically culminate in new forms of subjection of the periphery to the centres. Hence it is essential to analyse what development theories and models could counteract this trend. The whole article leads up to this statement of the case, in which the problems of peripheral capitalism are synthesized.

The socialist countries are devoting more and more attention to the development and the problems of what are called the Third World countries; and in this connexion a number of national and international conferences have been held. Professor S.I. Titulpanov has proposed a new approach to the study of these countries. In his view, they occupy a specific place in the system of world economic and political relations: their distinctive mark is the level of economic development and the special features of the reproduction process; their socio-economic structure has peculiar characteristics of its own; and the time has come for political economy as a science to be divided into three parts, one concerned with socialism, another with contemporary capitalism, and a third with the developing countries (see S.I. Titulpanov, *Essays on political economy. The developing countries,* Moscow, 1969, Russian text, pp. 7-18).

The present-day development of the Third World countries is highly complicated. Some have already set out on the road to socialism and have started to create a new mode of production; others are looking in the direction of socialism and are beginning to take the first steps towards progressive and radical changes in their economy, social life, etc.; while the countries in the third group are so far continuing their development on the basis of the capitalist mode of production. In the countries in question the socio-economic structure, the 'non-peaceful' co-existence of different modes of production, the particular features of the process of formation of the social strata and of political and economic power offer no guarantee of the stability of development along these paths. Since they tend to change their socio-economic and political orientation in the course of very short periods, scientists in the socialist world have aptly termed them transition-type countries.

Scientists in socialist countries also underline the fact that the developing countries still have reserves available for the development of capitalism and that bourgeois reformism has not yet been routed. A group of Soviet scientists, headed by the late V. L. Tiagunenko (a corresponding member of the Academy of Sciences of the USSR), prepared a study of fundamental importance, entitled *Developing countries: regularities* [or: conformity with objective laws. E.K.], *trends, prospects* (Moscow, 1974, in Russian). This study opens up new avenues for research on developing countries.

Some scientists have devoted their attention to the idiosyncrasies of nationalism in developing countries. This many-sided phenomenon has certain positive features which can be turned to account in tackling development problems; although obviously it also has some that are negative, and can be utilized against the interests of the masses. Other groups are also carrying out studies on various areas of the developing countries' present-day evolution; one of the most recent, which is still in its initial stages, is on the management of the economy in these countries.

Specialists on Latin America in the socialist countries have put forward new ideas for the study of the region; since

the subject is a wide one, we shall touch upon only three of them here. The first is that in Latin America capitalism has reached a medium level of dependent development. The second, that reserves for this type of capitalism are not yet exhausted in the region. The third, that radical changes in the Latin American countries can be effected in different ways and take different forms.

To sum up, it should be noted that semi-developed dependent capitalism —which predominates in some of the developing countries and in Latin America— is passing through a specific crisis of its own, and at the same time is within the sphere of action of the general crisis of capitalism as a socio-economic and political system. Its own crisis is closer, which is the reason why solutions for its problems are being sought. In this respect the analysis of the peripheral capitalism crisis is very important.

Obviously, as a researcher, I am convinced that neither State/monopoly capitalism nor peripheral capitalism can solve the economic, social and political problems of these societies in democratic fashion, for the benefit of the masses. But this belief should not lead one to hold aloof from discussion and take no part in the analysis of capitalism in all its diverse forms. The analysis of Latin American development should include, *inter alia,* study of the following questions: What chances has peripheral capitalism of riding out its own crisis? What would help the Latin American countries to move towards economic independence, and place them in a more favourable position vis-à-vis the countries with State/monopoly capitalism? Or on what premises should the future of the Latin American countries be built up, and what economic mechanisms and institutions could be useful to them in that future?

The theoretical analysis of peripheral capitalism is basically the scientific explanation of the process that is going on in the Latin American countries; in addition, they still need to work out their own development model, comprising the objectives, mechanisms and instruments within their reach and the motive forces of society, those that when the model is projected bring its mechanisms and instruments into operation. The need for such a model is becoming more urgent. Many years ago, on the basis of the peripheral economy theory, CEPAL prepared a development doctrine or model which, in spite of its limitations, is decidedly dynamic and, more important still, offers a system of ends, means, mechanisms and motive forces. In its formulation as a system that associates as links in a model both the ends pursued and the motive forces that must bring into operation the means and mechanisms to attain them, the greatest strength of the CEPAL doctrine lies.

The doctrine centres on the problems of developing the productive forces and on international, regional and sub-regional economic relations; questions relating to the institutions and mechanisms for managing the economy and for development financing, together with social problems, play a complementary role.

At the present time this doctrine, as a scientific phenomenon of practical significance, is confronted with a number of problems which ought to be studied. Some have arisen in the course of the practical implementation of the doctrine, and it is useful to note which of them are still under discussion. In our view, these scientific and practical prob-

lems include the following: inward-directed or outward-directed development; institutions, legislation, machinery for regulating the economy within the market-economy system under the conditions prevailing in developing countries; possibilities and means of resolving social development problems; rights and obligations in international economic relations and in the economic integration process; formulation of theoretical suggestions and practical projects for promoting and mobilizing domestic capital accumulation and channelling investment; utilization of foreign capital and transnational corporations in line with the national interest; export promotion; content and special features of the mentality of the Latin American entrepreneur; conduct and manageability of the economy in the Latin American countries. Clearly there are other problems, and those brought up here for discussion are only a selection.

Dr. Prebisch's new study on peripheral capitalism opens up wide possibilities for analysing the Latin American development problems referred to above, and other questions that represent the cornerstone of the thinking built up in Latin America –the peripheral economy theory. In working out new approaches to Latin America's development and designing institutions, instruments and mechanisms for resolving those problems on the basis of the peripheral capitalism theory, the CEPAL doctrine is consonant with the requirements of today.

*Comments by Octavio Rodríguez**

Introduction

1. Careful study of the article by Raúl Prebisch shows that it represents an endeavour to synthesize the basic ideas worked out by CEPAL in the early 1950s, together with others which subsequently germinated within CEPAL and outside it, on such topics as dependency, marginality, income concentration, patterns of consumption, the role of internal social groups, etc. Its primary objective is also clear: to achieve a global and integrated interpretation of the backward countries' development process, i.e., an interpretation covering not only the economic phenomena and the changes in the structure of production peculiar to this process, but also the socio-political phenomena and the changes in the social and power structures which accompany and are inherent in it.

2. The ideas that had their origin in CEPAL were formulated gradually in the course of time, taking shape in various contributions in the field of economic theory and policy. Essentially, the orderly articulation of the comprehensive and complex reasoning embodied in the theoretical propositions pivots upon the analysis of three trends held to be characteristic of the long-term economic evolution of the periphery during the phase of import-substituting industrial-

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