

BOOK REVIEWS

ALEXANDER GERSCHENKRON, *Economic Backwardness in Historical Perspective, A Book of Essays*, Cambridge, Massachusetts, The Belknap Press of Harvard University Press, 1962, ii+456 p.

It is only since 1957–1959 that the concept of “modernization,” of which “industrialization” is the central constituent, became a dominant topic among American economists and historians. It shows that American academic circles have taken to heart such realistic and practical questions as the challenge of the industrial might of Communist Russia exemplified by the Sputnik, and the fate of the new developing countries of Asia, Africa and Latin America, and their future courses. A. Gerschenkron, head of the Institute of Economic History at Harvard University, is a renowned student of European economic history, particularly the economic history of Soviet Russia. Together with W. W. Rostow and his associates, he was one of the first to raise these questions in the academic world and direct the efforts towards their answer. The present volume contains 14 essays published between 1952 and 1961, together with 1 postscript and 3 appendices. The first eight essays are devoted to the development of Gerschenkron’s theory of industrialization and to case studies of Italy, Russia and Bulgaria based on his theory; the remaining six deal with socio-economic changes in Soviet Russia. These latter include three remarkable essays in which the author treats of the attitude of the Soviet people to industrialization by analysing Soviet literary productions; many problems worth further examination are raised. In the present review, however, the reviewer intends to limit himself to the first part of the book.

Gerschenkron’s theory of industrialization is first set out in the essay entitled “Economic Backwardness in Historical Perspective” (1952), developed in “Reflections on the Concept of ‘Prerequisites’ of Modern Industrialization” (1957) and “Social Attitudes, Entrepreneurship, and Economic Development” (1955), and summarized in “The Approach to European Industrialization: A Postscript.”

His theory starts from a criticism of the way of thinking which regards industrialization as “a uniform process” of a universal character, unaffected by considerations of time and space. Although the author recognizes that there are common features in all examples of industrialization and that to pay attention to this aspect does have definite meaning, yet he thinks that the discrepancies between actual examples of industrialization and the general models which are intended to explain it are too important to be simply dismissed as “exceptions.” In rejecting the idea of a uniform pattern, the author is critical of the theory of W. W. Rostow (*The Stages of Economic Growth*, Cambridge, Cambridge University Press, 1960); but, like Rostow, his main

criticism is aimed at "the grand Marxian generalization." He interprets the content of this generalization as consisting in the belief that the backward countries develop along the same path as the advanced industrial countries. He criticizes Marx's concept of "original accumulation of capital." He holds that we should appreciate Marx's intuitive perception (revealed by his use of this concept), of the fact that industrialization gets under way with a big spurt after a certain preparatory period. But, as a matter of history, this concept is properly applicable only to England, and on a much smaller scale than is usually supposed; from the point of view of theory we cannot regard it as a universal precondition for industrialization. Certainly, it is only in England that we find in the period preceding the beginning of capitalistic accumulation the deprivation of the peasants of their land, which Marx considered to be the basis of the whole process of the original accumulation of capital. However, Marx said in his *Das Kapital* that such deprivation differs in its order of occurrence from country to country, and passes through different stages in differing historical periods. At a later date, in a reply to a question from V. I. Sassulitsch (1881) Marx stated that the historical necessity of the deprivation of the peasants of their land was clearly confined to the countries of Western Europe, and in his letter to N. K. Michailowski (1877) he refused to have his historical sketch of the development of capitalism in Western Europe turned into a theory of the philosophy of history, prescribing a universal course of development which all nations must pass through fatalistically.

Gerschenkron is justified in his criticism of the confusion made by Soviet historians on the subject of the original accumulation of capital, and their tendency to take Marx's ideas as implying a belief in a universal course of development.

For its part, the Gerschenkron's theory rests on the fact that "every historical event that takes place changes the course of all subsequent events" (p. 41). In concrete terms, "the Industrial Revolution in England, and for that matter in other countries, affected the course of all subsequent industrializations" (p. 41). He holds that from the point of view of the underdeveloped countries the advanced countries are "sources of technical assistance, skilled labor, and capital goods" (p. 47), and thinks that, because the underdeveloped countries borrow these things (in particular, the latest forms of technology) from the advanced countries, they may succeed in the process of industrialization. The more backward the underdeveloped countries are, the greater the gap between them and the level of technology in advanced countries, and Gerschenkron thinks that the patterns of industrialization in advanced countries change in accordance with the degree of backwardness in the underdeveloped ones. In his Postscript, he sets out these changes under six points, drawing attention to the fact that the more backward an underdeveloped country is, (1) the more its industrialization starts "as a sudden great spurt," (2) the clearer "the stress on bigness of both plant and enterprise," (3) the greater "the stress upon producer's goods as against consumer's

goods," (4) the greater "the pressure upon the levels of consumption of the population," (5) the more important the role of "special institutional factors" supplying capital and directing management, and the more coercive and comprehensive they become in character, and (6) the less important is the role played by agriculture as a market for the products of industry (pp. 353-354). Apart from this, it is also pointed out that the more backward a country is, the stronger a "medicine" is needed by way of ideology for industrialization (p. 24). From these points of view, Gerschenkron divides the countries of Europe into three groups, the "advanced," the "moderately backward," and the "very backward," and he considers that their development patterns take "the form of a series of stage constructs." Thus, under point (5) above he holds that whereas in the advanced countries accumulation takes place within industry in the course of development, in the moderately backward countries the banks first undertake the leading role in industrialization, and at the next stage industry advances to a position independent of the banks. In contrast, in the very backward countries it is the state which first undertakes the leading role in industrialization, at the second stage the banks take over this function, and at the third stage industry attains independence of the banks. England, Germany, and Russia are chosen as representatives of the three groups of countries.

It is well-known that the very survival of the advanced countries requires the development of the backward ones, and the phenomena to which Gerschenkron draws attention, at least in so far as these are to be observed in England, Germany and Russia, show that trends of this kind exist in fact. Yet we must say that his view is very partial, since he takes no account of another factor pushing the development of backward countries, namely the historical characteristics of the pre-modern structures of these countries. He limits his attention to the understanding of the relation between backward and advanced countries. These relations, however, do not consist merely of exchanges of industrial technology, experience and personnel. At the least, it would be better to consider first the relations of international competition between the countries concerned. T. H. Von Laue, who ranks with Gerschenkron as an American student of industrialization in Russia, focuses on "the sharp competition of the imperialist era" ("Of the Crisis in the Russian Polity," in J. S. Curtiss ed., *Essays in Russian and Soviet History*, New York, Columbia University Press, 1963, p. 304), and, by doing so, presents an historical analysis remarkably different from that of Gerschenkron. However, the subject is not exhausted by a discussion of relations of competition alone. Advanced and backward countries, brought together, constitute a world possessing a definite structure, whereby a decisive distinction appears between countries exporting capital and goods, and countries importing the same. The special characteristics of the "imperialist era" spoken of by Von Laue are to be found precisely at this point. Thus we may say that in Gerschenkron's scheme the influences of advanced countries on backward ones are not sufficiently represented.

This weakness reappears in the form of several defects in his concrete analyses. Let us consider his case study of Russia, "Russia, Patterns and Problems of Economic Development, 1861-1958" (1960). Gerschenkron believes that the "great upsurge" in industrialization which took place in Russia in the last ten years of the 19th century was carried through under government leadership and took place under the impulse of railway construction, the necessary sacrifices being laid upon the peasantry. In contrast, between the Revolution of 1905 and the outbreak of the First World War, the banks supposedly took the place of the government in the development of industry, while the oppression of the peasantry ceased, and some improvements in the living conditions of the workers were obtained. Still many important weaknesses were found in Russia's society and political structure, but the country was, by now, firmly set on "the way toward a westernization, or perhaps more precisely, a Germanization of its industrial growth" (p.142). He concludes that the Russian Revolution was begotten in the midst of "the misery of the war and the shame of defeats." In contrast to Gerschenkron, Von Laue attributes the crisis in Russia to the "discrepancy between Russian political ambition in the world, her Great-Power status on the one hand, and her growing political, economic and cultural weakness on the other" (Curtiss, p.305). He holds that neither industrialization based on producer's goods (which brought about a relative impoverishment of the masses), nor industrialization based on consumer's goods (which was characterized by economic backwardness) was able to surmount the crisis, and so a revolution—and the Bolshevik revolution at that—became inevitable. A superiority in methodology and a more concrete point of view have enabled Von Laue to make a more penetrating analysis than Gerschenkron. However, to return to our previous point of criticism, it is to be pointed out that on the eve of the First World War Russia found herself in a state of increasing financial dependence on England and France, and was a market for the export of French capital; on the other hand, she increasingly assumed the character of a market for German goods, especially machinery, and her industry stoutly resisted the Czarist government's proposed revision of the labour laws on the grounds of competition with Germany. These facts demonstrate that the contradictions of Russia were none other than the contradictions of the world at the time.

The defects in Gerschenkron's theory are due to the practical interests which inspired the formulation of his theory, and affect the consequent recommendations to political decision-makers. The essay written in 1952 takes as point departure the fact that "the paramount lesson of the twentieth century is that the problems of backward nations are not exclusively their own" (pp. 29-30), that "great delays in industrialization tend to allow time for social tensions to develop and to assume sinister proportion" (p. 28). The essay is characterized throughout by a desire to prevent the "underdeveloped countries" of the present day from following the path of the Russian Revolution. The recommendations to political decision-makers seem sometimes to

contradict one another. In the essay written in 1955, he warns against optimism, on the grounds that in underdeveloped countries "pre-industrial values" are strong, and easily fused with "modern anticapitalist sentiments" (pp. 70-71); but in the essay written in 1957 he concludes on an optimistic note, believing that backward countries will develop their own creative initiative in finding substitutes for the factors necessary for industrialization lacking in their own countries, just as the advanced countries did in the past (p. 50). In these two differing notes we perceive, not the personal feelings of Gerschenkron himself, but the aggravated difficulty which American policy faces in the world today. (*Motosuke Udaka*)

FRANK H. GOLEY, *The Philippines: Public Policy and National Economic Development*, Ithaca, Cornell University Press, 1961, xviii + 455 p.

The postwar economic development of the Philippines has been a brilliant success in a number of respects.

First, the economic growth has been very speedy. Even during the 1950's, when the postwar process of rehabilitation had already been completed to a large extent, the Philippines' economy continued to develop at an annual growth rate of about 6 per cent. This is a case rarely seen in South-east Asia.

Secondly, during the 1950's, the Philippines' economy, which in prewar years depended heavily on the export of sugar and other primary products, entered a stage of industrialization centring on imports-competing industries.

Thirdly, the Philippines still maintains the system of free enterprise economy, with the ratio of the public sector accounting only for about 10 per cent of the national income.

The question of how public policy contributed to the Philippines' postwar economic development deserves judicious scrutiny. The book under review gives a systematic analysis of this problem, backed up with meticulous preparations, and as such it will prove to be one of the standard works in the field of research on the Philippines, along with J. Ralston Hayden's *The Philippines: A Study in National Development* (New York, Macmillan, 1942).

Because of the nature of the problem treated therein, Goley's book is mainly descriptive, dwelling as it does on the record of progress and public policy in regard to the respective spheres bearing on economic development. The description deserves credence. The author, of course, gives his own evaluation on such questions as why the Philippines' economic development was successful and how public policy contributed to it. He also attempts a prognostication about the future.

The author cites the following as major factors that brought about the success of the Philippines' economic development: 1) The Filipinos' "will to economize" was fostered and strengthened, leading to the emergence of entrepreneurs; 2) public economic policy was so carried out as to help create