

AN EARLY APPROACH TO THE VARIETIES OF WORLD CAPITALISM: METHODOLOGICAL AND SUBSTANTIVE LESSONS FROM THE SENGHAAS/ MENZEL-PROJECT[☆]

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INTRODUCTION

Recurrent “methodological disputes” have haunted the social sciences, again and again polarizing the case-oriented quest for specification against

[☆]This essay is a reworked version of an earlier paper (Mjøset, 1992a). The present version focuses entirely on the development of a typology mapping varieties of world capitalism. The earlier paper is longer and contains more detail on the actual development of the Senghaas/Menzel project and on the shifting theoretical context in development studies as the project moved towards its final stage. It also contains a complete bibliography of the project publications until 1989. The most crucial difference between this version and the earlier (1992a) one, is that the evolution of the project is discussed with explicit reference to the methodology of grounded theory (Glaser & Strauss, 1967). While the methodological clarification has been updated, there has been no space or time available for a substantive update discussing how the Senghaas/Menzel framework holds up with in comparison with more recent work on the cases they covered.

Capitalisms Compared

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the natural science inspired quest for general, high-level theory. As a consequence, too much social science research is captured in either one of two vicious circles: ever more highly specified monographic case studies or preoccupation with periodically shifting general theories. The interaction of these two circles increases the risk of widespread amnesia: as social scientists are either bogged down in a stream of cases or flying high with the most recent grand (meta-)theories, social science forgets the actual empirical knowledge that is being meticulously created, maintained and revised in the daily handicraft carried out by a growing mass of researchers.

Regrets about the “gap between theory and empirical knowledge” reappear throughout the history of social science. But third alternatives, suggestions about how to overcome the polarization between “Geisteswissenschaften” and “Naturwissenschaften”, are also part of this history. Over the last decades, we have seen a renaissance for such alternatives (cf. Mjøset, 2006b). Many labels may be applied, but in our setting, let us call this a turn towards grounded notions of theory (Mjøset, 2005). In the following, we shall explore some implications of this methodological turn for the research frontier on “varieties of capitalism”, that has emerged in political economy over the same recent decades.

Overcoming the human versus natural sciences dichotomy is necessary in order to focus on what knowledge we actually possess in social science. The methodology of grounded theory points our attention to ways of accumulating knowledge that have been neglected both in standard and humanities-oriented methodologies. Two specific features of grounded theory are particularly relevant.

First, the emphasis on discovering theory makes the process of conceptualization transparent, all the way from the various data sources via concepts to the combination of concepts into theories. More often, concepts are simply taken for granted. Such non-transparent concepts tend to live their own life as the basis of ungrounded claims about mechanisms and processes.

Second, the notion of substantive grounded theory points to the role of typologies and periodization as means of systematic accumulation of knowledge on context and social processes (Mjøset, 2006c, 2006a, pp. 759–761). In most other methodological traditions, theory is conceived as formal. This leads to a top-down attitude towards empirical research. Context is something “empirical” being brought in “after” theoretical thinking! Also grounded theory has a notion of formal theory, but substantive theory has priority, while formal theory is discovered as explanatory patterns recurring in several different substantive research fields, or at least at different levels in

the same field. In grounded theory, the relation to empirical material is included from the very start and the idea of specifying the context (or scope) of generalizations is part of the process of discovering theory. The notion of formal grounded theory allows a reinterpretation of much discussed notions such as explanatory (causal) mechanisms. It brings “down-to-earth” a number of topics discussed in high-level social philosophical “theories of action” (Mjøset, 2006b, pp. 20–22).

Discussing substantive and formal grounded theory, Glaser and Strauss (1967, p. 34f) underline “that the formal theory we are talking about must be contrasted with ‘grand’ theory that is generated from logical assumptions and speculations about the ‘oughts’ of social life. [...] substantive theory and formal theory is a design for the cumulative nature of knowledge and theory. The design involves a progressive building up from facts, through substantive to grounded formal theory.”

In this perspective, the most important promise of the varieties of capitalism research frontier is its implicit plea for a comprehensive and systematic typological mapping of the *variety* of national capitalisms in the contemporary world. Such an interpretation will certainly be disputed: On the one hand, methodologists with a standard preference for natural science analogies will consider typologies as entirely descriptive classifications and demand that the study of varieties of capitalism be shored up in high-level theory. On the other hand, scholars pursuing social-philosophical methodologies will criticize the focus on nation states, demanding – in the name of totalizing interpretations of the present – a focus on globalization. These potential debates will not be pursued here. The problems concerning high-level general theories in social science have been discussed elsewhere (Mjøset, 2005, 2006b) and the following discussion is entirely at the middle level of grounded theory, with special attention to the typological component of substantive grounded theory.

We ask in this essay what earlier grounded research there is to rely on if we want to map the varieties of contemporary capitalism – worldwide. In the next 10 sections, we survey the sequence of projects carried out by German political scientists Dieter Senghaas and Ulrich Menzel between the mid-1970s and the mid-1980s. We show that their research can be interpreted as discovery of grounded theory, developing through four rounds of theoretical sampling of macro-historical cases of socio-economic development, leading to a final typology, considerations on mechanisms and social processes, as well as a set of quantitative indicators.

Senghaas/Menzel did not start out with an ambition to develop grounded theory. They never refer to that methodological literature, and as we shall

see, they were always tempted by a fairly common social science version of scientific realism. In line with pragmatist philosophy, grounded theory is quite sceptical of a "realism of theories" (Hacking, 1983) in which theory represents deep structures or driving forces. (The term deep structure stems from linguistics, where it denotes certain basic structures, which make the use of language possible for human beings.) However, what Senghaas/Menzel did in practice, fits the methodology of grounded theory better than any alternative methodology. We shall see that as their project progressed, there was a growing tension between claims about deep structures and reference to cases conceived as conjunctures. However, we shall also see that at the end, they fell back to deep structures. Despite this, there is a strong "grounded" current in all their work. The reason is probably that they were eager to develop what they call "a practice-oriented theory". Being practice-oriented, the theory would provide guidelines for development policies to be pursued by developing countries wanting to escape the vicious circles of under-development and neo-imperialism.

Table 1 provides an overview which distinguishes nine phases of the project: following problem formulation, an initial theory is drawn from S. Amin (for the broader background in Latin American dependency studies, see Mjøset, 1992a, pp. 97-99). Then follows four rounds of theoretical sampling, but inbetween the three first rounds of theoretical sampling, we find three rounds (called "memos") of conceptual and theoretical refinement. Amin's theory determines the first round of sampling, but it also leads to a first round of conceptual discussion, which is grounded in descriptive statistics and economic-historical material on several countries. The combined result of this (stylized as second memo) is the definition of the project's core category: "autocentred development with world-market integration". With reference to this core category, a number of historical cases are sampled (second round). This leads to two lists of explanatory factors (third memo), which again leads to two rounds of sampling: the third round considers some cases from the first round (with additions), and the fourth leads to analysis of two crucial contemporary cases. After these sequences of sampling and conceptualization, Senghaas/Menzel reach the stage where they can integrate their concepts into both substantive and formal grounded theory of autocentred development despite world market integration. This final theory differs strongly from the initial theory. The table very briefly notes various characteristics of the nine phases, and there will be further specified in separate sections (corresponding to Table 1) below.

Table 1. A Stylized Reconstruction of the Senghaas/Menzel-Project.

Theory/Concepts	Typology	Empirical Input	Mechanisms	Deep Structure	Further Research
1. Problem formulation Dependence north/ south: Growth-development					What lessons for developing countries?
2. Initial theory Drawn from Amin, cf. Fig. 1	Core/periphery, socialist/capitalist	Amin's African case studies	Table 2	The capitalist world economy	Delinking, self- reliance, regional cooperation
3. First round of theoretical sampling Drawn from Amin, cf. Fig. 2		Brazil, Japan; Socialist developing countries			Role of the pre- colonial context
4. First memo - conceptual discussion Peripherization-pressure cf. Fig. 3	Table 3			Two types of development: Autocentred vs. peripheral	Also historical cases can be sampled
5. Second memo - defining a core category Autocentred development despite world market links					Internal social structural preconditions
6. Second round of theoretical sampling		Small success cases in the European 19th century periphery	Embedded in explanatory accounts of the various cases	Egalitarian distribution of agrarian resources and income	What relevance for contemporary cases?

Table 1. (Continued)

Theory/Concepts	Typology	Empirical Input	Mechanisms	Deep Structure	Further Research
7. Third memo – list of explanatory factors		Stratified lists sort the various explanatory factors	Specification of mechanisms based on the lists	National legacies as deep structures?	Can contemporary cases be analysed with reference to the lists?
8. Third round of theoretical sampling	Typology of postwar socialist cases	Socialist developing countries and other socialist countries	Mechanisms related to political mobilization and participation	Politically induced economic problems	Problems of autocratic rule also relevant to state capitalist cases?
9. Fourth round of theoretical sampling		Contemporary success cases East Asian NICs			Problems of state-led development
10. Integration of theory	Table 6; final typology in Table 7	List of indicators (Table 8)	Vicious and virtuous circles (Figs. 4–5)	Multiplication of deep structures	How to generalize?

PROBLEM FORMULATION – HOW CAN PRESENT-DAY DEVELOPING COUNTRIES ACHIEVE GROWTH AND DEVELOPMENT?

The methodology of grounded theory is mostly presented with reference to research methods such as fieldwork (especially participant observation) and unstructured interviewing. But it works as well in empirical studies based on archival materials, documents and monographic studies. More generally, then, grounded theory is relevant in cases where the research starts from a *research problem* that requires the researcher to consult a wide set of empirical sources and (often seemingly unconnected) grounded theories.

This can be contrasted to research which starts from other points of departure: a researcher may start a project empirically from a given data set, employing quantitative techniques, or a researcher may start from a collection of texts to be interpreted, using the techniques of discourse analysis. Other starting points may be of an entirely theoretical nature: a neoclassical economist may start from a model which is developed as a thought experiment, or a social philosopher may start from some set of (older or modern) classics with a view to securing the “conditions of possibility” of social science, extending this to an interpretation of modernity.

From the point of view of grounded theory, these alternative points of departure can easily lead the researchers in an *ungrounded* direction, since they all deflect attention from the context of interaction, the specific historical situation. Researchers who move in this direction tend to strive towards some high theory ideal, while the promise of grounded theorists is more modest: generalize only as far as the context allows us (Mjøset, 2006a).

The process of separating grounded and ungrounded elements requires *both* empirical investigations based on *theoretical sampling* of further cases and sociology of knowledge reflection on the situation of researchers in specific historical contexts. The notion of theoretical sampling and the technique of writing “theoretical memos” are crucial ingredients in grounded theory (Corbin & Strauss, 1998). Theoretical sampling is the further sampling of cases based on the theoretical results so far achieved. In theoretical memos the researcher “puts down theoretical questions, hypotheses, summary of codes” (Strauss, 1987, pp. 22, 127f). They are means to develop “sensitizing concepts” (Blumer, 1969). Several of Senghaas/Menzel’s published papers contain sections that serve the same purpose as the (unpublished) memos in grounded theory. In the following, we use these notions to spell out the logic of Senghaas/Menzel’s research project.

Senghaas and Menzel's research problem was why some countries experience not just economic growth, but socio-economic development, while others remain trapped in underdevelopment, where the broad masses of the population experience no substantial welfare gains. They wanted their "practice-oriented theory" to contribute to learning: they explored what lessons present-day developing countries could draw from various contemporary and historical development experiences.

THEORETICAL POINT OF DEPARTURE

In the 1960s and early 1970s, a local research frontier already existed around the problem of development. The frontier was, however, quite divided due to a number of political and public sphere concerns. In particular, several varieties of dependency theory challenged the modernization theories of the 1950s and 1960s (Mjøset, 1992a, p. 99). Senghaas/Menzel chose to rely on one specific contribution within the available dependency literature on development: Amin's (1972, 1973) theory of peripheral capitalism. While the concepts of development and economic growth were and are used broadly in many social science disciplines, Amin's theory equipped Senghaas and Menzel with certain specific notions: autocentred and peripheral development.

Amin specifies these concepts in terms of a simple economic model of reproduction, in which the total output of an economy flows into four sectors (Fig. 1). The autocentred case can be modelled as a closed economy: the connection between sectors 2 and 4 dominates the economy. The peripheral case, however, must be modelled as an open one: sector 1 (exports, above all of certain staples) dominates, and the proceeds from that sector are largely spent on luxury goods, out of which a large share is imported. Thus, while the 1-3-connection is strong, the 2-4-connection is very weak.

Amin holds that the autocentred model corresponds to the "pure" model of capitalism analysed by Marx, typical of historical developments in

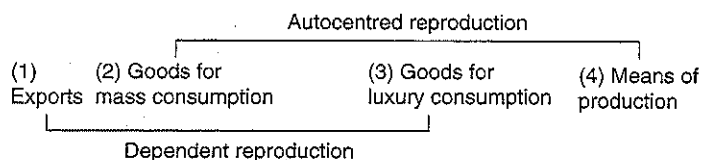


Fig. 1. Amin's Scheme of Reproduction.

Europe, and even in North America and Japan, that is, in all the central capitalist countries of the 19th and 20th century. In dependency theory, this is the cluster of countries called the capitalist centre or core. Unlike most dependency-theorists (such writers as Frank, Galtung and Wallerstein), Amin holds that this type of capitalist development can be regarded as a closed one: the "essential" relations of this system can be grasped independently of external influences, it is *autocentred*. But Amin shares the dependency view of the periphery: here seemingly endogenous factors are the product of exogenous forces. This defines his second variety of capitalism: peripheral capitalism.

The peripheral model of capitalism developed in response to the centre's need to import primary products. Capitalists of the core undertook investments to the extent that they could get either raw materials or foodstuffs at a lower cost than in the core. If there is a world market price, such a cost difference may depend on higher productivity (e.g. for natural reasons) or on lower wages. Abstracting from productivity, Amin (1972, p. 94) notes that in the peripheral case, several mechanisms are at work to ensure low wages in the export sector. Inbetween employment and open unemployment one finds a shifting spectrum of e.g. underemployment, high turnover rates, and independent employment in low-productivity activities.

To the extent that these mechanisms prevail, society loses its traditional, precapitalist nature. But no substantive domestic market is created. Rather, modes of production that were formerly "pre-capitalist" are reproduced. In the autocentred type, the capitalist mode of production eliminates other modes, while in the peripheral type, capitalist development is blocked by the influence of the centre, and therefore pre-capitalist modes are reproduced or conserved. Senghaas (1979b, p. 386) thus calls it "crypto-capitalism". Thus, a basic connection in the autocentred type, the productivity-indexed real wage, is absent. The autocentred type implies an equalization of levels of productivity, patterns of work organization, profit rates and wage levels. Such an equalization is absent in the periphery. The periphery attracts only certain investments and its domestic market is very limited. Amin also conceptualizes this situation as *structural heterogeneity*, with reference to structural defects such as the lack of linkages between agriculture and industry, no depth of production, incomplete input/output-structures, the fact that internal demand for food cannot be satisfied, and demographic developments that are out of control. This constellation also has political consequences: Elites become very rich, since income inequalities are larger than in the core. Such local rulers defend their privileges, above all by means of militarization (Senghaas, 1977, Ch. 9).

Table 2 summarizes the mechanisms analysed by Amin, that is: how productive forces, domestic markets, sectoral connections, population/employment dynamics, wage formation, as well as formation of political consciousness interact in different ways in each of the two types.

Amin's theory supports a major distinction in development theory: the distinction between economic growth and social development. The auto-centred case combines the two; the peripheral one does not. Amin sees the features of the peripheral type as fundamental deficiencies: as long as third world countries linked up with the international division of labour, these factors arise, irrespective of political regime, whether proclaimed socialist or post-colonial capitalist. These deficiencies serve to block a type of economic growth which implies development, that is abolition of marginalization, specified as satisfaction of basic needs, abolition of poverty, and provision of full employment. These countries have experienced economic growth in the postwar era, but not broadly based, only in certain sectors, and with increasing inequalities: *growth without development*. Such a peripheral constellation of "growth created and maintained from the outside" lacks any trend towards "self-centred national development, moved by its own internal dynamism" (quoted from Amin in Foster-Carter, 1980, p. 12).

Amin's systematic account of these mechanisms was grounded in two ways. First, it was based on case studies of the economic development of a number of West and North African post-colonial states (Foster-Carter, 1980). Second, it was also grounded in Amin's analysis of the transformation of the world economy under the impact of an increasingly rich and powerful core of Western countries that proved eager to secure cheap foodstuffs and raw materials to their increasingly productive industrial sectors.

But Amin also retained elements of a philosophy of history that tended to "unground" his theory. As one of the first third world Marxist economists, Amin revised older Marxist accounts of capitalism's historical development in order to account for the underdevelopment of postcolonial economies in the postwar third world. Nineteenth century capitalism had the "civilizing mission" of establishing an autocentred model of economic development, but in the postwar 20th century, a transition to that model was only possible under socialist conditions. As Fig. 2 indicates, the decolonized export-economies faced the dilemma of continued peripheral development (capitalism with no "civilizing" effects) or delinking from the neo-colonialist world economy. Furthermore, Amin claimed that the technology gap between the first and the third world in the 20th century had grown so wide that export-oriented catching up by poorer countries was now impossible (while such cases could be found in the 19th century). The distinction between pioneers

Table 2. Amin's Dichotomy.

	Autocentred	Peripheral (Structural Heterogeneity)
Development of productive forces	Homogenous	Heterogeneous, i.e. advanced in the modern sector, but backward in the traditional sector
Domestic market	Favouring products related to mass consumption	Favouring products related to luxury consumption (demand emerging among elites in their direct or indirect relations to the modern sector)
Sectoral connections and relation to agriculture	Durable consumer goods rely on a preceding industrialization of simpler consumer products as well as on a modernization of agriculture. The central country either developed its own sector for investment goods, or succeeded in a process of import substitution	The enclave export-sector spurs luxury consumption. Import substitution starts late and with durable consumer goods, i.e. the latest generation of core consumer goods. Thus, the domestic producers of simpler mass consumption goods are not stimulated to modernize. Production of basic foodstuffs, including the agricultural sector, stagnates. Industries do not become growth poles, but reinforce domestic inequalities. To the extent there are basic industries, they are supported by the state, and related to exports and luxury products, not to mass consumer goods
Population and employment dynamics	The broad masses of the population are integrated into the accumulation model. Cyclical crises of unemployment are replaced by "Keynesian" full employment-oriented economic management	The broad masses are marginalized. There is a secular increase of unemployment/and numerous varieties of under-employment (impossible to trace in statistical terms). These conditions secure a low wage

Table 2. (Continued)

	Autocentred	Peripheral (Structural Heterogeneity)
Wages	Origins of demand are the masses. Wages are high, they count as a crucial demand factor	Wages are a cost-factor only. In the modern sector they are very low, in the traditional sector they are at subsistence level, or there is a natural economy. The poverty of the masses is a condition for the integration of a minority in the world system. The elites emulate European or American ways of life. There is development only for the minority, not development for the masses
Political consciousness	Reformism in the working class	Reformist consciousness is not possible in the periphery, since the system does not integrate, but marginalize the masses

Source: Amin (1972), Senghaas (1979a), and Senghaas (1982, Ch. 7).

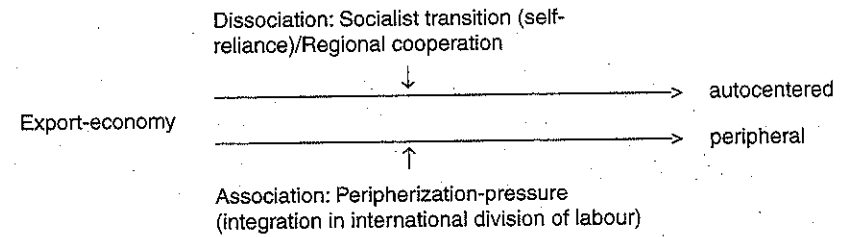


Fig. 2. Development Alternatives under 20th Century Post-Colonial Conditions - According to Amin.

and latecomers had thus become a structural feature of the capitalist world-economy.

FIRST ROUND OF THEORETICAL SAMPLING - CONTEMPORARY SOCIALIST DEVELOPING STATES

Starting from Amin's theory, Senghaas/Menzel set out to see how grounded it was. The first round of theoretical sampling of cases for analysis naturally focused on the countries that in the postwar period had delinked from the world economy, the critical subjects of Amin's theory. Senghaas put his group to work on these cases: China (Menzel, 1978, 1979), North Korea (Wontroba & Menzel 1978; Juttka-Reisse, 1979), Albania (Russ, 1979) and Cuba (Fabian, 1981).

For his own first book on these matters, Senghaas (1977) related to Amin's theory by sampling one case from each of the two types of capitalist development: Japan was analysed as a country that was exposed to the dangers of peripherization, but which quite early followed a dissociative strategy, thereby securing autocentred development. Brazil was analysed as the contrast case.

With some qualifications, the in-depth studies of China, North-Korea, Albania and Cuba confirmed indications that these socialist developing countries in a few postwar decades had been able to counteract the most vicious traits of underdevelopment and marginalization (illiteracy, hunger, malnourishment and unemployment) known from the capitalist periphery. Senghaas concluded in 1977/1978 that the post-1950 division between North and South Korea was clearly one between a North-Korean autocentred model and a South-Korean model based on full integration into the

capitalist world economy. The latter, Senghaas (preface to Wontroba & Menzel, 1978, pp. XV, XX; and preface to Russ, 1979, pp. VII, X) at that time claimed was locked up in structural heterogeneity (peripheral reproduction). Senghaas later (in preface to Menzel, 1985, p. 18) explicitly characterized this conclusion as "premature".

A more lasting insight from the first round of theoretical sampling was that the historical origins of a country mattered. Analysing Korea, the researchers employed another notion of Amin's, that of a tributary mode of production. Concerning Albania, which had only experienced a short spell of Italian colonialism, they raised the question of whether that country had been underdeveloped at all. Rather than a peripheral economy that had been underdeveloped by a strong core, it was perhaps an "undeveloped" country. Senghaas concluded that it would be important to include the different pre-colonial contexts in a systematic comparative analysis of contemporary peripheral social formations.

But before we consider Senghaas/Menzel's next round of theoretical sampling, we must take into account that a theoretical starting point can be revised with reference to other kinds of considerations than in-depth case studies. In fact, Senghaas/Menzel engaged in conceptual considerations that went beyond the few cases they had sampled. These conceptual considerations can be seen as efforts to question ungrounded elements in Amin's implied philosophy of history.

FIRST MEMO – CONCEPTUAL DISCUSSION

Indeed, from the outset, Senghaas had drawn on other sources than the Marxist tradition. His background was in Anglo-American political science, influenced by the recent "structural theory of imperialism" in peace research (see Mjøset, 1992a, p. 97). Senghaas (1977) also saw the parallels between dependency theory and the German historical school tradition, especially Friedrich List's (cf. Senghaas, 1991) older work on how latecoming countries could catch up by strategic use of tariffs to protect infant industries. List generalized the German and U.S. experiences. This helped Menzel/Senghaas to be explicit about the fact that historically, there were also cases of partial delinking on the part of larger *capitalist* countries.

Amin provided a philosophy of history account of where the world-economy was heading, one which allowed him to identify the marginalized masses of the third world as basis of critical social movements that would be the driving forces behind a change towards autocentred development.

Senghaas/Menzel were interested in cases from which contemporary developing countries could learn. They were not specific about who would learn: it might even be forces *within* third world states, certain political parties, fractions within the ruling elites, not just social movements.

In some of their writings, Senghaas/Menzel tried their way with a modified philosophy of history, one which did not relate to a socialism/capitalism-dualism, but retained Amin's idea of a growing technology gap. According to the famous Gerschenkron (1966) thesis, there is a secular trend towards more state intervention, a growing politicization and degree of state intervention, as we approach the contemporary situation (Senghaas, 1982, Ch.1, Sect. 3). Autocentred development has become an "ever more difficult and politicized affair, the further one proceeds to the present. (...) In the last sixty years there has been no single country which has reached any degree of overall coherence, viability and maturity without dissociating from the prevailing mechanisms of the world market" (Senghaas, 1981, p. 49, cf. Menzel & Senghaas, 1983 for a longer version). Unlike Amin, they hold that such state intervention need not necessarily take the form of a socialist planned economy, it might as well take the form of state capitalism, which retains competitive markets and capitalist ownership patterns. The Listian strategy should still be possible, socialism was no necessity!

Thus, Amin's simple alternatives break down. Senghaas/Menzel have to establish a more subtle typology of how countries had integrated into the international economy. This typology was not primarily the result of in-depth case studies, but of summary readings of economic historical literature about the trade policies of as many countries as possible. The results (specified according to period) were coded with reference to the autocentred/peripheral dichotomy (Fig. 2), and then related to a list – replacing the association/dissociation dichotomy (Fig. 2) – of five different patterns of trade integration in the world economy. The typology (Table 3) includes both the early starters and state-capitalist cases.

As for the earliest industrializers, these developed primarily due to internal dynamics, but with some degree of dissociation (type I). The same, they claim, was the case with the state capitalist developers since the late 19th century (type IV). A number of both European and third world cases had pursued policies of association (type II), but another large group of cases had combined association and dissociation (type III). Finally, a group of eastern cases had first dissociated, then partly associated (type V).

Type V includes Amin's paradigm cases of delinking from the post-war world economy. As for I and IV, the label "primacy of internal dynamics" indicates that these countries were either relieved of too strong

Table 3. Patterns of World Economic Integration and Resulting Development Pattern.

Pattern of Integration in the World-Economy	Autocentred	Peripheral
I. Primacy of internal dynamics: private market economy	Belgium (1820–1960) France (19th century) Austria Germany	
II. Associative	Switzerland (The Netherlands) Belgium (1860–)	Portugal (1703–) Ireland (1814–1930) Latin America (1840–1930) Africa (1880–1965) Asia (1880–1965) Portugal (1880–)
III. Associative/Dissociative	The Nordic countries (from 1860/1980) Settler colonies: Canada Australia, New Zealand; USA (before 1860)	Spain (1880–1937) Ireland (1930–) Latin America (1930–) Africa (1965–) Asia (1965–) India (1947–)
IV. Primacy of internal dynamics: state capitalism	Japan (1868–) Russia (1880–) Italy (1890–) Hungary (1880–) The USSR (1917–)	
V. Dissociative, Dissociative/Associative	The Eastern bloc and the socialist developing countries (1945–)	

Note: The typology is modified. Ireland has been added.

Source: Senghaas and Menzel (1979a), Senghaas (1981, p. 46), and Menzel and Senghaas (1983).

external challenges (type I) or were cases of successful state capitalism (type IV).

As for Japan, it was no longer just seen as an early developer, but also as a case of state capitalism. The notion of an active, interventionist state was no longer seen just as a feature of socialist economic organization. Senghaas still keeps Germany with the early developers, but one may discuss whether it also has important feature common with the state capitalist cases.

Since it turned out that autocentred development could be achieved in cases of partial dissociation, a notion of *critical periods* became important. The notion of a *take off* (into self-sustained growth) was well known in

modernization theory (Rostow, 1960). The notion of critical periods is similar, but comes via dependency theory, and is thus related to the problems that may arise from integration in the world economy, problems disregarded by modernization theory. In a critical period, the longer-term fate of a developing country is decided: it may embark on autocentred development, but it may also fail to do so. Thus, Brazil's (Senghaas, 1977) fate had obviously been sealed in the decades before 1930, so its turn to dissociation in the later inter-war period happened after its critical period, and could not alter its peripheral development path.

But Senghaas/Menzel also became aware of size as an important factor. This led them to modify even their Gerschenkronian version of the idea of a widening technology gap. The technology/competence gap was still a challenge to be tackled, but they found that at any point in historical time, the significance of the technology gap would vary with size: it would be more of a problem for smaller than for larger countries.

In Table 3, types II, III and IV involve some sort of association or some sort of capitalist organization. All of them contain *both* autocentred and peripheral cases of development. The *explanation* of both successes and failures thus could not be sought mainly in a country's of integration into the world economy.

Senghaas/Menzel therefore reconceptualized integration in the world economy in a way that broke with Amin's view that external pressure determines internal conditions. Internal conditions are determined by more factors than just colonial or neo-colonial ties. Instead of the earlier direct link from the world economy to type of development, Senghaas/Menzel focused on the internal development of capabilities and institutions. While in Amin's view, capitalism eradicates any historical legacy, creating either homogeneity or heterogeneity, Senghaas/Menzel gave historical legacies a more autonomous role. Unlike in Amin, *even underdevelopment* – not just success, but also *failure* in development – was to be understood basically with reference to internal forces. They see internal features as generally decisive, both in the first and in the third world. Not only autocentred, but also peripheral development is mainly due to domestic forces: "the success or failure of development processes very much depends on *internal* socio-political conditions, and if these work against overall development, not even the best international setting would be good enough to overcome such obstacles" (Senghaas, 1981, p. 51). Historical legacy and the state mattered more, and the depth of the technology gap less. The challenge now was to see in which precise respects it mattered. Furthermore, since autocentred development was possible in open economies, socialist self-reliance was rejected as the "norm".

In sum, Senghaas/Menzel were less and less interested in Amin's claim about secular trends and structural features of the world economy. As a consequence, they coined their own term, that of *peripherization pressure*, disconnected from the linear notion of the increasing technology gap and the external structural determinism. They considered it a permanent force in all historical phases of modern capitalism, a force that any country must tackle. How a country tackles it depends on internal, historically evolved conditions. Peripherization pressure is felt once a country starts to supply raw materials to more developed regions of the world economy. Thus, while they retain a role for the world economy, they move away from seeing it as a driving force that restructures the historical point of departure creating the heterogeneity that haunts the peripheral type. Development/underdevelopment depends on the internal situation.

Peripherization pressure is one factor in a conjuncture of factors. It impacts on a constellation of factors at the "domestic" side, and other elements in that same conjuncture – state elites and economic actors within a territorial unit – can regard peripherization-pressure as a challenge. The difference between this view and that of Amin comes out in a comparison of Figs. 2 and 3 (see Amin, 1988 for his response.)

Given these theoretical revisions, Senghaas/Menzel revised their views as to what the deep structure of development was. In Marx' theory, capitalism is the central category, in Amin it is the capitalist world economy, but in Senghaas/Menzel – in the end – it becomes *development*. Their commitment to the Marxist tradition was not strong, so it was not important that there should be one deep structure of capitalism versus another one typical of socialism. Rather, they allowed the distinction between autocentred and peripheral development to cut across the Marxist capitalism/socialism divide. Thus, they turned the two models of development into deep structures, using expressions such as: "the identity of the deep structure of different types of peripheral economies" (Senghaas, 1977, pp. 14–15). They declare as an internal deep structure what dependency wanted to regard as produced by an international deep structure. Unlike Marx, there was no longer a basic

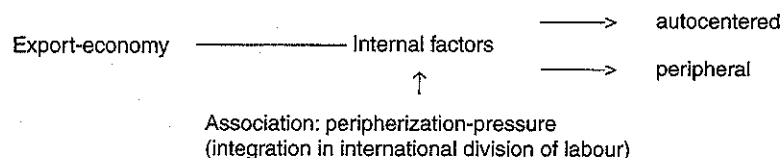


Fig. 3. Development Alternatives According to Senghaas/Menzel.

deep structure of capitalism. Unlike Amin, the outcome of integration in the world economy was no longer clear-cut! Autocentred and peripheral developments were now regarded as two deep structures.

SECOND MEMO – DEFINING THE CORE CATEGORY OF AUTOCENTRED DEVELOPMENT

When the early developer/latecomer distinction is deemphasized, and peripherization pressure does not increase in a secular way, while small size may mean stronger peripherization pressure, then one can study *historical* cases of transition, focusing on the critical phases. Unlike contemporary cases, the development of these historical cases was finished, their critical phases were closed chapters and could be studied as wholes.

Senghaas/Menzel thus took a broader historical look. They no longer considered early 19th century European development experiences simply as cases of early development. Even in that setting one could observe a capitalist world economy with a core exerting peripherization pressure on a periphery, a periphery that was in itself European. Senghaas/Menzel became aware of a study by the two Hungarian economic historians Berend and Ranki (1980a, 1980b) who compared the fate of the countries on the 19th century European periphery.

It was clear that – in Table 3 – II and III were the most surprising types, and especially the smaller ones among them. Following Senghaas/Menzel's conceptual revisions, the success of these countries – especially the small ones – would have to be explained in other ways than with reference to early development. Type II indicated that at least some small countries had achieved an autocentred pattern despite full integration in the world economy (Senghaas, 1982, Ch.1, Sect. 4). Senghaas/Menzel particularly mention Switzerland, a small country of two million inhabitants, exposed to quite extensive British pressure in the period 1760–1840. Still Switzerland must be judged as a case of autocentred development. Belgium had a similar experience. Still, most of the Type II countries are classified as cases of peripheral development. Type III countries, however, mixing elements of liberalization and protection, displayed a larger number of successful cases.

Senghaas/Menzel thus specified these cases through the category of "autocentred development despite world market integration", that is growth and development, despite a particularly strong external peripherization pressure. All successful types II and III countries had, at least partly, during some period of their critical phase, associated with the capitalist world

economy. Still they had successfully made the transition from export economies to coherent national economies. Here was a core category (Strauss, 1987, p. 34ff), a focal point for the discovery of grounded theory. This concept specified the experience of the autcentred cases within types II and III! What was it – “inside” these countries – that enabled them to resist peripherization pressure, or even: to turn such pressure to their own advantage by being able to develop in response to it?

SECOND ROUND OF THEORETICAL SAMPLING – HISTORICAL CASES

Further theoretical sampling was now based on the more subtle typology (Table 3) and on the conceptual specifications related to the core category. The sampled countries would be studied in their “critical early phases”, focusing on the “preconditions and processes characterizing development trajectories which do not lead to peripherization”. More precisely, the focus was on “the condition for effective counter-management in a situation of threatening peripherization by potential metropolises within a hierarchically ordered international economy” (Senghaas & Menzel, 1979b, p. 288).

Senghaas/Menzel mostly sampled success cases. In-depth studies were combined with empirical material drawn from broader economic history accounts, with a wish to generalize across types II and III cases. The aim was to investigate the constellations of factors that explained autcentred development of small countries despite world market integration. A very detailed study undertaken by Menzel (published 1988) studied the transition to an autcentred development pattern in the critical periods of three successful type III cases: Canada, Denmark and Sweden as well as in one type II country, Switzerland. Senghaas published a more synthetic book, relying partly on Menzel’s larger study, but also on two case studies of open, export-oriented economies that succeeded in tackling peripherization pressure (Senghaas, 1982, Chs. 2, 3). Above all, Senghaas investigated type III countries.

In Berend/Ranki’s (1980a, 1980b) analysis, the small Nordic countries stood out. Although they were vulnerable to competitive pressures arising from the world market (trade flows, the demand for raw materials and foodstuffs to the core economies), they were the most successful postwar small export economies of the OECD area. Senghaas’ (1982, Ch. 2) first case study dealt with these Nordic countries: how could it be that they had not been trapped in their early peripheral positions, but had countered further

peripherization-pressure, so that by the inter-war/postwar period, their pattern of development was clearly autcentred?

These type III countries had first associated to the world market by exporting their various staples: agrarian and mineral raw materials. Export incomes allowed them to import processed consumer goods and machinery. In a second phase, their infant industries were protected by dissociative policies. This ensured import-substitution industrialization. Export-orientation was not incompatible with autcentred development: “Once import-substitution industrialization succeeded, they began to export not only unprocessed agrarian and mineral raw materials but also processed consumer goods, and later on also producer goods” (1981, p. 45f).

The specified explanation starts from the dynamics of industrial development (Senghaas, 1982, pp. 135–138 and pp. 89–92). For the initial association to world markets via raw materials, they find that Hirschman’s (1977) theory of linkages demonstrates the potential for selective industrialization in close interaction with the staple exports. Given their conceptual reorientation, Senghaas/Menzel starts to build a more grounded theory, selecting elements from the development research frontier that they had not paid much attention to earlier: Hirschman’s theory is a case in point. Also the theory of how small countries may establish successful export activities in certain niches of the world market was important (Menzel, 1988, p. 582, with reference to Hildebrand, 1975).

While Amin saw raw materials export industries as export enclaves only, Senghaas/Menzel’s focus was on linkages extending from such raw materials exports. The nature of a country’s staple exports depends on geographical and climatic conditions. Among the Nordic countries, Denmark’s main staple exports have been agricultural products, while Norway, Finland and Sweden all have relied on forest products, Norway and Iceland also on North-Atlantic fish and Sweden also on its rich mineral ore deposits. Although these features are linked to basic resource endowments, they are not fundamental in an explanatory sense. Rather, the fact that these conditions have been utilized in a way that barred peripheral development must be explained by the social and political factors that Senghaas/Menzel regard as internal ones.

They are well aware that there is no automatism in the extension of linkages from natural endowments. They regard linkages as a potential that will be activated depending on social preconditions (Senghaas, 1982; p. 249 and p. 163; Menzel, 1988, p. 560). Realization of this potential gives rise to a progressive “maturing process”, which bolsters the transformation from an export economy to a coherent national economy. Linkages represent

barriers to entry, they involve competences which defend the national production system despite the integration in a world economy of stronger competitors. Forward linkages indicate industrial development which leads to increasing export shares of products further out in the chain of products, e.g. paper and pulp or planed wood rather than just timber. Backward linkages indicate industrial development which leads to increasing export shares of updated manufactured products related to exports of raw materials, e.g. paper-/pulp-machinery rather than just timber/pulp/paper.

As backward and forward linkages spread, the export sector is stripped of its enclave nature, and a substantive domestic market (*final demand linkages*) is established. The state is able to get its finances in order, contributing to the integration of the national economy by infrastructural investments (*fiscal linkages*). Autocentred development implies that an increasing number of the various linkage types play themselves out inside the national economy (Menzel, 1988, p. 552).

In order to explain why such a process of linkage extension takes place, the challenge is obviously to spell out exactly those social preconditions that trigger the linkage potential of a developing economy. Besides their analysis of success cases, Senghaas/Menzel also made some comparisons to failure cases, but less systematically. There was no monograph like Menzel (1988) on cases of peripheral development. Only in chapter 3 of Senghaas' (1982) book, the success case generalizations were compared to failure case experiences. Senghaas presented a number of paired comparisons and discussed a few of them with various degrees of precision. The most developed comparison was that between Denmark and Uruguay, and he notes that he could just as well have studied "Denmark and Ireland, the Netherlands and Portugal, Norway and Greece, Sweden and Spain, Finland and Rumania" (Senghaas, 1982, p. 147). Portraying the less successful cases, many of Amin's mechanisms of peripheral developments were confirmed, specified along properties defined in the study of the success-cases.

Let us first turn to the socio-economic factors (cf. Table 4 below): The first set of such factors relates to the distribution of property, resources and income. In the Nordic countries, rural incomes were broadly spread, and import substitution became "broadly effective". The relatively egalitarian distribution of holdings caused increasing incomes from exports and productivity increases to trickle down on large groups of the population, generating a home market, despite the small population. This mechanism was emphasized throughout the rest of the project. For instance, among the quite poor Norwegian farmers, some cash income flowed from part-time employment either in the fisheries or in forest-work, and these incomes

Table 4. Socio-Economic Factors Explaining Autocentred Development.

Area	Factors	Nature of Factors Conducive to Autocentred Development
Agrarian property	<ul style="list-style-type: none"> • Distribution of land holdings size of farms, legal status of peasants • Share of land occupied by holdings of different sizes • Pattern of ownership of other re-sources (forests, minerals, fish, etc.) • Innovation-orientation of farmers (Link to non-agrarian economic sectors: manufacturing) 	<ul style="list-style-type: none"> • All distributions are relatively "egalitarian" (or marked by only "moderate inequality"), that is: approaching the normal curve. (Self-owning family farms.) • High innovation orientation (Rather than size as such, the crucial feature is the intensity of farming and the degree of mechanization, i.e. the productivities of land and labour, this is spurred by egalitarian distribution.) • Strong cooperative movement (both sales and inputs). This counteracts income concentration among merchant capitalists. Family farms benefits and gains technical competence
Distributional patterns	<ul style="list-style-type: none"> • Cooperatives • Distribution of income • The relation between the distribution of income and the savings rate • The relation between the distribution of income and the demand for investment goods • The share of wages and salaries in the net national product 	<ul style="list-style-type: none"> • Same as above (only "moderate inequality"); influences the dynamics of the domestic market (contributes to "homogenous social structure") • The savings rate must be such that productive investments are allowed • The domestic market must be sufficiently stimulated • Relatively high (especially due to strong union movements and/or restrictive immigration policies)

Table 4. (Continued)

Area	Factors	Nature of Factors Conducive to Autocentred Development
Economic institutions (affecting the quality of the firms)	Firms	
	<ul style="list-style-type: none"> • Risk-oriented entrepreneurs/firms 	<ul style="list-style-type: none"> • Industrial interests, gaining hegemony over traditional elite groups (related to social and political mobilization)
	Financial system <ul style="list-style-type: none"> • Banking system Innovation <ul style="list-style-type: none"> • Nature of national innovation system at the firm level 	<ul style="list-style-type: none"> • Supportive of these firms • Able to mix collaboration and competition, to absorb information and new technologies, to innovate in times of crisis
	Education and Training <ul style="list-style-type: none"> • Level of education (cf. state) • Quality of institutions for higher education (cf. state) 	<ul style="list-style-type: none"> • High (early high level of literacy) • High quality, and dense connections to firms

Source: Senghaas (1982, p. 136f and p. 90f) and Menzel (1988, p. 561f). Modified and extended.

contributed to the multiplication of linkages within the national economy. This trickle down process produced an early and radical transformation of the agrarian structure, so that farmers favoured modernization of agriculture. The evolving domestic market was sustained by a certain minimum of purchasing power among the broad strata of the population: a number of small manufacturing firms catered to this demand. Import-substitution did not require extreme degrees of protection.

Let us briefly illustrate how the first set of factors also can be combined into analysis of dynamic development sequences during the critical phase. As long as a rudimentary autocentred pattern been established, peripheralizing trends are counteracted: price competition from stronger competitors lead to "innovative responses" (Senghaas, 1982, p. 135 and p. 89; cf. Levin, 1960; Smith & Toye, 1979). The capacities of the country are systematically organized in what the neo-schumpeterians call the national system of innovation. Studying agro-industrial interactions in a setting of family farming, strong cooperative institutions and village-based small manufacturing workshops, Lundvall (1988) pointed to the importance of learning through user/producer-interaction, suggesting this as a main factor in the explanation of Denmark's superior performance as an exporter of dairy machinery

(a backward linkage from the production of dairy products). User/producer interaction can be considered formal grounded theory, while the explanation of Denmark's peculiar specialization is a substantive grounded theory.

Contrasting Uruguay and Denmark, Senghaas notes that the two countries did not have "dissimilar" points of departure: they were small, had small populations, and their modern development started in the early 19th century, based on agrarian staple exports, as they both lacked other natural resources. About 160 years later, Denmark was one of the world's richest countries, while Uruguay displayed all the defects of peripheral capitalism. Senghaas denies that Uruguay was kind of a "Latin-American Switzerland" in the mid-19th century. Rather, he holds that already at that time, Uruguay's "social deep structure" was decisively different from Denmark's. Uruguay's pattern was a "Latin American" one, with very large farms, indicating a highly skewed distribution of land. Danish land and income, in contrast, were much more evenly distributed. "These different degrees of inequality implied different development potentials of the domestic market in question. In Uruguay a highly unequal structure resulted in import-export activities on the pattern of the classical division of labour between metropolises and peripheries" (Senghaas, 1982, p. 174 and p. 119). This is a specification of the peripheral model as one out of two deep structures of development.

The connection between industry and agriculture was entirely different in the two countries. In Denmark, dense microcircuits linked manufacturing industry to agriculture. In Uruguay, "stock farming, which started with extensive production methods, remained basically extensive over decades and did not on the whole lead to any diversification of agriculture, was bound to prevent the emergence of an agriculture-based industry of Danish quality and density" (Senghaas, 1982, p. 169f and p. 113, cf. type 3 in Table 7 below).

The distribution of land holdings plays a crucial role here. If, writes Senghaas, in an exercise of counterfactual reasoning, "big estates had retained a larger presence and greater political influence, agricultural development on the pattern prevailing east of the Elbe [i.e. feudal patterns; L.M.] would have been more likely than an agricultural system based on family-operated farms and an economically independent peasantry" (Senghaas, 1982, p. 175f and p. 121). Senghaas enjoys playing around with such "alternative scenarios": If Finland had developed a Latin-American type agrarian oligarchy, he writes, these social forces would have had no interest in supporting a domestic import substitution industry. The consumption needs of such a small elite could easily be satisfied by imports (Senghaas,

1982, p. 121 and p. 77). Finland could have become like Romania (Menzel & Senghaas, 1986, p. 42; Senghaas, 1988, p. 21f). He also imagines a Balcan-Romanian fate for Sweden, possibly a Greek fate for Norway (Senghaas, 1982, p. 139f and p. 92), or Australia becoming something like Argentina. Conversely, he imagines that Portugal could have been Belgium or Switzerland (Menzel & Senghaas, 1986, p. 42; Senghaas, 1988, p. 21f). Senghaas also gives brief discussions, based on a very limited selection of sources, of two other autocentred cases (New Zealand and the Netherlands), and of one additional peripheral case (Ireland). He also presents the development of the Cuban economy since 1963 as a case of autocentred development "in spite of an initial dependence on agricultural exports" (Senghaas, 1982, p. 194). He then turns from small export-economies to somewhat larger ones, analysing briefly a variety of peripheral cases: Hungary, Romania, Thailand, Spain, the southern states of the U.S. and Argentina. The latter is compared to Australia, which is counted as an autocentred case.

Based on the factors identified, one can also pursue systematic process tracing: One such dynamic process is given special attention by both researchers. Although the structure of agrarian ownership was comparatively egalitarian, there was still poverty connected to the mid-19th century population explosion in rural areas. Thus, all of the Nordic countries recorded high emigration (Mjøset, 1992b, Table 4.5). Senghaas/Menzel refer to the Lewis (1954) type dual economy model in order to illuminate the effects of turning from a situation with unlimited supplies of labour to one marked by increasing scarcity of labour (largely due to emigration). Such factor shortage, however, was met by innovative response, a turn from extensive to intensive use of resources (Menzel, 1988, pp. 556–560, for examples). To the extent there were other kinds of factor shortages (soil, energy, raw materials, infrastructure, capital), there were similar responses.

Let us now turn to the political-institutional factors (cf. Table 5 below): First, there was successful defeudalization and deoligarchization of the agrarian societies. Second, given modernization based on export-industries interacting with smaller manufacturing firms supplying an evolving domestic market, there was early social and political mobilization protecting the interests of the working masses. This sustained and increased mass demand, which consolidated the domestic market. Third, there were measures to increase the general level of education, since efforts to hook on to internationally evolving technologies and product-innovation required permanent adjustment and upgrading of acquired competences. Fourth, these political systems allowed free speech, mobilization, institutionalized conflict solution (Menzel, 1988, p. 579).

Table 5. Socio-Political Mobilization Factors Explaining Autocentred Development.

Area	Factors	Nature of Factors Conducive to Autocentred Development
Social (defeudalization)	<ul style="list-style-type: none"> • Mobilisation of farmers • Mobilisation of workers 	<ul style="list-style-type: none"> • Strong cooperative movement • Strong union movement
Political (deoligarchization)	<ul style="list-style-type: none"> • Democratization (agrarian reform, abolition of special privileges) • Nation building and sovereignty • Nature of party system 	<ul style="list-style-type: none"> • Effective democratization weakens old elites and leaves more room for "industrial" interest groups and the establishment of "conflict solution systems" in which these groups have a say (corporatism) • Early national sovereignty allows national self-determination in customs policies, control of resources, use of earlier unsettled areas. Events in smaller countries often corresponded to the revolutionary events in the larger countries (1789, 1848, 1917, etc.) • Only moderate degrees of clientelism. A parliamentary-political constellation that counterbalances the alliance between dominant export-interests and external interests involved in trade and investment with the country
State apparatus	<ul style="list-style-type: none"> • Administrative reform • State provision of infrastructure • State provision of education (see Table 4) 	<ul style="list-style-type: none"> • The bureaucracy must adjust to democratization and new social movements • Unified legal system and legal security (securing personal rights/freedoms) • Maintain demand e.g. for high-tech products, facilitate the emergence of industrial centres and interaction between agriculture and industry. Match intervention and competition (cf. economic institutions Table 4).

Source: Senghaas (1982, p. 136f and p. 90f) and Menzel (1988, p. 565). Modified and extended.

Menzel (1988, p. 552) summarizes the common factors found in his four cases as follows: Responding to peripherization pressure, each country showed a "unique mix of technology transfer and indigenous invention or adjustment". Their trade policies involved "very careful and very selective" delinking. All countries avoided direct competition, seeking specialized niches, that is, hiding behind barriers based on specific skills and competences. Trade liberalization and state intervention were balanced: liberalization hit remaining feudal privileges, and state intervention was responsible for the fact that in "all cases a more homogenous distribution of land was either preserved or initiated". This trend would continue in the 1930s, with early welfare state measures, and early efforts at employment policies.

As for these political-institutional factors, peripheral cases were only introduced in quite unsystematic ways. Senghaas' contrasting of Denmark and Uruguay briefly mentioned various institutions and counter-mechanisms such as clientilism, corruption and low trust in government/state, features which could be seen as interacting with the inegalitarian distributions of land and income to barr autocentred development.

It is impossible here to summarize the full extent of factors and conjunctures analysed by Senghaas/Menzel, but the main factors can be synthesized in two tables (Tables 4 and 5), which can be seen to constitute a new "memo" – a "mid-project" report.

THIRD MEMO – LISTS OF EXPLANATORY FACTORS

Grounded theory can be regarded as a subspecies of a more general approach to systematic knowledge in the social sciences: explanation-based theory (Mjøset, 2005). We have just seen how Senghaas/Menzel tried their best to explain the fact that the success cases sampled during their second round achieved autocentred development without cutting entirely off from the world economy.

The several papers in which Senghaas/Menzel reflected on these results can be treated as a new memo, which consists of lists of the explanatory factors they have discovered. Thinking about these factors, it is relevant to *sort* them in some way. In Tables 4 and 5 we have systematically listed the factors generalized by Senghaas (1982) from the study of the critical phases of types II and III cases. Table 4 contains socio-economic factors and Table 5 the political-institutional factors. These factors form "the basic background and environmental conditions" behind the development scenarios that can be observed historically. Further sorting is also possible: the socio-economic

factors of Table 4 is grouped in three dimensions (agrarian property, distributional patterns, economic institutions) and the political-institutional factors of Table 5 are similarly clustered into social and political mobilization as well as state institutions/policies.

Senghaas/Menzel do not establish these lists themselves, but a similar sorting of factors play a major role as they work further on their project. Such sorting of explanatory factors provide checklists that guide the study of further cases, they inspire further discussion about which institutions, movements and policy areas that are important. They invite investigation of mechanisms understood as formal grounded theory relating to various social spheres and interaction across several spheres. Working on these diverse explanatory factors, the researchers stumble upon earlier grounded ("middle range") theories that prove important in certain respects, witness the importance of Lewis' dual economy model and Hirschman's theory of economic linkages. The latter cuts across the dependency versus modernization theory polarization, which turns out to be a quarrel between high level theories that are not sufficiently grounded. With reference to Tables 4 and 5, one can specify how the various factors have "a configurative effect on each other", that is, they interact in processes of "circular and cumulative causation" (Menzel & Senghaas, 1986, p. 29f; Senghaas, 1988, p. 11 refer to Gunnar Myrdal's notion, for a more recent statement, see Ragin (1986) on "multiple conjunctural causation").

This leads on to a discussion of the relation between mechanisms and processes of cumulative causation. While mechanisms may be stated in entirely formal terms (Hirschman's idea about linkages may be formulated as a network approach to industrial structure), social processes are semi-specific: historically, all the Nordic countries display cumulative processes that link e.g. their relatively egalitarian resource/income-distributions, their cooperative movements, and their systems of education and skill-creation. A higher level of literacy interacted with an increasing quality of higher education. This led to greater capacity to survey and disseminate knowledge, and this – among other things – influenced developments in the agrarian sector: the cooperative movement could provide information to farmers on new knowledge (technological and business cycle trends). Through other channels, such knowledge flowed to industry too.

In methodological terms, unsorted lists of factors are relatively inductive, but they are collected not by chance, they reflect specified research problems. Sorting the lists and combining the explanatory factors, the researchers arrive at mechanisms and social processes. Thus, these are grounded, but they are also the result of analytic procedures, explicit concept formation

and considerations about relations between concepts. They are not the result of *ungrounded* analytic thinking, they are not, for instance, based on game-theoretical modelling or on some philosophy of history account of modernity.

Furthermore, by studying cases where the factors listed are absent, Senghaas/Menzel can use the list to decide which of Amin's mechanisms that should be retained. Thus, the study of successful developments also benefits the study of underdevelopment.

The specifications achieved by working on the basis of these lists make the quest for driving forces more complicated. As more cases are discussed, statements on what the deep structures are tend to multiply. A deep structure can be seen as a national or regional legacy. Such legacies may be conceived as conjunctures of several of the factors listed in Tables 4 and 5. In that case, it becomes hard to analyse a transition from peripheral to autocentred development. Analysing such conjunctures, we cannot see theory as "representation" of fundamental forces that drive a country out of structural heterogeneity and into structural homogeneity. But we can see entities as real: real actors (collective and others) that are learning and making decisions. We turn from Hacking's (1983) "realism of theories" to his "realism of entities".

The division between what is deep and what is "surface" tends to diminish. The researchers are drawn in an empirical direction. They trace processes of cumulative causation and realise that these are embedded in specific contexts. Given the importance of the territorial nation-state through the historical period analysed, the context is above all a national one, but even specific world-historical periods (such as the inter-war period) are relevant as context. Thus, the comparative analysis of distinct cases – grounded theory – emerges as an alternative to generalized driving forces or deep structures. We return to this at the end of this essay.

THIRD ROUND OF THEORETICAL SAMPLING – EARLIER AND NEW SOCIALIST CASES

With their stratified lists of explanatory factors based on theoretically sampled cases, Senghaas/Menzel had a rudimentary grounded theory. Still, it relied on a limited number of cases. Their next stop was to develop the theory through the explanation of further cases. Senghaas/Menzel both pursued theoretical sampling of further cases and reanalysis of earlier cases. The latter was relevant since the theory had been changed.

In the reanalysis, the lists of explanatory factors were projected back on to the socialist countries that had delinked from the world economy. In a 1980 essay (reprinted as Senghaas, 1982, Ch. 6), Senghaas reanalysed these developing countries together with the more developed socialist states of postwar Europe's eastern bloc. For none of these cases he could assume (as one might have done with reference to Amin's theory) that since they were in the "right" structural position economically, the internal conditions made no difference to their development. Senghaas turned to an alternative idea that also rooted in the dependency tradition: Immanuel Wallerstein's (1979, p. 74) claim that socialism does not transcend capitalism, it is rather a strategy for catching up with the capitalist core.

Senghaas claims that in a first phase, all small socialist countries could record successes. But these early successes created a politically based "disproportionality", which eventually gave rise to structural economic problems. The monopoly of power tended to isolate the ruling elites, who ran a top-heavy planning bureaucracy, increasingly incapable of both learning from experience and of critically evaluating policies. This led to misplaced investments and problems of coordinating the industrial sectors of these planned economies. Thus, when the demand for increased supply of agricultural and industrial consumer goods picked up, even the most industrialized countries were incapable of responding in a satisfactory way. The development of a domestic market, that is, the transition from extensive to intensive economic development, was blocked.

Senghaas considers that this may be a similarity between socialist and state capitalist latecomers that attempt to catch up. In particular, he claimed that these problems of autocratic rule might shed light on the ongoing political conflicts (late 1970s) in South Korea and Taiwan (Senghaas & Menzel, 1981, p. 38). An authoritarian political framework can only be reproduced in the long term with counter-productive social and economic consequences. The development of productive forces creates highly complex socio-economic structures. It becomes imperative to transform the political and administrative system into one that has "socio-cybernetic potential" for self-management. Attempts to manage such complex structures within an autocratic framework create political problems that easily feed back to the economic structure, decreasing the productivity of capital. Increasing complexity must be matched by a more flexible political framework than what the command approach can supply. The paradox is that while autocratic rule seems necessary at the outset, in the longer run it creates political inertia. Such a situation may lead to complicated social conflicts that may stall the virtuous circles of autocentred development.

In methodological terms, we can see how the history of factors that explain the Nordic countries is projected on other cases. The researchers here encounter cases of political-institutional barriers to further development along an autocentred path. To explain this, they discover mechanisms and these are combined into cumulative processes that differ from those analysed in the Nordic cases. They select certain middle range theories, quite formal theories, but still judged to be grounded enough to serve as the best analytical framework when combining the new mechanisms into new cumulative processes. In these cases of political barriers to further autocentred development, Senghaas/Menzel find that theoretical elements from earlier modernization theory, notably Deutsch' socio-cybernetic theory, have best analysed such features (Senghaas & Menzel, 1981, p. 38; Deutsch, 1961, 1966, 1977). This theory, by the way, is similar to linkage theory in that it thinks very much in terms of networks and transactions.

These political problems of further autocentred developments were most pronounced in the most industrialized, "advanced socialist countries" (such as GDR, CSSR). The combination of command economies and political autocracy barred the further transformation towards consumer-oriented, intensive economic development. The population became apathetic, as most people retreated to privacy. Here is actually an exception from the rule that social scientists are seldom good at predicting: Ten years before the peaceful Eastern European revolutions of 1989, Senghaas (1982, p. 299 and p. 198) wrote that "new social conflicts threaten to arise as a consequence of growing social inequality": "If reforms are not carried out, the efficiency trend of the economy further declines. If they are carried out, new and hitherto unusual forms of open conflict settlement are necessary, which conflict with the present political-institutional character of socialist societies. Here lies the acute structural dilemma of present socialist societies". Paradoxically, what was needed in these "worker/farmer-states", was a "political catching up" process which would make the labour movement independent (Senghaas, 1982, p. 319). A class compromise should develop, with open, institutionalized conflict settlement (Senghaas, 1982, p. 299f and p. 198). Regional cooperation in the Eastern bloc (Comecon) could not compensate for these internal deficiencies.

Socialism was most efficient in the socialist developing countries where it helped overcome structures established either by peripheral capitalism or by underdevelopment. But Senghaas was now convinced that results from the study of these countries could not be generalized to other socialist countries. Even worse, the analysis of the other socialist countries indicated political problems that seemed likely to occur if socio-economic progress was not

matched by some sort of democratization. This indicated development problems for any country in which authoritarian rule was maintained its critical period.

This also specifies the analysis of the European (and more broadly the OECD) cases: parallel to the establishment of "closed national economies", they developed specific political institutions and particular cultural identities. This increases the importance of these cases as models even for political development. The eastern European and other socialist countries were (now) redefined as changes which embarked on an autocentred track from which they later departed. Senghaas here anticipated later research on topics such as democracy and development, and "democratic peace".

The group of autocentred cases was narrowed down, the variety of non-autocentred cases increased. Thus, it made less sense to claim that peripheral development is marked by one deep structure. The roots of success and failure may be at the socio-economic or the political-institutional level. If the autocratic political institutions remain unaltered, quite egalitarian distributions of land and income may be tied up in a constellation that establish barriers to development. Once again, it turns out that when the focus turned to internal factors, it was harder to maintain the idea of fundamental driving forces. The sampling of the socialist countries thus sustained the move towards conjunctures rather than deep structures.

FOURTH ROUND OF THEORETICAL SAMPLING – CONTEMPORARY SUCCESSFUL DEVELOPERS, THE NIC-COUNTRIES

Through the discussion of 19th century success cases and 20th century socialist problem cases, the theory of autocentred development was further integrated. The success cases, however, were historical ones, their critical periods were in the 19th century, and the contemporary socialist cases differed from the non-socialist ones both in terms of internal organization and international integration. Obviously, it was now crucial to sample other contemporary cases, especially cases marked by association to the capitalist world economy.

Just at the time Senghaas/Menzel worked on this, certain new experiences captured the attention of development researchers: the East Asian "Newly Industrialized Countries" (NICs) emerged in the late 1970s as second generation Japanese style "miracle economies". Between 1981 and 1984, Senghaas/Menzel conducted a project on East Asia's so-called

“threshold-countries”: South Korea and Taiwan, the two most important NICs.

We have seen that in the first phase of the project, Senghaas had held that South Korea shared all the traits of the peripheral mode. In his early 1980s programmatic essay (1982, Ch. 5) on the East Asian miracle countries, he found it hard to decide whether South Korea was about to make a transition to autcentred development, or whether it was still marked by some of the same difficulties as other countries of the capitalist periphery (Senghaas, 1982, p. 261 and p. 170). He now emphasized, however, that both income distribution and the distribution of holdings were more egalitarian than in most other third world countries (Senghaas, 1982, p. 262 and p. 171f). Only Taiwan had a better score. He found, however, that there had been no deepening of the domestic market, a fact which corresponded to an abnormally (given its medium large population) high export share (34 percent in 1978). Inspired by the studies of Nordic developments, he speculated whether South Korea would experience a situation of labour scarcity, as its economy got thoroughly capitalized, and whether such a squeeze would lead the country on to a more dynamic development path (cf. the Lewis model). But alternatively, he entertained the idea – just sketched above – that if South Korea failed to turn from extensive (peripherization) to intensive accumulation (autocentred development), with a continuous increase in productivity, it would encounter problems similar to those of socialist developing countries, e.g. its socialist twin, North Korea (Senghaas, 1982, p. 266 and p. 175). Senghaas employed the results of earlier research in the analysis of the cases that he most recently sampled.

Following Menzel's (1985) monograph on the cases of South Korea and Taiwan, these hunches were further modified. The two countries were now largely presented as success cases. The list of factors derived earlier was used as a checklist. Again, the deep structure/conjunctures schism appeared. Senghaas/Menzel rejected the claim that any one factor explains Taiwan's and South Korea's success. At the same time they argue that all the factors here mentioned must “be seen in the light of the relatively homogeneous baseline profile that is typical of the East Asian development paths” (Menzel & Senghaas, 1986, p. 57; Senghaas, 1988, p. 35). They are still tempted by the idea that egalitarian distributions of property and income play a fundamental role, but in the end, the explanation is in terms of a more complex virtuous circle in which these factors reinforce each other. We provide just a brief summary of their analysis:

The first set of factors (cf. Table 4) is the socio-economic ones: agrarian property and income distribution. In fact, there were postwar land-reforms

in both countries, spurred by the U.S., which – given the two countries' location on the Cold War perimeter – provided generous aid (Menzel & Senghaas, 1986, p. 157) to both. This was a policy strikingly different from the U.S. policy towards its own “backyard”, Latin America. It should be noted that in this conjuncture, there is a link between the distribution of agrarian property and a system which is international and connected to Amin's capitalist world economy, but not identical to it: the Cold War geopolitical structure, the system that Senghaas had originally studied as a peace researcher. This system of international relations was linked to the international economy above all through the exercise of U.S. hegemony.

Senghaas/Menzel also mention a number of factors that relate to how the national system of production responds to international competition by upgrading and innovation. Firms are marked by a systematic export-orientation. They also discuss the possibility that there are certain cultural traits typical of the East-Asian region (an eagerness to learn), traits that may be reinforced by state policies in the field of education and research. A high level of educational achievement is typical of these countries. Also other social structural factors (possibly interacting with egalitarian distributions) are taken into account: high social mobility and a peculiar work ethic.

Further factors relate to “state capitalist” features. One is the long-run absence of direct investments by foreign firms, since ownership was largely restricted to nationally based business elites. Another is the existence of a strong and skilful state bureaucracy, capable of leading industrialization, organizing capital imports and balancing associative and dissociative features of trade policies (Menzel & Senghaas, 1986, pp. 157–159, 170). The latter feature is the best example of a strong state class (cf. Type 5 of Table 7 below).

Senghaas/Menzel also add a new set of factors relating to regional peculiarities. Amin's original analysis of peripheral development was related to his views on the transition from classical to new colonialism. But Senghaas/Menzel found that in the East-Asian region, important colonialist influences did not create peripheral patterns. Although Japanese rule was ruthless and despotic, the Japanese – when they withdrew – left behind them an industrial tradition, a tradition of state capitalist organization, as well as a food producing sector which was a potential basis for autonomous development (Menzel & Senghaas, 1986, p. 34; Senghaas, 1988, p. 15). In the postwar period, Japan's dominance was replaced by U.S. hegemony via the Japanese-American alliance in the Far East, as already noted.

As for methodological lessons, we recognize that this insight into regional geopolitics can again be projected back to other cases in the U.S. sphere on

influence! By introducing the nature of hegemonic or great power influence into the analytical framework, the theory is adjusted. Japanese influence was different both from Western influence and from Moscow's dominance in the socialist world. The East-Asian NICs pushed eagerly to catch up not generally, but with Japan specifically.

Similarly, the later U.S. influence was important. It is likely that in other parts of the world, there were countries with just as good conditions for autocentred development as South Korea and Taiwan, but since they were not on the defence perimeter of the "free world", the U.S. had no geopolitical interest in supporting them. On the other hand, there were surely other countries that the U.S. did influence for geopolitical reasons, but which for internal reasons had no chances whatsoever of achieving auto-centred development. These lessons from the study of a non-European region made Senghaas/Menzel include regional specificities in addition to national legacies.

We have seen that Senghaas, writing in the early 1980s, was still careful to give a balanced judgement. The factors emphasized in his reanalysis of the socialist cases – the lack of democratic participation, neglect of human rights, and denial of freedom of speech and organization – were also present in Taiwan or South Korea. Senghaas now seems to deemphasize them. In defence, one might argue that the political phenomenon of autocratic rule in these cases are part of a conjuncture of factors which as a totality gives a result different from that observed in the socialist developing countries. Senghaas/Menzel claimed that these strains in the medium term will prove dysfunctional, being eliminated through mass protest. Having brushed up their historical memory, they remind the reader that industrialization preceded democratization in most European countries (Menzel & Senghaas, 1986, p. 155f).

As for the fate of planned economics and autocratic third world states, there is much to say with reference to the 20 years that have passed since Senghaas/Menzel studies were published. The socialist countries (except North-Korea and Cuba) are now history: but transition to new political structures has not only led to virtuous circles in former Eastern Europe. East Asia was hit by financial destabilization in the late 1990s, and above all China has entered its "capitalist transition", doing much better than Russia, despite the continued existence of a one-party state. There is, however, no space here for an updated analysis. Scholars who would try to stand on Senghaas/Menzel's shoulders could still use the list of factors, which is useful even if the conjunctures are novel. If, furthermore, the new cases refer to a new period, one must use periodization as "chronological" typologies.

Presently, the enormous weight of China as the new "workshop of the world" makes for a wholly new international context.

INTEGRATING THE THEORY – GENERALIZATION AND OPERATIONALIZATION

In the closing phase of the project, there was no further sampling of cases. It is not hard to think about a number of cases – particularly cases of peripheral development – that could have been sampled or resampled in order to further develop the theory (Mjøset, 1992a, p. 144 on Germany and p. 145 on Ireland). However, Senghaas/Menzel had already sampled more cases than usual in projects based on qualitative comparison. In the final stage of the project, they went further towards a typological mapping of the conjunctures they had analysed. In addition, they developed a list of quantitative indicators of the degree to which an economy was approaching autocentred development.

Just as Marx analysed capitalism's basic structure through a two-class model, Amin's dualism between autocentred and peripheral development was based exclusively on an analysis of the capitalist *mode of production*. Finding that internal factors play important roles, Senghaas/Menzel turned from the mode of production to what in Marx' materialist conception of history is called the social formation.

In their concluding typological considerations, they were concerned to move beyond the lists of factors. As we have noted (see also Table 1), their ideas about deep structures had become increasingly thin, but there was still some ambivalence, as they seem now to go for a compromise between driving forces (deep structures) and conjunctures. They refer less and less to just two deep structures, instead, they work on a typology which maps a larger number of basic conjunctures of driving forces, specified as structural constellations between the main collective actors in a social formation.

In the terminology of grounded theory, they search for a typology that can form their substantive grounded theory: a relatively limited number of conjunctures of factors that during "critical periods" established a bias towards autocentred or peripheral development. The typology would represent the "patterned variety" of "points of departure" for development. Based on such a substantive theory, they also, as we shall see, continue to develop formal grounded theory.

A first overall typology (Table 6; already presented in an earlier phase of the project: Senghaas, 1982, p. 66ff and p. 46ff) sketches six different

Table 6. A Typological Sketch of Agrarian Preconditions for Industrialization.

Agriculture	Industrialization	Dynamics	Cases
Subsistence	Hardly any	If there is industrialization with continued subsistence, then all typical symptoms of peripheral development emerge	Balkan, large parts of the third world
High productivity agriculture	Particularly dynamic	Easy modernization	US, Canada, Australia, New Zealand
Early and forced agricultural modernization	Early and forced industrialization	Dramatic social disturbances	England
Slow and continuous agricultural modernization	Slow and continuous industrialization	No take-off phase	E.g. France
Evolution of autonomous family farms	Broadly spread, and stepwise	Smooth emergence of autcentred development	Denmark
Not broadly effective (in large territorial states)	Not broadly effective (in large territorial states)	Development does not affect the whole territory; but in certain regions an autcentred agro-industrial core developed	Spain (Basque counties), Italy (north)
Forced extensive growth of the agricultural sector. Peasant population forced to produce more with no further productive investments	No industrializing impulses arise, the majority of the population is stuck in a situation of pauperism	Elements of industrialization remain isolated within the economy	Portugal, Spain, Romania, Greece, large parts of the third world

Source: Stylized from Senghaas (1982, p. 66f and p. 44f), Menzel and Senghaas (1986, p. 43f), and Senghaas (1988, p. 22f).

historical connections between agricultural dynamics and industrialization (Menzel & Senghaas, 1986, p. 43f; Senghaas, 1988, p. 22f). The discussion of these factors in the summary essay is quite brief. Rather than a proper typology, this is a sketch summarizing material from economic history monographs on the relationship between agrarian structure and industrialization. Some of the types are overlapping, and one important type (the Latin American case of huge agricultural estates) is missing (it fits neither the first nor the last type).

But further elements must be included: industry implies two classes, and while the state is surely an arena for struggles between social groups, but also has some autonomy of action. The typology in Table 7 goes some way towards inclusion of such factors. It approaches directly the problem of social and political prerequisites for development, distinguishing five "basic socio-political constellations". Class relations are studied as results of distinct national conjunctions at the level of territorial states. Success hinges on the outcome of the political conflict between "new" and "old" groups: if, for instance, the various measures of distributional inequalities show high values, the chances are high that "traditional oligarchic export interests" (Menzel & Senghaas, 1986, p. 29; Senghaas, 1988, p. 10f) will triumph. Further developments of this typology would lead to a typology that classifies nation-states with real names, with reference to class-distinctions, as well as to the role of the state. This typology is substantive grounded theory: it organizes knowledge from comparative case studies of historical development patterns.

Types 1–2 produce virtuous circles of autcentred development, types 3–4 produce vicious circles of peripheral development. Type 5 yields different outcomes, but the cases analysed by Senghaas/Menzel are predominantly cases of development into an autcentred situation.

Senghaas/Menzel also clarify more formal aspects of virtuous or vicious circles for the cases of autcentred and peripheral development, respecified with a stronger emphasis on internal factors than what Amin would have allowed.

The specified sketches of the interrelationships between the solutions of social conflicts and the economic development potential of a country are summarized in Figs. 4 and 5. Each box refers to many mechanisms, while cumulative processes run in various circular ways between the boxes. Tracing the specified circles would be systematic process analysis.

The patterns portrayed in these figures are formal: They may be applied to states or regions (indicated in some of the patterns in Table 6) or even to smaller economic units. They will only aid our *explanations*, however, if they

Table 7. Socio-Structural Baseline Conditions.

Type	Decisive Collective Actors				Social Compromise Resulting from the Formative Conflict
	Farmers	Bourgeoisie	Workers	State Bureaucracy	
1. No feudal past	Free-hold farmers	Productive small business sector, growing to industrial bourgeoisie	Wage earners gain strength early	Pursues a coherent development strategy: infrastructure construction, selective protectionism	Autocentered virtuous circle. <i>Examples:</i> The four settler colonies: Canada, the U.S., Australia, New Zealand Autocentered virtuous circle. <i>Examples:</i> Western Europe, particularly smooth in Scandinavia Vicious circle of peripheral export economies. <i>Examples:</i> Latin America, peripheral Europe
2. Successful defeudalization	Similar structure as Type 1, but as a result of often long and painful processes of social change depending on the balance of power between rulers, aristocracy, merchant capital, bourgeoisie, working class				
3. Dominant agrarian oligarchy and merchant capital	Agrarian oligarchy	Strong merchant capital fraction, a subordinate industrial bourgeoisie	Underemployment: increasingly in urban slums	"Self-colonisation": bureaucracy tried to agrarian elites and merchant capital, often with military support	
4. Colonial situation	Settler farmers Native labour	Trade in staples/luxuries	Underemployment, predominantly in agrarian slums	Local elites retaining - after independence - privileges gained in collaboration with colonial rulers	Vicious circle of peripheral export economies, perhaps even more monocultural enclaves economies than Type 3. <i>Examples:</i> Many third world countries
5. State class	Agrarian reform of some sort (Japan)	Infant industries nourishing its own bourgeoisie	Labour excluded or cooperated	State class may succeed in dominating traditional forces, embarking on an offensive development strategy	Different outcomes in individual countries. <i>Examples of successes:</i> The East-Asian NICs

Source: Developed from the verbal presentation in Menzel and Senghaas (1986, pp. 49-51) and Senghaas (1988, pp. 27-30).

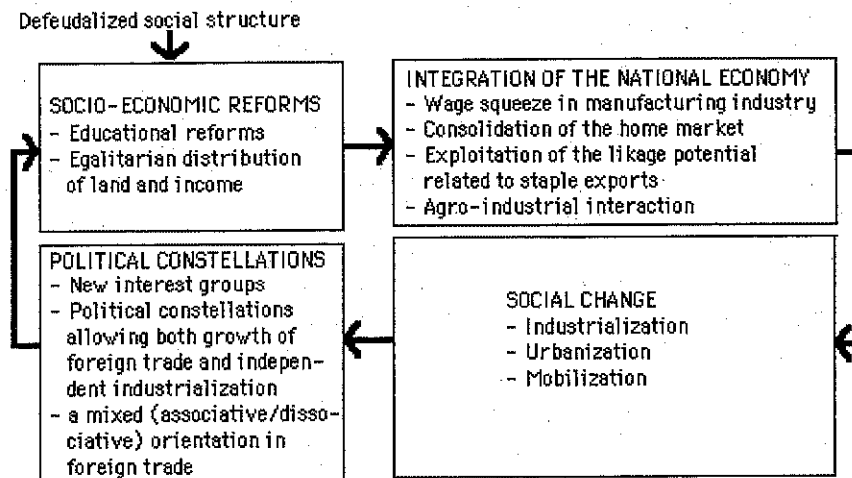


Fig. 4. The Virtuous Autocentred Circle.

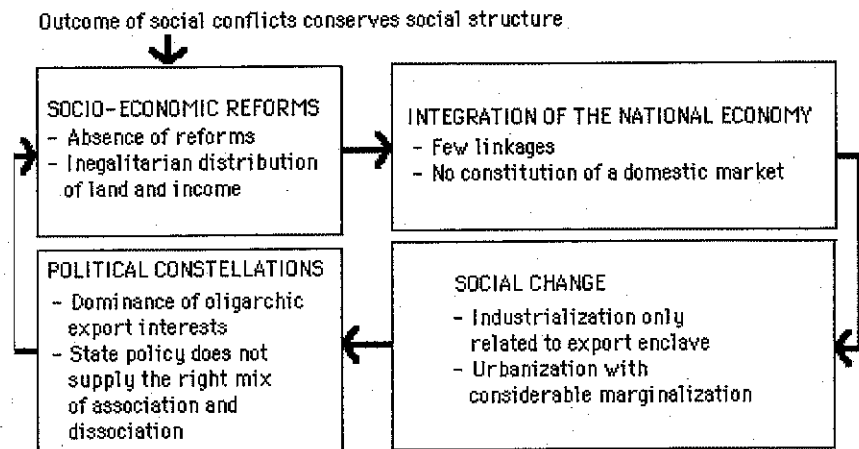


Fig. 5. The Vicious Peripheral Circle.

are linked to substantive knowledge in the form of typologies and periodizations. The typological sketch in Table 7 is specifically related to territorial states. If our research questions related to regions, we would need to use other typologies and the mix between formal and substantive theory would be different. One step towards such an integration of formal and substantive

theory related to varieties of capitalist territorial states would be the specification of virtuous and vicious circles for each of the five types in Table 7.

Such specifications would be compatible with the collection of quantitative indicators (Table 8). Senghaas/Menzel conducts a benchmarking exercise, deriving indicators from Menzel's study of the NIC success cases. The indicators provide a battery of target values which a country should strive for if it wants to follow "in Europe's footsteps", which was Menzel's conclusion about the experience of these East-Asian NICs (Menzel & Senghaas, 1986, Ch. 5).

The threshold values are based on the indicator values observed for the relevant critical periods in the East-Asian and other NICs, as well as in certain OECD countries. The list covers economic measures only, but Senghaas/Menzel (1986, p. 179) states that they would appreciate an extension to social and cultural indicators. Such indicators should be linked closely to the further improvement of the Table 7 typology.

There is even here remnants of driving forces terminology: Indicators 1 (agro-industrial connections) and 2 (internal market), which contain the crucial distributional variables (land and income), are seen as conditions of the remaining ones: 3 (coherence), 4 (homogenization), 5 (maturity) and 6 (export-competitiveness). Indicators 1, 5 and 6 relate to the development of manufacturing industry, the supply side: 1 includes a measure of agro-industrial interconnections, 3 (coherence) measures the density of linkages within the national economy, 5 (maturity) measures how sophisticated manufacturing products the economy is able to put out, while 6 (export-competitiveness) measures the extent to which these same products conquer export markets. Indicator 2 relates to the demand side, the consolidation of a domestic market. Indicator 4 (homogeneity) concerns the balance between the sectoral distribution of employment and sectoral contributions to GNP. If the two distributions diverge strongly, structural *heterogeneity* is indicated: in such a case (as e.g. data for India brought out by the early 1980s), the decline in the agricultural sector's contribution to GNP is not matched by a parallel decline in its share of employment: this indicates a persistent gap between the productivity levels in industry and agriculture. In the homogenous case, equalization would be recorded.

But the driving forces suggestion is again modified by the statement that while these indicators may be analytically separated, what really matters is the cumulative process: "The determining factor is the combination of processes relevant to development strategy in a new profile that ultimately, structurally, quantitatively or qualitatively – has nothing in common with the original export economy" (Menzel & Senghaas, 1986, p. 42; Senghaas, 1988, p. 21).

Table 8. Structural Economic Indicators of Newly Industrializing Countries.

1. The structure and performance of the agricultural sector and the extent to which it is intermeshed with the industrial sector Performance (interacting with) distribution of land	Growth of agrarian production in the early phase of industrialization, Gini-index Agrarian input-coefficient (inputs of manufactured goods as a share of the value of agricultural gross production) Agrarian output-coefficient (the share of agrarian output serving as inputs to manufacturing, as a share of the value of agricultural gross production)	3 percent yearly average over 20 years <0.5 40% (0.4) 40% (0.4)
2. Broad-spectrum development of the internal market Growth of demand (interacting with) Dispersion of demand	A combination of: Growth of GNP per capita in the early phase of industrialization, and Gini-index for the distribution of incomes	4 percent yearly average over 20 years <0.5
3. Coherence Interpenetration within and between economic sectors	Total inputs as a share of gross production value or Domestic inputs as a share of gross production value	45% 35%
4. Homogenization A correspondence between (i) the distribution of the sectoral contributions to GNP and (ii) the sectoral distribution of employment (agriculture/industry/services)	The sum of percentage points of deviation between the two distributions, or A Gini-index of sectoral divergence (Ungleichheit)	Declining 20 0.2
5. Maturity A movement of production to capital- and skill-intensive activities	The share of machinebuilding, electrotechnical and automobile production within manufacturing industry	18%
6. International competitiveness Ability to compete in international markets	The share of machinebuilding, electrotechnical and automobile production in total exports. (Share of domestically produced capital goods.)	20%

Source: Menzel and Senghaas (1986, p. 197) (Table 8).

It is disappointing that Menzel and Senghaas never went on to actually figure out the indicators on the basis of existing data sources. One possible excuse might be that something similar had already been done by Morris and Adelman (1988) (see overview in Mjøset, 1992a, p. 151f), but possible divergences between these studies and Menzel/Senghaas' own indicators are not discussed. The battery of indicators is thus, as Menzel/Senghaas title says, "a proposal", one that has not really been exposed to the test of systematic empirical research.

PREMATURE GENERALIZATION?

At the end of their project, Senghaas/Menzel provide basic conclusions and lessons for development policy. The overall conclusion is that their findings can be generalized, they find "an astonishing degree of conformity between current observations on the development of East Asian countries and the historical findings regarding successful export economies" (Menzel & Senghaas, 1986, p. 40; Senghaas, 1988, p. 19). Their integrated theory of autocentred development, they hold, is confirmed by the large countries: "From a development-policy (and therefore a normative) standpoint, however, it is of considerable interest that the comparative analysis of large-population, large-area countries (U.S.A., Germany, France, Japan, Russia and the large Third World countries) confirm a central finding from the comparative analysis of export economies: the close correlation, from the outset, between the distribution structures at the basis of growth and the opportunities for truly effective development" (Menzel & Senghaas, 1986, p. 48; Senghaas, 1988, p. 26). They thus claim that "the conclusions reached in the comparative analysis of export economies can be applied on a general basis. Just as in export economies, success or failure in development depends on early and broad-ranging agrarian modernization and corresponding industrialization" (Menzel & Senghaas, 1986, p. 43; Senghaas, 1988, p. 22). Their typologies now pretend to classify the "development scenarios" of all countries of the world.

With such a grand conclusion, policy advice is easy: Contemporary developing countries should pursue agrarian modernization interacting with mass-consumption oriented industrialization. The basic condition for such a strategy is free farmers, the evolution of agro-industrial interconnections, constitution of a broad internal market, and suitable economic infrastructure (Menzel & Senghaas, 1986, p. 43f; Senghaas, 1988, p. 36).

It is understandable that, at the end of project work lasting for more than 10 years, the researchers are tempted to end up with unqualified

generalization and general policy advice. But once they do so, they fall back on the kind of deep structural interpretation that they increasingly questioned through their project work.

For instance, they write: "So the initial distribution of resources and income is likely to be a major determinant in relation to development success. Studies on the connection between growth and distribution come naturally to the conclusion therefore, that the primary determinant for the development of income distribution is the social structure on which an economy is based. Thus today's Third World is repeating a basic historical process that occurred within and outside Europe" (Menzel & Senghaas, 1986, p. 38; Senghaas, 1988, p. 17f; cf. also p. 48 and p. 27). This statement on one "basic historical process" amounts to what Hacking (1983) calls a "realism of theories".

Concluding in 1986, they still retain Senghaas' (1977) discussion of delinking: "For societies with accentuated heterogeneous internal structures, some delinking and, in the extreme case, complete delinking from the world market is postulated as a condition for coherent development of productive capacity" (Menzel & Senghaas, 1986, p. 62; Senghaas, 1988, p. 39). But they can no longer see this as a necessary and sufficient condition for development, since it is the absence of structural heterogeneity at the domestic level which produces autocentred trajectories, and this may go together with only quite partial delinking. Furthermore, the introduction of Eastern European cases into the comparison showed that the persistence of autocratic rule might destroy economic motivation and the potential for self-regulation.

But such a conclusion is not in tune with the long lines we have found in the Senghaas/Menzel-project: Early on, the researchers were aiming for a general formula. As the project developed, there was more attention to diversity, which emerged as the researchers included more dimensions. They turned from international asymmetries to layers of internal factors, specifying similarities and differences between cases along these dimensions. The more internal factors are emphasized, the more urgent the dilemma between deep structures and conjunctures.

Being out of tune with their most far-reaching typological result, the five basic conjunctures (Table 7), Senghaas/Menzel's unqualified generalizations are stated as if further typological differentiation was not necessary. In terms of grounded theory, however, the Table 7 typology should be seen as the main result of the project, since the integration of a grounded theory is always relative. While unqualified – and thus decontextualized – general conclusions halts the development of theory, grounded theory reports

conclusions in a way that urges future researchers to continue the generalization/specification dynamic.

Strictly speaking, Senghaas/Menzel's unqualified conclusion should make policy advice possible: at least any territorial state that has been through its "critical period" will be trapped in path dependent processes, determined by a primary "structural determinant". As a consequence, Senghaas/Menzel's theory ends up as *not* "practice oriented", since rather than conclusions on how to move from structural heterogeneity to structural homogeneity, it is a theory of how different states have already been trapped in one or the other path. The various case-analyses of development experiences just confirm that the point of departure was one that predisposed the case in question for autocentred or peripheral development.

In this connection, one should also think again about the notion of critical periods. It can easily lead to futile debates as to whether a case still remains in its critical period (during which policy advice may make a difference) or not. Again, it seems that further grounding is the only sensible solution: better work on periodization both of national and world-economic trajectories, since it is the interface between the two that defines critical periods.

Methodologically, unqualified generalization implies a decision against conjunctures. The notion of "a major determinant" legitimates explanatory priority seems to contradict the notion of cumulative causality. The *alternative* is obvious: if we take seriously Glaser and Strauss view of "theory as a process", we should close a project by offering our best account of the conjunctures we have studied. In such an account, typologies are bound to play a crucial role. In the case of Senghaas/Menzel, their best account is not their claim about deep structural processes, but their Table 7 typology. Conjunctions between factors – consisting of mechanisms and processes – drawn from all layers of the lists (Tables 4 and 5) would be something different. If we instead decide to think in terms of conjunctures only, we cannot make the deep-structural generalizations, we need to pursue the contextual generalization that emerge when we generate substantive grounded theory by means of typologies. This may not exclude claims about driving forces in specific cases during specific periods. This is a "nominalist" alternative, which chooses empirical sensitivity rather than "realism of theories". But it can also be linked to a realism of entities, since the driving forces depends on interaction networks, and within these, learning processes goes on, processes that may change the driving forces.

For the Senghaas/Menzel project this implies that there is no general (out of context) formula for the transition to heterogeneity to homogeneity. The fact that their Table 7 typology is unfinished and very much in need of

further differentiation just underlines the point that the local research frontier on development – as all others – is a collective venture.

CONCLUSIONS

In the field of macro-studies, it is important to recognize that substantive grounded theory is theory in and of itself, even if it is not taken further to formal theory! With territorial states as units, the collective of social researchers will – in principle – be able to encompass all cases as cases. There are now 191 members of the UN. To the extent that these are analysed as cases, substantive grounded theory must play a major role, and formal theory will be (relatively) less important.

Typologies are a crucial means if we want to simultaneously generalize and specify (cf. Mjøset, 2006). They enable us to accumulate the "middle level" knowledge that stems from grounded studies. But the role of typologies in substantive grounded theory has not been much discussed in the literature on grounded theory. Writing in 1967, Glaser/Strauss clearly considered grounded theory relevant for macro-studies too. But for a long time thereafter, most thinking about grounded theory was related exclusively to the micro level. Only since the 1980s debate on historical sociology has the relevance of grounded theory for macro-studies been reemphasized (Mjøset, 2000, 2006b).

Within certain well-developed research frontiers – such as that dealing with the welfare state – typological discussions have played a role in the accumulation of knowledge. But in development studies, there has been a lot of principal theoretical discussions and a large number of case-studies, but little of this work includes efforts to link further cases to earlier typological sketches. There have been no significant improvements of the Senghaas/Menzel typology since it was first developed in the mid-1980s. Their typological effort has been forgotten, despite the fact that one of the concluding books (Senghaas, 1982) and several papers (see full bibliography in Mjøset, 1992a, pp. 153–159) were published in English.

As for the literature on varieties of capitalism, it developed from studies of the political economy of the world's richest countries, the OECD members, with few, if any links to the development literature. It is thus not surprising that it has not paid attention to a typology that even students of development have forgotten. But Senghaas/Menzel's rudimentary typology (Table 7) is relevant for both development studies and varieties of capitalism.

The fact that this typology – or other parallel efforts – have not been further developed, may be linked to the belief that social science accumulates knowledge at the high level. As noted by way of introduction, from the point of view of grounded theory, such high level theory divides scholars, thus making accumulation of knowledge harder. Social scientists who are too busy accusing their opponents in the world of high theory of undermining the search for knowledge, may end up being incapable of making any real contributions to empirical knowledge at all.

Our substantive conclusion is therefore that both in development studies and in the related study of varieties of capitalism, there is need for more thorough work on the construction and revision of typologies.

How could studies of the varieties of capitalism use the Senghaas/Menzel-typology? It is important for the varieties of capitalism literature to trace the historical roots of their cases. Here types 1 and 2 (Table 7) introduce useful distinctions. The U.S. has its background as a settler colony, while Germany's experience was that of a state capitalist catching up process. In return, varieties of capitalism and related lines of study have better specified recent institutional transformations within the OECD-group. They are also more careful to specify the institutional specifications of the class-constellations indicated in Table 7. These institutional specifications lead to distinctions between national models within the five types of that table.

Furthermore, we also draw a main methodological conclusion regarding comparative macro-analysis: there is need for closer attention to the methodology of typology-making.

It is a striking observation that in social science, typologies have lasted, while grand theories have shifted. Exploration of the methods of typology-making also seems important to the extent we want to develop the links between the tradition of Weberian comparative-historical macro-sociology and the tradition of grounded theory. In postwar social science, perhaps only Rokkan (1999; Mjøset, 2000) can match the typological sophistication of Weber's *Economy and Society*. Specifying the importance of grounded theory methodology in the field of macro-studies, we should distinguish various types of typologies and various styles of typology-making. Furthermore, we should specify the relationship between typologies (as rich on contextual knowledge) to formal theory (mechanisms) and systematic process analysis.

At least for the field of comparative studies of territorial states, our programmatic conclusion is that researchers should not fear all cases! There are 191 states in the UN. Too much recent comparative research has consisted in attempts to test more or less general statements on often very small

samples. The knowledge generated cannot be considered strong and integrated. Why not study these states bottom up? Why struggle with a quasi-experimental method (or at least terminology), which tempts us to pretend that we are measuring the net effects of generalized causal "independent variables" – as if the macro-analysts could impose "treatments" (e.g. different kinds of institutional arrangements) on their macroscopic cases! Why bother with a style of analysis, which produces exceptions and outliers when we know that the case experts would shrug their shoulders at such treatment of cases they know well? Why not realise that all over the world, there are now research groups who are area- or case-experts, knowing about the processes playing themselves out in all cases of interest to a grounded study of varieties of capitalism.

If one wants to object that a comprehensive qualitative mapping of 191 contemporary states is out of question in practical terms, one must at least also think about why social science seems hampered by so many divisive forces! The dominance of high theory ideals seems to be one major reason. A focus on typological accumulation of knowledge on the "patterned variety" of contemporary capitalism would lead political economy away from a number of over-ambitious controversies on fundamentals and release collective capacity for growth of knowledge. Such an encyclopaedic venture would not at all be descriptive, it would be based on the generalization/specification simultaneity at work when the typological aspects of the programme of covering substantive grounded theory through constant comparison are taken seriously. A typology of the varieties of world capitalism would be an asset to researchers in many subfields of social science.

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