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Demographic Implications of Autocentric Development

by Hans-Jürgen Harborth, Aachen *

The German politicologist Dieter Senghaas reached in his recently published book¹ the conclusion that the attempt to integrate the developing countries with the international economic system as it exists at present is bound to work out to the detriment of the developing countries — that it can only result in their “structural disablement”². Dissociation from the present system of international division of labour and origination of an “autocentric development” offered to the developing countries their only chance of arresting the previously analysed deformation process and embarking on genuine development³. This model however comes up against demographic obstacles.

Autocentric development is a term which Senghaas has borrowed from Samir Amin, as he says himself⁴. The concept as such is over a hundred years old and can be traced back to Alexander Hamilton and Friedrich List⁵. Senghaas cites Friedrich List and accepts the essential elements of the strategy recommended by List — dissociation and establishment of an independent industrial structure corresponding to the pattern of already existing industrial nations (i.e., in List's time, England).

This plea for dissociation and autocentric development is however much more than a simple re-duplication of List's idea of providing protection. It has brought the mounting criticism of the results, methods and, in the final analysis, objectives of the conventional development concept since the mid-sixties into focus⁶ and supplied a reasonable alternative concept.

The model presented by Senghaas contains additional elements which have been raised in the public debate only recently — such as the results of the discussion of dependence, the demands for adapted technologies, for establishment of an identity and for national self-determination, for participation of the masses in all important social decisions and in the proceeds from production, etc. The demand on the other hand that everyone of the countries to be developed was to aspire to the “industrial production of mass consumer goods” and the “establishment of its own industrial sector for the production of means of production”⁷ is really of a conventional nature. It is Friedrich List's old idea of turning a “one-armed” agrarian economy into a “two-armed” “agricultural-manufacturing-trading nation”⁸ in which *each and every* conceivable economic activity is present and progressing.

Basic to the present contribution to the discussion is the thesis that in the absence of certain demographic preconditions which do not exist everywhere an autocentric development aimed at industrial development in breadth conforming to the pattern of the USA or Western Europe is inconceivable⁹. It follows that this type of model cannot be recommended in all cases as a strategy for development.

Densely Populated Centres

It is an empirical fact that no industrial development in breadth of international economic relevance (i.e. “centres” or “core areas”) has ever taken place in sparsely or thinly populated re-

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¹ Cf. Dieter Senghaas, *Weltwirtschaftsordnung und Entwicklungspolitik — Plädoyer für Dissoziation* (International economic order and development policy — a plea for dissociation), Frankfurt 1977.

² Cf. *ibid.*, especially Chapters II and III. In Chapter III in particular Senghaas is drawing on the work of Klaus Dörner, *Probleme einer weltwirtschaftlichen Integration der Entwicklungsländer* (Problems of the integration of the developing countries with the world economy), Tübingen and Basle 1974.

³ Cf. *ibid.*, especially Chapter V.

⁴ Cf. Samir Amin, *Zur Theorie von Akkumulation und Entwicklung in der gegenwärtigen Weltgesellschaft* (On the theory of accumulation and development in the contemporary world society), in: Dieter Senghaas (ed.), *Peripherer Kapitalismus*, Frankfurt 1974, p. 71 ff.

⁵ Friedrich List, *Das nationale System der politischen Ökonomie* (The national system of the political economy), Stuttgart and Tübingen 1841, quoted in the following from the Jena edition of 1910 as well as the 1841 edition. Gottfried Haberler, *Der internationale Handel* (International trade), Berlin 1933 (reprinted Berlin, etc., 1970), p. 205, is among those who refer to the priority of the American Alexander Hamilton.

⁶ Cf. Roy Preiswerk, *Zum Bruch mit herkömmlichen Entwicklungsmodellen* (On the discardment of the conventional development models), in: Alfred Schmidt (ed.), *Strategien gegen Unterentwicklung. Zwischen Weltmarkt und Eigenständigkeit*, Frankfurt, New York 1976, p. 22-42.

⁷ Cf. Dieter Senghaas, *ibid.*, p. 266.

⁸ Cf. Friedrich List, *ibid.*, p. 63 (1910) and p. 17 (1841) respectively.

⁹ Other questions arising in this context, e.g. whether full industrialization of the earth is at all possible in the existing ecological conditions (whether, for instance, the so-called “modern” industrial countries are “overdeveloped”) are not discussed in the present article.

gions. The highly developed (national or multinational) industrial zones of the world economy – in Western Europe, Northeast America, the Soviet Union, Japan and of late also in China, India, Southeast Brazil and Mexico – were or grew invariably into heavily and densely populated zones with scores of millions, and in some cases hundred of millions, of inhabitants.

It must be asked whether the growing industries attracted the population masses (e.g. to the Ruhr) or whether the process was the opposite one of existing large populations creating favourable preconditions for a broad industrial structure (e.g. in Japan). Put in general terms the question is: Are population numbers and density on the one hand and industrial development in breadth on the other correlated?

This question is of considerable relevance to the concept of autocentric development which is after all recommended as a development strategy to *all* underdeveloped countries as a matter of principle. In 1974 there were in Asia, Africa and Latin America 42 countries and territories with fewer than one million inhabitants, another 53 with populations between one and five millions, and 19 countries with between five and ten millions¹⁰. In a study published in 1972¹¹ we advanced the thesis that certain population numbers and densities were indispensable for the development of "complete" industrial complexes which are a typical feature of the core areas of the world economy – national or multinational. Presented in its simplest form, the argument is essentially this: "The production structure typical of fully industrialized core areas highly diversified and founded upon mass production and advantages of agglomeration requires a labour force at least as is necessary to 'run' such productive apparatus at all."¹² Such a calculation presupposes first and foremost that it is feasible to identify the production structure of a core area. This can indeed be done, for instance by means of an input-output analysis.

Typical Input-Output Structures of "Centres"

A study by Wassily Leontief who described and compared the economic structures of the two largest core areas in the world economy – the (national) core area of the USA and the (multinational) core area of Western Europe – by means of an input-output analysis¹³ was used as evidence. The *result* of his analysis was: "Developed economies of the US . . . and of Western Europe show great similarity in structure when their input-output tables are 'triangulated' in same order and superposed . . ." (p. 150). "Discounting the larger over-all size of the US economy, the similarity between the two sets of intersectoral relations comes vividly to the fore . . ." (p. 159)¹⁴.

Apart from a few exceptions to do with the different natural resources of the two economic areas and other factors, he found that the West European economy, although smaller, was a complete counterpart of the US economy with comparable sector relations.

His *conclusion* was fully compatible with the strategy of autocentric development under discussion here: "In a sense the input-coefficient matrix derived from the US-European input-output table represents a complete cookbook of modern technology. It constitutes, without doubt, the structure of a fully developed economy . . . An underdeveloped economy can now be defined as underdeveloped to the extent that it lacks the working parts of this system . . . The process of development consists essentially in the installation and building of an approximation of the system embodied in the advanced economies of the US and Western Europe and, more recently, of the USSR . . ."¹⁵

Minimum Core System and Minimum Population

In its generalizing form this conclusion gives however rise to certain objections: While it may be presumed that "large" – one could say "multiple" – industrial complexes with a well-defined intra-industrial structure really exist and that these have a more or less perfect counterpart in "smaller" industrial complexes, the continuative "sub-division" of such a structure into ever smaller industrial complexes is impossible "unless the minimum capacities for one production unit in each case – and less – are achieved gradually for particular industries, e.g. the iron and steel industry. The point at which the first industry drops out of the progressively diminishing industrial complex for this reason would be the critical point at which the industrial structure in breadth begins to break up into specialization structures."¹⁶ The input-output matrix fixed at this point would then indeed be a "cookbook" for the smallest theoretical unit¹⁷ of a "fully de-

¹⁰ Figures from the World Bank Atlas, published by the World Bank, Washington 1976, p. 12, 14, 18, 19.

¹¹ Cf. Hans-Jürgen Harborth, On the role of developing countries in a multicentric world economy, in: *Economics, A biannual collection of recent German contributions to the field of economic science*, Tübingen 1972, p. 68-83.

¹² Cf. Hans-Jürgen Harborth, *ibid.*, p. 74.

¹³ Cf. Wassily Leontief, The Structure of Development, in: *Scientific American*, September 1963, p. 148-166.

¹⁴ Cf. Wassily Leontief, *ibid.*, p. 150 and p. 159.

¹⁵ Cf. Wassily Leontief, *ibid.*, p. 159.

¹⁶ Cf. Hans-Jürgen Harborth, *ibid.*, p. 75.

¹⁷ We are laying stress on the "theoretical" character of such a calculation, for it is of no interest in this context whether a country capable of establishing all these activities does so in reality. Neither the smallest conceivable core system nor a large (multiple) core system need use their autarky capability. They can engage in beneficial foreign commerce according to comparative cost advantages. Countries below the minimum core system size must engage in foreign commerce, not necessarily to their advantage, if they want to achieve a similar structure of domestic final demand. Cf. also Wassily Leontief, *op. cit.*, p. 160.

veloped" (as understood by Leontief) industrial system or, also, for the "smallest possible core system". It would comprise data concerning the numbers and production volumes of the individual industries and thus also concerning the requisite relations between these industries.

If it is possible to ascertain the size and structure of a "minimum core system", it is also possible to ascertain the size and structure of the "minimum labour force" (which varies according to the technological level attained at the time). Furthermore, given a certain (existing or desired) employment ratio, the "minimum population for a minimum core system" could also be determined. To the best of our knowledge calculations have not yet been undertaken with this aim in view although statistical data and suitable methods¹⁸ for such operations – also in regard to multinational core areas – are probably now available.

That "minimum core systems" and the requisite minimum populations can be defined and computed is thus for the time being an unproved assertion. A look at the reality of the world economy suggests so far that on the one hand the concentrations of fewer than 20 mn people in relative isolation and far from existing "cores"¹⁹ do not seem to be large enough for the creation of fully developed core structures²⁰ while on the other hand the minimum number required is below 100 mn, as it was for instance in Japan in the fifties.

Potential Core Systems

We suppose, as we have said²¹, that there exist relatively few potential core areas in the so-called underdeveloped regions, simply because there are relatively few areas with a sufficiently large and dense population basis for the development of an independent core system either today or in the near future. This seemed to be an additional indication of the truth of the hypothesis propounded first by Andreas Predöhl²² that the world economy was moving towards a "multicentric system".

An examination of a demographic map of the world shows however that while there are marked population concentrations in the underdeveloped regions, there are not many of them. The largest agglomerations are in Asia: in China (832 mn) and in India (610 mn) with its neighbours Bangladesh (79 mn) and Pakistan (69 mn), next in Java where about two-thirds of Indonesia's total population (132 mn) live, and also in the narrow coastal strip of Vietnam with a large part of the total population (45 mn) and in the Philippines (41 mn). There are very few concentrations in Africa – the biggest one in Nigeria (75 mn), a multinational one around Lake Victoria (48 mn)²³, and another one in Egypt (37 mn). In Latin Amer-

ica the largest agglomerations are in the South-east of Brazil (total population: 107 mn), in Mexico (60 mn) and in the La Plata area between Argentina (25 mn) and Uruguay (3 mn)²⁴.

It is difficult to see how the sparsely or thinly populated regions can establish "fully developed" economies as understood by Leontief. The idea that such countries should combine in production and marketing communities ("collective self-reliance"²⁵) so as to offset the disadvantage of their smallness is therefore somewhat obvious.

There have been many – highly diverse – attempts by developing countries in this direction ("integration" agreements), and the difficulties encountered in the course of such efforts have often been reported; for the most part they seem to have been identified in the political sphere. Under geo-economic aspects we should distinguish between two cases. The *first* one concerns a population concentration embracing several small *neighbouring* countries such as those bordering on Lake Victoria. They are not really "small" countries but parts of a more or less connected "large" and relatively densely populated region with at present almost 50 mn inhabitants. The creation of a core system – via collective self-reliance – could therefore meet with success in this region.

The *second* case is that of sparsely and/or thinly populated countries or territories which are *remote from each other* and aim at one and the same objective. In this second case "it is prob-

¹⁸ Cf., e.g., Reiner Stäglin, *Der Einsatz der Input-Output-Rechnung zur Quantifizierung direkter und indirekter Beschäftigungseffekte* (The use of input-output calculations for the quantification of direct and indirect employment effects), in: *Mitteilungen aus der Arbeitsmarkt- und Berufsforschung*, Stuttgart, Berlin, Cologne, Mainz, 6th year (1973), No. 4, p. 289-313. Following US methods the input-output tables were in this study transformed into so-called "employment matrices" which show, amongst other things, "how many employees were engaged in the sectors on primary products and how many on final production" (p. 293).

¹⁹ For instance (in 1975): Australia 13.5 mn, New Zealand 3.1 mn, Iceland 0.22 mn, South Africa 25.5 mn (the black majority of the population of this country is largely precluded from the economic development). Source: World Bank Atlas 1976, *ibid.*, p. 25-28.

²⁰ The late Andreas Predöhl, a German economist, referred on several occasions to low population numbers as an obstacle to development, without however giving a comprehensive explanation of this view. Cf., e.g., Andreas Predöhl, *Außenwirtschaft* (The external economy), Göttingen 1949, footnote p. 125.

²¹ Cf. Hans-Jürgen Harborth, *ibid.*, p. 76. It is impossible to discuss here all the reservations which we entered ourselves, including the general observation that a large and dense settlement is necessary for successful development of a core system but does not by itself ensure success. There is no question that in the course of the "development of underdevelopment" there have been concentrations of pauperized human beings; in certain areas these are well-nigh pathological.

²² Cf. Andreas Predöhl, *Das Ende der Weltwirtschaftskrise* (The end of the international economic crisis), Reinbeck 1962, p. 94. Further: Andreas Predöhl, *Außenwirtschaft* (The external economy), Göttingen 1971 (2nd ed.), p. 134-149.

²³ Tanzania (14 mn), Kenya (13 mn), Uganda (12 mn), Rwanda (4 mn), Burundi (4 mn).

²⁴ Figures for 1975. Source: World Bank Atlas, *ibid.*, p. 25-28.

²⁵ Cf. Alfons Lampert, *Collective self-reliance – a development strategy of promise?*, and: Peter T. Bauer, *Collective self-reliance as development strategy*. Both appeared in: *INTER-ECONOMICS* 1977, No. 5/6, p. 114-120 and p. 120-125 respectively. The authors did not however, as we do here, confine their observations to "small" countries.

ably illusory to assume that several thinly populated, extensive regions (e.g. in Africa) can be added together to form highly interdependent production and marketing communities. If it were desired to attempt this — in Africa, say — then the intensive flows of trade which otherwise constitute the 'intracore trade' (and which are substantially inter-industry exchange) would have to be extended geographically in length and breadth. And this would make production and distribution so much more expensive, even with a well-developed transport system, that the hoped-for economies from industrial mass production are not only reduced but perhaps greatly outweighed. This is probably a 'built-in-fault' of some integration schemes for developing countries — e.g. the project for a common market for Latin America.²⁶

Peripheries — Developed and To Be Developed

Implicit in the belief that the development of a multicentric world economy is likely is the assumption that peripheries will continue to exist for peripheries are a necessary concomitant of centres. The question is whether these peripheries are *bound* to remain at a disadvantage in a multicentric world economy merely because their status in such an international economic system is peripheral. This question has a theoretical and a political dimension: Recourse to the instruments of geo-economic theory yields the result that the town-country model respectively the centre-periphery model are far superior in overall productivity to simple equal distribution of economic activities. The centre-periphery model is after all but the geo-economically most favourable variant of the principle of division of labour and specialization. But these models evince little or nothing in regard to the *distribution* of the total product in the centre-periphery model. Friedrich List already surmised "that of two countries engaged in free intercourse with one another that which sells manufactures will dominate and the one which has only agricultural products to offer will have to obey"²⁷. Whether a centralized system of geo-economic division of labour is to be considered acceptable or not therefore depends not only on its economic fitness but on the desirability or acceptability of its political-social implications. The "pure" economists are in this respect under an obligation to the advocates of the dependence theory.

It needs pointing out on the other side that there actually exist examples of peripheral countries which can be considered developed in the sense that they are earning high per-capita incomes despite massive dependence upon the centres. Australia, New Zealand and Iceland²⁸ are exem-

plary in this respect (not to mention the peripheral areas inside national boundaries as in the USA). This was the reason for the optimistic conclusion in the quoted study²⁹ that the "purchasing power created in the new centres would also embrace the products of their own periphery. Japan's role in the Pacific economic area seems to be a pertinent current example of 'growth through trade'. Moreover, if several such centres of development were created in the underdeveloped world, it should benefit the entire world economic periphery, through rising employment or rising (raw material) prices. This might also amount to lasting — because economically and not merely institutionally based — stabilization of world raw material markets".

This model of a multicentric world economy may yet retain its elucidative and prognosticative value for some considerable time. A more sceptical view should however be taken of its normative value as a development model for a world economy of tomorrow — in the first place because of the warnings by ecologists and others on the ground that the "centres" could not serve as an exemplar because they were not fully-developed but "overdeveloped"³⁰, and secondly because the principle of "division of labour" and thus also of "geo-economic division of labour" has fallen into disrepute on the ground that it is a source of disparities and exploitation.

It was to be shown that industrial developments in breadth conforming to the pattern in already developed "centres" would (irrespective of their desirability or ecological implications) only be possible in heavily and densely populated regions of the world economy. There are however relatively few such concentrations in the underdeveloped world although some of them are very strong.

An autocentric development oriented at first towards satisfying the basic needs of the masses would admittedly be faced with a final demand structure which differs from that of the present centres. What we have called a "minimum core system" would conceivably be significantly smaller and the number of (accordingly re-defined) potential core systems would therefore be greater. Similar results would follow if the minimum capacities of as many productions as pos-

²⁶ Cf. Hans-Jürgen Harborth, *ibid.*, p. 75.

²⁷ Cf. Friedrich List, *ibid.*, p. 122 (1910) and p. 86 (1841) respectively.

²⁸ The 1975 per-capita incomes (GNP at market prices) were: Australia US \$ 5,640, New Zealand US \$ 4,680, Iceland US \$ 5,620. The corresponding figure (only for 1974, quoted for comparison) for South America was US \$ 950, for Africa US \$ 370 and for Asia excl. Japan US \$ 230. Source: World Bank Atlas 1976, *ibid.*, p. 8 and p. 27/28.

²⁹ Cf. Hans-Jürgen Harborth, *ibid.*, p. 79.

³⁰ Cf. Johan Galtung, Self-reliance and global interdependence, in: SID — European Regional Conference 1975, Linz, Austria, September 15-17, 1975, Doc. No. 12-e, p. 16.

sible could be systematically lowered. This constitutes the particular normative value of the concepts of self-reliance and autocentric development.

The relationship between the concepts of self-reliance and autocentric development appears to be in need of clarification. Certain elements of the autocentric development which have been

taken over from the more modest model of self-reliance — such as local use of local resources, adaptation of technologies, and lucidity and controllability of decision-making and production processes — seem to be in conflict with certain “hard” elements of the autocentric development such as mass production and production and use of large and heavy means of production.

INTEGRATION

Chances and Risks of Supranational Integration

by Friedhelm Hengsbach, Frankfurt *

Although a sceptical view may rightly be taken of the efforts of the developing countries for their integration with the world economy in the framework of a New International Economic Order and the Lomé Convention, these efforts indicate a willingness of the developing countries to play a part in international and supranational integration. The opportunities and hazards of an association of the African states with the European Communities are assessed in the following article from the viewpoint of a geo-economic integration policy.

The scepticism about current and projected attempts at supranational integration has been reinforced by the debate on a New International Economic Order. It is founded on a psychological, a political and an economic argument:

- ☐ The experience with the Andes Pact, the East African Union and even with the European Communities has not been exactly encouraging;
- ☐ Unrestricted sovereignty of all states in regard to their economic order, development planning and available resources is one of the indefeasible rights insisted upon in the context of a New International Economic Order;
- ☐ The model of international division of labour which is mostly a determinant feature of the integration theory hides the effective dependence upon external and internal factors to which the developing countries are subject in the ambit of an international economic and monetary system under the sway of the industrialized countries.

The statement of the development countries concerning the establishment of a New International Economic Order at the Sixth Special Assembly of the UN in the spring of 1974 amounted to a repudiation of the strategy of rigorous dissociation and an option for international economic integration. The Lomé Convention of 1975 between

the European Communities and 46 African, Caribbean and Pacific states is likewise to be interpreted as an option for supranational integration. The collation and analysis of information on the effects of existing integrated supranational entities forms an indispensable component part of the decision-making process. The judgment on the chances and risks of supranational integration will depend on the system of reference used as a basis of appraisal. The one chosen here for an assessment of the chances and risks of one concrete supranational attempt at integration¹ — the association of African states with the European Communities — is the comprehensive concept of a geo-economic integration policy². To begin with, this reference system will be outlined.

Conception of a Geo-economic Integration

A concept for a geo-economic integration policy is expected to comprise a theory which offers an explanation for the situation, repeatedly observed

¹ Cf. H.-J. Harborth, Anforderungen an eine Integrations-theorie für Entwicklungsländer (Requirements of an integration theory for developing countries), in: W. v. Urff (ed.), *Integration der Entwicklungsländer in eine instabile Weltwirtschaft — Probleme, Chancen und Gefahren*, Schriften des Vereins für Sozialpolitik, Berlin 1976, p. 74.

² Cf. F. Hengsbach, Die Assoziierung afrikanischer Staaten an die Europäischen Gemeinschaften — Eine Politik raumwirtschaftlicher Integration? (The association of African states with the European Communities — A policy of geo-economic integration?), in: *Monographien der List-Gesellschaft e. V.*, N. F. (new sequence), Vol. 1, Baden-Baden 1977.

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