

Research Report

Poverty and Inequality: The New Dynamic of History

Akhilesh Chandra Prabhakar

Director-Third World Social Forum

Assistant Professor in Development Economics

Department of Economics, Faculty of Business and Management

Debre Birhan University P.O.Box: 184, Debre Birhan, Ethiopia.

Phone: 00251-921920887 / 921920888 (Mobile)

Email: twsf@rediffmail.com/acpjnu@gmail.com

One of the most abiding features of our social reality is the persistence of poverty among a large mass of people, despite the existence of abundant wealth and resources which is created by the global economic forces. The obvious reason behind this is the unequal distribution of income, wealth and resources in society. In fact, inequalities in income have grown in the advanced countries in the past three decades. An OECD report released in 2008 titled: *Growing Unequal?* After analyzing the evidence of income distribution in 30 of its member countries. The income of the richest 10% of people is, on average across OECD countries, nearly nine times that of the poorest 10% . . . the gap between rich and poor and the number of people below the poverty line have both grown over the past two decades. The increase is widespread, affecting three-quarters of OECD countries...income inequality increased significantly in the early 2000s in Canada, Germany, Norway and the United States . . .

Persisting Poverty, Growing Inequality

The United States is the richest country in the world measured in terms of GDP. Here, the total number of people living below the official poverty line for individuals was 39.5 million (22% of population) in the late 1950s. This had declined to 23 million by the early 1970s (11%) but rose to 31 million by 2000 (11.3%). Since then it has gradually increased to 37 million in 2005 (12.6%), 39.8 million (13.2%) in 2008 and 43.6 million (14.3%) in 2009. There is no single poverty line the US. Poverty estimates are done

on the basis of different household income thresholds, depending on the number of family members and dependents in a household. If we take the weighted average poverty threshold for a family of four in 2009 as a benchmark, the poverty line in the US currently stands at around \$15 per day (per head). The poverty line is a little less for households with higher family sizes, but even for the highest family size it would not be less than \$13 per day (per head). There are over forty million people living below this poverty line in the US today, which is the largest number in the last fifty years. On the other hand, the average American CEO in 2007 earned more in one workday than what the average worker earned in the entire year (there are 260 workdays in a year). CEO pay rose on an average by 167% between 1989 to 2007, while the average nominal wage of the workers grew by only 10% during the same period. In the 1960s and 70s, CEOs in major American companies earned around 25 to 30 times more than an average worker; this ratio grew to almost 300 by the year 2000 and stood at around 275 in 2007.

What is the social consequence of this? While the earnings of the bottom 90% of Americans grew by 15% between 1979 and 2006, that of the top 1% grew by 144% and the topmost 0.1% by 324%. Consequently, the earnings of the top 0.1% of US population in 2006 was 77 times the earnings of the bottom 90%; this was around 21 times in 1979. Thus, while much of the world's wealth gets concentrated within the US as the world's richest country, this wealth gets further

concentrated within a very narrow stratum of American society.

The Dramatic Events in North Africa and the Middle-east

As the dramatic events in North Africa and the Middle-east continue to unfold, many observers outside the Arab world smugly tell themselves that it is all about corruption and political repression. But high unemployment, glaring inequality and soaring prices for basic commodities are also a huge factor. So observers should not just be asking how far similar events will spread across the region; they should be asking themselves what kind of changes might be coming at home in the face of similar, if not quite so extreme, economic pressures. Within countries, inequality of income, wealth and opportunity is arguably greater than at any time in the last century. Across Europe, Asia and the Americas, corporations are bulging with cash as their relentless drive for efficiency continues to yield huge profits. Yet workers' share of the pie is falling, thanks to high unemployment, shortened working hours and stagnant wages. Paradoxically, cross-country measures of income and wealth inequality are actually falling, thanks to continuing robust growth in emerging markets. But most people care far more about how well they are doing relative to their neighbours, than to citizens of distant lands. The rich are mostly doing well. Global stock markets are back. Many countries are seeing vigorous growth in prices for housing, commercial real estate, or both. Resurgent prices for commodities are creating huge revenues for owners of mines and oil fields, even as price spikes for basic staples are sparking food riots, if not wholesale revolutions, in the developing world. The internet and the financial sector continue to spawn new multimillionaires, and even billionaires, at a staggering pace.

Yet, high and protracted unemployment plagues many less-skilled workers. For example, in financially-distressed Spain, unemployment now exceeds 20%. It cannot help that the government is simultaneously being forced to absorb new austerity measures to deal with the country's precarious debt burden. Indeed, given record-high public-debt levels in many countries, few governments have substantial scope to address inequality through further income redistribution. Countries such as Brazil already have such high

levels of transfer payments from rich to poor that further moves would undermine fiscal stability and anti-inflation credibility. Countries such as China and Russia, with similarly high inequality, have more scope for increasing redistribution. But leaders in both countries have been reluctant to move boldly for fear of destabilizing growth. Germany must worry not only about its own vulnerable citizens, but also about how to find the resources to bail out its southern neighbours in Europe.

The causes of growing inequality within countries are well understood, and it is not necessary to belabour them here. We live in an era in which globalization expands the market for ultra-talented individuals but competes away the income of ordinary employees. Competition among countries for skilled individuals and profitable industries, in turn, constrains governments' abilities to maintain high tax rates on the wealthy. Social mobility is further impeded as the rich shower their children with private education and after-school help, while the poorest in many countries cannot afford even to let their children stay in school.

Writing in the 19th century, Karl Marx famously observed inequality trends in his day and concluded that capitalism could not indefinitely sustain itself politically: eventually, workers would rise up and overthrow the system. Outside Cuba, North Korea and a few leftwing universities around the world, no one takes Marx seriously anymore. Contrary to his predictions, capitalism spawned ever-higher standards of living for more than a century, while attempts to implement radically different systems have fallen spectacularly short. Yet, with inequality reaching levels similar to 100 years ago, the status quo has to be vulnerable. Instability can express itself anywhere. It was just over four decades ago that urban riots and mass demonstrations rocked the developed world, ultimately catalyzing far-reaching social and political reforms. Yes, the popular uprising in Egypt, Syria, Yemen, Bahrain, Jordan and Tunisia today is far more profound than in many other countries. Corruption and failure to embrace meaningful political reform have become acute shortcomings. But it would be very wrong to suppose that gaping inequality is stable as long as it arises through innovation and growth.

How, exactly, will change unfold, and what form will a new social compact ultimately assume? It is difficult to speculate, though in most countries, the process will be peaceful and democratic. What is clear is that inequality is not just a long-term issue. Concerns about the impact of income inequality are already constraining fiscal and monetary policy in developed and developing countries alike, as they attempt to extricate themselves from the hyper-simulative policies adopted during the financial crisis. More importantly, it is very likely that countries' abilities to navigate the rising social tensions generated by gaping inequality could separate the winners and losers in the next round of globalization. Inequality is the big wildcard in the next decade of global growth – and not just in North Africa and the Middle-east.

Policymakers' False Slogan

Today's policymakers, however, are not bothered about these questions anymore. They keep themselves busy with the job of poverty 'reduction', embodied in the so-called Millennium Development Goals (MDGs), set by the United Nations in 2001 with the slogan, 'We Can End Poverty'. The latest stocktaking of the MDGs by the UN, however, is quite revealing. It claims that the world is 'on track' to meet the MDG target of halving the proportion of people living on less than \$1 a day between 1990 and 2015. Yet the numbers of those suffering from hunger /went up by 13 million between 1990 and 2007. The effects of the economic crisis will push an additional 64 million people into extreme poverty in 2010. And 920 million people would continue living/ under \$1.25 a day in 2015. In effect, therefore, we are witnessing an increase in both poverty and hunger even as the world is supposedly 'on track' to meet the MDG target.

What nourishes this inane exercise is the mainstream academic discourse on poverty and inequality, which evades any serious analysis of the causes behind them and obsessively revolves around issues of definitions and measurements. Why is the international poverty line set at \$1.25 per day? As per the World Bank's explanation, it is the average of poverty lines found in the 15 poorest countries. But what accounts for the average poverty line of 15 poorest countries being set at \$1.25 per day? The rich and affluent sections in many of these countries earn several

hundred times more than that. Yet, the bare subsistence level in the poorest countries is set as the standard for international poverty. In the process, the distinction between capitalist and imperialist exploitation gets blurred and the value of labour gets universally degraded. And even after defining poverty in such an ideological manner, poverty alleviation targets are not being met in most countries. Just imagine the consequence of the entire poverty discourse, if the American poverty line of \$13 per day is made the international poverty line.

Imperialist Globalization

Let us look at the process of globalization on the basis of the concepts we have built so far. The process is essentially imperialist because it enables international finance capital to globalize capitalist exploitation without upsetting the bulwark of imperialist exploitation, based on perpetuating 'reserve labour'. Compared to the earlier phase of twentieth century imperialism, the globalization process, which can roughly be dated back to the 1970s, has led to the shifting of manufacturing processes and service based economic activities into the poor countries. This has changed the earlier pattern of international division of labour. However, the diffusion of capitalist development in the poor countries has not led to a universalization of capitalist exploitation. It has rather created enclaves of capitalist exploitation, ensconced within the overall landscape of imperialist exploitation.

Globalized Exploitation

This pattern of capitalist development has led to an intensification of both forms of exploitation. Those suffering from capitalist exploitation still consider themselves to be relatively fortunate in escaping imperialist exploitation. Therefore they submit to the whims and fancies of capital, staying away from trade unions, even accepting to work below minimum wages for longer working hours and undergo many more travails, just to ensure that they are not thrown out of the enclave of capitalist exploitation into the landscape of imperialist exploitation. This not only tethers the minimum wages in the poor countries to very low levels, but the mobility of capital under globalization, from the rich to the poor countries also create downward pressure on the wages in the rich countries. What capital mobility does therefore is to enable capital to use

the 'reserve labour' of the poor countries, to weaken the bargaining strength of the workers everywhere, both in the poor as well as the rich countries. The outcome is seen in the 'flexibilization' of labour across the rich and poor countries, throwing to the winds all labour legislation – de jure or de facto – degrading capitalist exploitation further. It is also snatching away the hard won rights of the international working class movement of the past century.

As far as those suffering from imperialist exploitation are concerned, the carrot of 'including' them into the enclaves of capitalist exploitation is dangled in myriad forms. But the capitalist enclaves in the poor countries; because of the very global nature of their demand patterns, technologies, labour processes, skill requirements and financial networks; do not absorb sufficient labour from the surrounding world of 'reserve labour'. Moreover, their backward and forward linkages are principally with the rich countries and similar capitalist enclaves in other poor countries, and not with the pre-capitalist landscape where they are ensconced. Rather than diffusing economic activities onto the pre-capitalist landscape, they remain as restricted enclaves of capitalist production. Therefore 'reserve labour' persists. In fact, in a replay of colonial exploitation, they are often dispossessed of their petty or common properties in land and forests in order to make way for those enclaves of capitalist exploitation. This 'primitive' accumulation continues alongside capitalist and imperialist exploitation. But why does capitalist exploitation remain restricted within enclaves and not get universalized over time? What accounts for the perpetuation of 'reserve labour' and imperialist exploitation in the long run? It is because capitalism, even in its globalized avatar, ultimately remains a crisis-ridden system incapable of continued expanded reproduction. Periodic crises, which inevitably recur under capitalism, destroy capital and constrain its productive forces. This makes it systemically incapable of absorbing the 'reserve labour' by providing it with gainful employment.

Capitalism and Crisis

Capital's analysis locates the crisis tendencies of capitalism at the very heart of its accumulation process. Wealth created under capitalism largely accrues to capitalists as higher profits. This is ensured through the nature of technological

progress itself, whereby labour productivity rises continuously, and restraining employment growth. As a result, the 'reserve army' of the unemployed persists, preventing the workers from increasing their wages and securing a better share in the social produce. These limits on the share of the workers in the social produce also limits their purchasing power, thereby limiting the growth of the market. This makes the system prone to crises, characterized by periodic over-production of commodities, which capitalists are unable to sell. A crisis occurs when the reproduction process hits the limits of the market. Unsold commodities accumulate and profits dry up, making the capitalists unwilling to employ their capital. The entire accumulation process gets disrupted, resulting in closure of enterprises and destruction of capital on the one hand and the swelling of the 'reserve army' of unemployed on the other.

It is often argued that Keynes also theorized this in "The General Theory of Employment, Interest and Money (1936) by analyzing how deficiency of aggregate demand can create deep recessions under capitalism. It is true that General Theory argued against cutting wages during recessions and advocated state intervention in demand management to reduce unemployment. But it did so more as an inside critique to fix the deficiencies of capitalism in the short-run. The strength of General Theory lies in its rich analysis of the speculative motive, liquidity preference and 'animal spirits', which is essential to understand the sharp fluctuations under capitalism in today's age of globalized finance. However, Capital's analysis of accumulation and crisis under capitalism is at a different plane. That difference is best understood in today's world of globalized production and finance. The theory of employment and unemployment contained in 'General Theory is a short period one. The phenomenon of jobless growth witnessed under globalization is therefore something which the General Theory would not be able to adequately explain. Capital, however, looks at technological progress – increasing automation of production – as a means of displacing labour by capital in order to maintain the reserve army of unemployed. Unemployment plays a functional role here, in enhancing the power of capital over labour, keeping it under strict discipline and restraining wage growth. An under-consumptionist tendency is built into the very nature of technological progress under

capitalism. Therefore, restricted consumption of the working masses is the basic underlying cause of crisis under capitalism.

For technological progress to occur under capitalism without increasing unemployment, ever-expanding investment by the state is required. Moreover, the level of investment by the state in labour absorbing activities must be so high as to generate sufficient employment growth which compensates for the growth of productivity in capital-intensive sectors. The pace of introduction of labour displacing technology and their diffusion also needs to be regulated by the state. Under globalization though, neither of the conditions has worked, because the essence of the globalization process has been the unleashing of the spontaneous tendencies of capital, free from any encumbrances of the state. The growing disconnects between investment and output growth on the one hand and employment and wages on the other – jobless growth and squeeze in real wages – is a direct consequence of this. It is the aggravation of the under-consumptionist tendency under globalization, arising out of jobless growth and depressed wages on account of intensified capitalist exploitation, which set the stage for a global economic crisis, which finally erupted in 2008.

Resurgence of Money-Capital

Nobody expected the British monarch, a relic of its pre-capitalist past, to crack one of the darkest jokes of the modern era, by asking academics at the London School of Economics in November 2008 why they did not ‘notice’ the coming of the global financial crisis. It is not as surreal as it appears though; given that Her Majesty’s personal investment portfolio is valued at £100 million, which may have shrunk a bit in that ‘awful’ mess. The academics later explained the ‘psychology of denial’ in a letter by stating that the crisis was a result of a failure to understand ‘risks to the system as a whole’. The solution offered is to develop ‘horizon-scanning capability’ so that the ‘forecasting-failure’ occurs ‘never again.’ As far as ‘horizon-scanning capability’ is concerned, Capital does not have any theory on the state of expectations or liquidity preference, which mark the originality of General Theory. But it does contain an elaborate discussion on ‘money-capital’ (finance) and ‘real capital’, which provides deep insights into the development of the financial

sphere of capitalism, its inter-relationship with the accumulation process and its role in aggravating the crisis tendencies of capitalism. This helps us to better assess the ‘risks to the system as a whole’.

Superimposed on the capital accumulation process, characterized by an under-consumptionist tendency, is the credit and financial system, which by making money owned by others available to capitalists, enables extended reproduction and centralization of capital. Centralization eventually creates a ‘superabundance’ of ‘money-capital’, which expresses itself in a ‘plethora’ of forms other than cash, like stocks, bonds and mortgages, whose transactions as commodities lead to the creation of ‘illusory’ value. This becomes ‘more and more a matter of gamble’, which attracts more and more of money-capital into these transactions. This causes sharp inflation in asset prices, which artificially causes a ‘forced expansion’ of the reproduction process. When these artificially inflated prices eventually crash, there is a rush to sell financial assets and ‘only cash payments have validity’. This causes credit to dry up because money-capitalists become unwilling to lend, and as a result the reproduction process gets disrupted, precipitating crises in both the spheres of financial and real capital.

At least three important conclusions follow from this in the context of globalization. First, ‘euthanasia of the rentier’ as prescribed by the General Theory becomes a far-fetched idea under capitalism, because while ‘money-capital’ and ‘real capital’ can be conceptually segregated with ease, they exist in the real world as a bloc deeply intertwined with each other. Even if the excesses of ‘money-capital’ can be curbed through state regulation for a while, the spontaneous tendency of centralization of real capital would inevitably bring ‘money-capital’ back in action through its ‘superabundance.’

Second, ‘socialization of investment’ naturally becomes a less preferable option for capitalism in a world where a ‘forced expansion’ of the reproduction process can be caused, however temporarily, through inflation in asset prices. Debt-driven consumption bubbles of the rich and affluent take the place of workers’ consumption as the driver of economic activity.

Third, in a world where ‘money-capital’ corners an increasing share of surplus-value by creating ‘illusory’ value, through the movement in asset prices independent of real capital – and that too across national boundaries – ‘approximation to full employment’ is bound to be abandoned as state policy. This is because international finance capital requires the stability of the international monetary system, for its own smooth functioning. This stability in the value of money (across currencies) is provided by stabilizing money wages, both through ‘flexibilization’ of labour as well as the maintenance of ‘reserve labour’.

The atrophy of social democracy as an economic philosophy within the rich countries and the ascendancy of neoliberalism follow from these developments, which have unfolded in the capitalist world since the 1970s. After being regulated and controlled by the state during the post-war decades of Keynesian demand management, money-capital witnessed resurgence in the shape of international finance capital. The results – in terms of increasing poverty and income inequality across the world, declining real wages, concentration of capital on an unprecedented scale, its cross-border mobility, skyrocketing CEO pay, financial deregulation, asset price bubbles, sub-prime lending – and all this eventually leading to the financial meltdown and great recession of 2008/2009; are there for everyone to see.

What is more revealing is the rapidity with which the ‘we-are-all-Keynesians-now’ mood of the immediate aftermath of the crisis has evaporated within the capitalist policy establishments, giving way to the same neoliberal humbug and hubris that caused the crisis in the first place. After spending humongous amounts of taxpayers’ money to bail out the failed investment banks and mortgage lenders, the policy locus in the rich countries has shifted back to the orthodoxy of cutting deficits and imposing austerity.

The pursuit of austerity measures by the governments of the rich countries, even in the backdrop of such historically high levels of unemployment, demonstrates the continued hegemony of international finance capital. While the General Theory would certainly be upset by such a predicament, which goes totally against its analysis and policy prescriptions, the strength

of Capital lies in its capacity to explain why matters have come to such a pass.

Freedom and Revolution

Any crisis of capitalism inevitably conjures specters of the collapse of capitalism. The ongoing crisis of the capitalist world has been no exception. Is this the end of capitalism that Marx had predicted? However, this notion of capitalism as a system collapsing after hitting the dead-end of an economic crisis finds no place in the analysis of Capital. It shows capitalism to be a system which contains spontaneous and contradictory tendencies of expansion and crisis, and which moves in time through these contradictory processes. It gets out of a mess only to land up, as the Queen might say, in another ‘awful’ one. The spate of debt, currency and financial crises the capitalist world has witnessed since the 1980s, eventually leading to the grand financial meltdown in the US in 2008 and the ongoing ‘great recession’, exposes that crisis-ridden character of capitalism. It is incapable of any sustained process of expansion. There are limits.

Revolutionary Framework

There is, however, a story about the end of capitalism in Capital, the story of proletarian revolution. Just as capitalism was born out of a revolution against feudalism, it will come to an end through a revolution by the workers against monopoly capital. While proletarian revolutions have not occurred in the rich capitalist countries till date, the first revolution inspired by Marx’s ideas happened in Russia. China and several other poor countries followed suit, which demonstrated the power of Marx’s concepts and analytical framework. Those revolutions were not ‘pure’ proletarian revolutions as was envisaged in Capital but were based upon innovations in both theory and praxis by revolutionary leaders like Lenin and Mao. But the starting point of all revolutionary theory since Marx has remained his framework.

The strength of the Marxian framework, as can be seen in Capital, lies in the fact that it does not look at capitalism as an ossified structure frozen in time but as a set of relationships and processes moving over time. Moreover, the framework is also adaptable, in the sense that insightful theories and objective analyses of society

developed independently can also get together with this framework, to enrich the analysis of the relationships and processes under capitalism. In other words, Marxism is and was always intended to be a scientific and revolutionary framework and not a set of religious beliefs or dogmas that claim to contain every truth about the world within its texts.

Under the present stage of imperialist globalization, the possibility of a 'pure' proletarian revolution in a rich capitalist country continues to look distant. It is the world of poor countries, which always remains alive with the possibility of revolution, because this world is home to the most exploited sections of humanity. The anti-imperialist upsurge in Latin America witnessed over the past decade has shown the future direction for the revolutionary struggles in the poor countries. Much of the innovations in theory and praxis introduced by Lenin and Mao, also continue to remain relevant in the context of imperialism, especially the concept of a democratic revolution based on worker-peasant alliance against imperialism and monopoly capital.

Workers and 'Reserve Labour'

What our analysis of imperialist globalization suggests, though, is the importance of bringing the classes comprising 'reserve labour' in the poor countries, to the centre stage of political and revolutionary mobilization. These are the peasantry and rural labourers on the one hand and the unemployed, underemployed, informal wage workers and self-employed petty producers in the urban areas on the other. These classes within the poor countries are bearing the brunt of imperialist exploitation today, living a life of drudgery, insecurity and impoverishment, in the swamp of the informal sector.

They helplessly watch the cruel joke being played on them by the national and international policy establishments, in the name of 'poverty reduction', 'inclusive growth', 'MDGs' and so on, even as rising prices of food and fuel eat away the pittance that they make after a very hard day's work. And even those low paying jobs have been snatched away from many of them by the economic crisis. These are the two billion plus who yearn the most for freedom from their exploitation. The unity between the workers facing capitalist exploitation and the 'reserve labour' facing imperialist exploitation is

the key. The intensification of capitalist exploitation cannot be fought back without fighting imperialist exploitation, which perpetuates 'reserve labour'. Marx while discussing the role of the reserve army of the unemployed in Capital had noted that their existence and recreation enables the 'despotism' of capital. This acquires added significance in today's world of globalized capital, where the 'disciplined, united, organized' workforce envisaged in Capital has increasingly given way to a multitude of casualized and irregular workers. The structure of the capitalist production process itself has changed with decentralization, sub-contracting and outsourcing of work, which have led to an overwhelmingly unorganized working class, considerably blurring the distinction between the employed and the unemployed. In this context, the suggestion made in Capital for workers and their trade unions 'to organize a regular co-operation between employed and unemployed in order to destroy or to weaken the ruinous effects of this natural law of capitalistic production on their class', acquires significance. It is on the bedrock of this revolutionary alliance between workers and 'reserve labour', against imperialism and the domestic ruling classes that the next tide of revolutionary transformations in this century has to be based.

References

- Adelman, I. (1961), *Theories of Economic Growth and Development*, Stanford, Stanford University Press.
- Arrow, K.J. (1979), "The Division of Labour in the Economy, the Polity, and Society," in G.O' Driscoll, Jr., ed., *Adam Smith and Modern Political Economy*, Ames, Iowa, Iowa State University Press.
- Bacha, Edmar L. (1978), "An Interpretation of Unequal Exchange from Prebisch-Singer to Emmanuel," *Journal of Development Economics*.
- Baldwin, R.E. and Venables, Anthony J. (1995), "Regional Economic Integration," in Grossman, Gene M. and Rogoff, Kenneth, eds., *Handbook of International Economics*, vol.3. Amsterdam, New York and Oxford, Elsevier, North-Holland.

- Bardhan, P.(1970), *Economic Growth, Development and Foreign Trade*, New York, Wiley.
- Bardhan, P. and Roemer, J., eds.(1993), *Market Socialism, the Current Debate*, Oxford, Oxford University Press.
- Bhagawati, J. (1969), "Optimal Policies and Immiserizing Growth," *American Economic Review*, 59, 967-70.
- Bhagawati, J.(1984), "The State of Development Theory," *American Economic Review*, 74, 1-10.
- Bhagawati, J. and Dehejia, V. (1994), "Freer Trade and Wages of the Unskilled: Is Marx Striking Again?" in *Trade and Wages: Leveling Wages Down?*, eds. J. Bhagawati and M.Kosters, Washington, American Enterprise Institute.
- Byrd, W. (1991), *The Market Mechanism and Economic Reforms in China*, New York, M.E.Sharpe.
- Chenery, H., Robinson, S., and Syrquin, M., eds. (1986), *Industrialisation and Growth: A Comparative Studies*, New York, Oxford University Press.
- Cook, Linda, (1993), *The Soviet Social Contract and Why It Failed: Welfare Policy and Workers' Politics from Brezhnev to Yeltsin*, Cambridge, Mass., Harvard University Press.
- Dodzin, Sergei and Vamvakidis, A. (1999), "Trade and Industrialization in Developing Agricultural Economic," *International Monetary Fund Working Paper*, IMF, Washington, DC.
- Emmanuel, a. (1972), *Unequal Exchange: A Study of the Imperialism of Trade*.
- Ghatak, S. (1995), *Introduction to Development Economics*, London, Routledge.
- Greenaway, D. (1992), "New Trade Theories and Developing Countries," in Balasubramanyam and S. Lall, eds., *Current Issue in Development Economics*, London, Macmillan, 159-69.
- Krugman, P. (1994a), "Europe Jobless, America Penniless?" *Foreign Policy*, 95, 19-34.
- Krugman, P. and Venables, A.J. (1995), "Globalisation and the Inequality of Nations," *Quarterly Journal of Economics*, 110, 857-80.
- Kuznetz, S. (1995), "Economic Growth and Income Inequality," *American Economic Review*, March.
- Lardy, Nicholas (1998a), *China's Unfinished Economic Revolution*, Washington, DC, The Brookings Institution.
- Lardy, Nicholas (1998b), "China's Unfinished Economic Experiment," in James Dorn, ed., *China in the New Millenium: Market Reforms and Social Development*, Washington, DC, CATO Institute.
- Lenin, V. (1939), *Imperialism, the Highest Stage of Capitalism*, New York, International Publishers.
- Lewis, W. Arthur (1988), "The Roots of Development Theory," *Handbook of Development Economics*, vol.1, Amsterdam, North-Holland, 27-38.
- Mao, Zedong (1977a), *Selected Works of Mao Zedong*, vol.5, Beijing, People's Press.
- Marx, Karl (1867), *Capital, a Critique of Political Economy*, vol.I-III, New York, International Publishers, 1967.
- Perkins, D., ed (1977), *Rural Small-Scale Industry in China*, Berkeley, University of California Press.
- Ram, Rati (1997), "Level of Economic Development and Income Inequality: Evidence from the Postwar Developed World," *Southern Economic Journal*, 64, 576-83.
- Ray, Debraj. (1998), *Development Economics*, Princeton, Princeton University Press.
- Sachs, J. (1995), "The Age of Global Capitalism," *Foreign Policy*, 98, Spring.
- Shleifer, A. and Vishny, R. (1993), "The Politics of Market Socialism," *Working Paper*, Department of Economics, Harvard University.
- Singer, H.W. (1984), "Industrialisation: Where Do We Stand? Where Are We Going?," *Industry & Development*, 0(12), 79-87.

Stiglitz, J. (1986), "The New Development economics," *World Development*, 14, 257-65.

Stiglitz, Joseph. (1998), "Sound Finance and Sustainable Development in Asia," Keynote Address to the Asia development forum, The World Bank Group.

Thompson, Henry. (1995), "Free Trade and Income Redistribution in some Developing and Newly Industrialised Countries," *Open Economic Review*, 6, 265-80.

Zaleski, E. (1980), *Stalinist Planning for Economic Growth, 1933-1952*, Chapel Hill, University of North Carolina Press.

Zweig, David. (1991), "Rural Industry: Constraining the Leading Growth Sector in China's Economy," Joint Economic Committee, US Congress, *China's Economic Dilemmas in the 1990s: The Problems of Reforms, Modernization, and Interdependence*, April, Washington DC, Government Printing Office