

## **The first chapter: a study of the phenomenon of economic underdevelopment and its theories**

### **Introduction:**

We will attempt in this chapter to study the phenomenon of underdevelopment by examining its causes and indicators, and then explain it through theories that answer two fundamental questions:

- When did the phenomenon of underdevelopment arise and what are the factors that led to its emergence?
- Why has the phenomenon of underdevelopment persisted over an extended period of time?

### **1. The theoretical approach in interpreting the phenomenon of economic underdevelopment:**

The interpretation of the phenomenon of underdevelopment varies from one economist to another. Some prioritize one factor over another, with some giving priority to internal factors and others giving priority to external factors.

#### **1.1. Internal causes of economic underdevelopment:**

Liberals believe that underdevelopment is primarily an internal issue, originating from within the underdeveloped country itself, without the involvement of the external world as Marxists claim. According to these thinkers, underdevelopment is primarily attributed to the following factors:

##### **Firstly :Economic factors**

The state of the economy in these countries is characterized by economic disintegration or lack of economic articulation, which is the main characteristic of underdeveloped economies. There is limited sectoral exchange compared to advanced countries, where intersectoral transactions are more prevalent. The technical coefficient matrix in underdeveloped countries is almost blank. Additionally, underdevelopment is also

attributed to the slow diffusion of technological progress from advanced to underdeveloped countries. This is why some countries in the world remain underdeveloped. One of the prominent thinkers who believe in this economic approach is Rostow, known for his theory of stages of economic growth, which will be discussed further in theories of economic development.

**Criticism:** New Marxists argue that economic disintegration in underdeveloped countries is not a cause but rather a result. It is a consequence of the international economic system dominated by advanced countries, which is based on international labor specialization and unequal exchange. The new Marxists believe that the economic problems within countries are primarily caused by the control exerted by advanced countries over underdeveloped countries. On the one hand, Simon Kuznets criticized Rostow's economic view by pointing out that the economic situation of underdeveloped countries, in terms of per capita income, is much worse than that of advanced countries during the early stages of their development. Moreover, advanced countries were not under the control of other nations before their development, unlike what is happening in the underdeveloped world with domination and exploitation by the advanced world.

Therefore, economic disintegration and the slow diffusion of technological progress cannot be considered as the main causes of underdevelopment but rather as a consequence of the backwardness of these countries.

### Secondly: Environmental Factor:

Some authors believe that the main causes of underdevelopment lie in various climatic conditions, relying on the geographical distribution of the world. It is observed that all industrially advanced countries are located in moderate climate regions, while most underdeveloped countries are situated in hot regions. Adverse climatic conditions such as extreme heat and humidity negatively affect the health of the population and their economic activity due to the prevalence of diseases, which has an impact on economic life, especially agricultural production. Meanwhile, favorable climatic conditions facilitate and accelerate the process of progress.

**Critique:** Superficially addressing this factor provides solid evidence in favor of this idea. Undoubtedly, climate influences economic life, especially agricultural activities. However, climatic conditions are not the main cause of underdevelopment, as the world map clearly

indicates the presence of a large number of underdeveloped countries located in moderate climates, such as countries around the Mediterranean Sea and some Latin American countries.

Furthermore, the study of ancient history indicates that many countries classified today as underdeveloped were once the cradle of human civilizations and progress, despite their unchanged climates (e.g., the Pharaonic civilization in the Nile Valley, the civilizations of Mesopotamia in Iraq, and the Arab civilization during the Islamic era). Therefore, it is not logical to attribute a constant cause of underdevelopment like climate to any country at present, especially if that country was among the advanced nations in the past.

Some economists argue that the scarcity of natural resources contributes to underdevelopment, and abundance accelerates the process of economic progress for a country. However, reality contradicts this claim, as there are many underdeveloped countries considered among the wealthiest countries in the world in terms of their natural resources, such as Algeria, Saudi Arabia, etc. Similarly, the absence of minerals, especially coal and iron, did not hinder industrial development for many countries that were poor in mineral resources, like Switzerland and the Netherlands. These countries relied on importing most of the necessary raw materials to develop their national industries from abroad.

Therefore, the absence or scarcity of natural resources, especially minerals, in itself is not a significant obstacle to industrial development for developing countries. Hence, it cannot be considered a primary cause of underdevelopment in these countries

### Thirdly: The religious factor:

There is a category of writers who interpret the main causes of backwardness in religious beliefs and attribute it to Islamic societies. There are customs that dominate the society, such as the view of men and women, dealing with loans, and the rate of usury. How can they build investment in the absence of self-resources? Therefore, they consider religion as an obstacle to development. One of the prominent advocates of this idea is Max Wiber, followed by R. Gendarme, who believes that the Islamic religion has a role in the backwardness of Algeria and the Western Maghreb. The latter believes that their backwardness is a result of their attachment and love for the community. Progress and development require renewal and breaking the chains of the past, abandoning outdated traditions.

**Critique:** This view is considered biased as it ignores the clear historical role played by Islam in transferring ancient civilizations such as Greek and Roman civilization to Europe during

the 18th and 19th centuries. Islam is also a progressive and positive religion that calls for liberation and encourages initiative in both intellectual and economic fields, such as the pursuit of work. This religion has helped the Arab nation establish a civilization with a well-known history. At the time when Muslims adhered to Islam and implemented it in practice, they reached the pinnacle of progress and were the masters of their era. However, in the period when people started to interpret Islamic teachings according to concepts characterized by fatalism and determinism, the Islamic world entered a period of economic, social, and political decline.

Therefore, the problem does not lie in the religion itself, but in its interpretations, understanding, and the abandonment of Islamic principles and practices.

#### **. Fourthly: The cultural and social factor**

The cultural and social factor is attributed by some economists to underdevelopment. This is because underdeveloped countries live in significant isolation due to their adherence to old customs that resist anything new. They do not allow technological and modern advancements to penetrate their societies, which makes them closed off and lagging behind. Progress requires innovation and updating, but the dominance of customs, traditions, norms, and values has hindered these societies from moving forward. It has affected consumer spending, investment inclination, and savings. Cultural and social underdevelopment may lead to a focus on speculation, real estate purchases, and engaging in profit-oriented commercial activities instead of investing in industry and technology. It also affects women's inclination towards work and participation in various activities, which reflects on production and productivity.

Despite the importance of cultural, social, and psychological factors in explaining the state of underdevelopment, such factors are the result of underdevelopment itself. Underdevelopment breeds underdevelopment from one generation to another due to the strong relationship between cultural and social underdevelopment and economic underdevelopment. These factors cannot be the cause of underdevelopment.

## **1.2. External Causes of Underdevelopment**

The majority of economists in southern countries consider colonization to be the main cause of underdevelopment in these countries. It not only depleted the natural and human resources of the colonized nations but also caused damage to their cultural, social, and

economic structures. François Perroux argues that underdevelopment is the result of the control exerted by European countries over the "peripheral countries," i.e., the former colonies. This control disrupted the structure of those countries, as their economies were organized according to the needs of the colonizing countries. Their production often relied on providing raw materials that were shipped and then transformed in Western factories, which later created significant difficulties in catching up with the manufacturing industry.

On the other hand, looking back at the economic development history of the world, we find that the emergence of the Industrial Revolution and the impact of capitalist pressure, in line with the principle of the international division of labor and the implementation of free trade, directed the economies of underdeveloped countries in a way that made them dependent or subsidiary to advanced economies. Over time, even after gaining independence, the economies of underdeveloped countries became complementary and subordinate to industrialized economies.

**Critique:** Some Western writers have attempted to defend colonization by arguing that it did not lead underdeveloped countries into backwardness and delay, but rather the state of underdevelopment that these countries suffer from led to the emergence of colonization. In other words, the colonized countries would not have become targets of colonization if they were not underdeveloped, and on the contrary, colonization has advanced them to a certain extent, achieving signs of progress and development in the fields of industry and technology. Moreover, there are countries that were not colonized, such as Yemen and Saudi Arabia, yet they are underdeveloped. Therefore, it cannot be said that colonization is the main cause of underdevelopment.

In reality, colonization cannot be considered as the origin or cause of economic underdevelopment, but rather as a factor that prolongs and deepens the state of underdevelopment by creating new problems for these countries.

In fact, it is not possible to separate the external and internal causes as they are in a dialectical relationship. The cause of external dominance and control is a combination of internal factors. When the internal foundation is solid and strong, the negative impact of the external factor weakens, and vice versa.