

THE CONDITIONING OF ECONOMIC DEVELOPMENT: ARE DEPENDENCY AND WORLD SYSTEMS THEORY STILL RELEVANT?

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The Emergence of Dependency

The world underwent significant political change in the early post-World War II era, as the old colonial empires broke up and many new nations were born. Political economists groping to understand the process of economic development in times of rapid transformation swiftly split along ideological lines. The position that dominated in the developed world, variously called the modernization, diffusionist or mainstream school, stressed nation-building and modernization using European and American economic development as models. Extensive left-wing criticisms of this school led to three radical approaches to development in the 1960s, many of them developed by Latin American scholars. The first emphasized the dual structure of developing economies. The second approach put forward the concept of dependency, the linking of lesser developed countries (LDCs) to the world capitalist economy. The third approach focused on imperialistic domination of one country by another. Advocates of each of these three approaches in turn split into Marxists and non-Marxists¹.

Understanding the process of development is crucial to current comparative politics. Both the developed and undeveloped worlds are consumed by issues of development — financial crises, debts, aid, trade, military alliances — and these issues determine relations between those worlds. Developmental scholars attempt to form both universal theories and explain individual national cases, which are the key tasks of comparative politics. Dependency and its successor, world-systems, may no longer be as popular as they once were, but are they still relevant? This essay argues that, despite clear methodological problems, the two approaches may be useful building blocks for the construction of

1 Ronald H. Chilcote, *Theoretical of Comparative Politics: the Search for a Paradigm* (Boulder: Westview Press, 271-330), 1981.

a twenty-first century theory of economic development.

Classic Dependency Literature

Much of the early dependency literature began in Latin America, based on earlier structuralist literature by Raul Prebisch² and others, who harshly criticized the mainstream approach. It presented fairly static core-periphery models of exploitation. Cardoso and Faletto provide a more nuanced approach and, in their later work, even suggest possibilities for “development with dependency.”³ Dependency ideas gradually found fertile ground in European and American academia. One of the most prominent North American works is Andre Gunder Frank’s *Latin America: Underdevelopment or Revolution*, a strident call to arms against the exploitation of the global South that often strays into ideological diatribe:

These essays were written to contribute to the Revolution in Latin America and the world, and they are collected here in the hope that they may help others to contribute more to the Revolution than the author has been able to. The essays arise out of the author's attempt, like that of millions of others, to assimilate the Latin American Revolution and the inspiration it finds in the Cuban Revolution, whose tenth glorious anniversary we celebrate [...].⁴

Clearly, he throws academic objectivity to the wind. The book consists of three parts — a critique of American liberal economics as a conservative ideology, a presentation of the manifestations of neo-imperialism in Latin America and a discussion of how a dual economy operates there. His central thesis is that much of the developed world is characterized by underdevelopment (i.e., any development serves primarily core country interests). Strongly disagreeing with mainstream economist W.W. Rostow,⁵ he says underdevelopment is in no way comparable to earlier economic stages of currently advanced countries. He also

2 Raul Prebisch, *Change and Development: Latin America's Great Task* (Washington: Inter-American Development Bank, 1970).

3 Fernando Enrique Cardoso and Enzo Faletto, *Dependency and Development in Latin America* (Berkeley, CA: University of California Press, 1979).

4 Andre Gunder Frank, *Latin America: Underdevelopment or Revolution, Essays on the Development of Underdevelopment and the Immediate Enemy* (New York: Monthly Review Press, 1970), ix.

5 W.W. Rostow, *The Stages of Economic Growth: A Non-Communist Manifesto* (Cambridge: Cambridge University Press, 1991).

pinpoints Latin American bourgeoisie as the tactical enemy and imperialism as the strategic foe.

Like Frank's jeremiad, Richard Harris's collection of essays on Africa, *The Political Economy of Africa*, is an angry protest. It is also, claims Harris, "an alternative to the conventional Western social science literature on Africa," because it looks at Africa in terms of the world economy, and at the effects of that world economy on individual African countries.⁶ Colin Leys's *Underdevelopment in Kenya*⁷, like the works of Frank and Harris, focuses on the problem of underdevelopment. He shows a country very much different from the image held in the West, a country warped by both the colonial experience and the subsequent penetration of Western capital.

Where mainstream works called for modernization, Denis Goulet focuses on inequality in peripheral nations. *The Cruel Choice*, his analysis of developing countries, insists that the developed countries generally manipulate impoverished countries for their own ends and, even when attempting to be helpful, do more harm than good because they impose a goal of affluence that debases the societies it is designed to assist.

Goulet closely links ethics and economic thought. He insists that international inequality encompasses two kinds of change: 1) production, "mastery over nature," organization, and technology, and 2) power and ideology. He declares:

While professing a desire to share technology and abundance with less developed, advanced societies [...] struggle to maintain their supremacy in domains relating to the second set of processes.⁸

Power and economic progress are thus entwined from the beginning and in essence, **the developed countries try to reduce the rest of the world to a social experiment** undermining the will and culture of developing peoples. Poor nations cannot hope to promote that first kind of developmental change unless they can "redefine the parameters" of the second.

6 Richard Harris, ed., *The Political Economy of Africa* (New York: Schenkman Publishing Co, Inc., 1975).

7 Colin Leys, *Underdevelopment in Kenya: the Political Economy of Neo-Colonialism, 1964-1971* (London: Heineman, 1975).

8 Denis Goulet, *The Cruel Choice: A New Concept in the Theory of Development* (New York: University Press of America, 1985), 15.

Impoverished countries struggle with both global environmental and social changes. Ethics, he asserts, provide developing societies with both a critique of the process and prescription for action. Development presents many cruel choices — hence the title — "because choices are made within narrow confines," and whoever controls development imposes "harsh constraints and bitter consequences." To ameliorate cruel choices inherent in development, Goulet advocates provision of basic amenities before anything else, i.e., dealing with poverty before advancing to affluence; here, he agrees with basic policy statements of the World Bank. Goulet is for "world solidarity without domination," "cultural diversity and ecological health" and "human freedom." Anyone could probably endorse these bromides, but Goulet also has in mind development as a provider of both necessities and dignity. He thus advocates elimination of economic vulnerability (generally felt as "the shock of underdevelopment") through reciprocity in international trade and finance. Furthermore, by promoting a kind of non-sectarian Christian developmental ethic, he elevates the subject of development above its usual dry economic format. While hewing gently to the Marxian dialectic of change, he avoids a strictly doctrinaire stance.

Goulet is at once more realistic and more starry-eyed than other dependency thinkers. The realism comes by noting the difficult choices the developing world faces. Writers on either end of the political spectrum in effect are saying, "adopt my program and conditions will improve." Goulet instead seems to declare, "adopt my point of view, and we can begin to deal with the monstrously difficult problems before us." If the most fundamental human problems cannot be solved until attitudes change, he has taken a vital first step. He is right to point out the commonly dehumanized nature of development programs, and he lays out many of the ideological and policy concerns that must attend to either scholarly or practical development approaches.

Goulet's lack of realism derives from his overuse of idealistic language, his neglect of theory in favor of advocacy, and the gap between his normative assertions and practical applications. One wonders whether rich countries can be helpful in any way, or how the developing world can extricate itself from its mess, if the problems are as endemic as he suggests. Ronald Chilicote and Joel Edelstein's *Latin America: the Struggle with Dependency and Beyond*⁹

9 Ronald H. Chilicote and Joel C. Edelstein, *Latin America: The Struggle with Dependency and Beyond* (New York: John Wiley and Sons, 1974).

is a more focused approach to leftist concerns about development, especially dependence, and therefore one of the best introductions to dependency theory. They and their contributors contrast dependency with the diffusion approach, which they seem to define as whatever does not fit into dependency in terms of three issues: 1) feudalism and “dual” societies, 2) national bourgeoisie and 3) ruling classes. Their dependency theory affirms the existence of a dual economy, one part partially developed and dependently linked to a larger advanced economic metropole, the other primitive and dependent on a local economic satellite acting on behalf of the metropole. Six historical case studies illustrate the process of dependency in Latin America, from colonial times to the present.

As with most works on dependency, Chilicote and Edelstein’s efforts never come to grips with conceptual drawbacks or methodological issues. These include dependency’s overtly ideological nature, conceptual muddiness, loose definitions, skimpy empirical bases and poor operationalization.

A more balanced approach appears in *Testing Theories of Economic Imperialism*, edited by Steven J. Rosen and James R. Kurth.¹⁰ Also useful for comparative purposes, these articles take a skeptical approach to both mainstream and dependency development concepts. For instance, Kurth asserts that it is impossible to validate common explanations of US interventions in the postwar era. Karl Deutsch states that most theories of imperialism and neo-imperialism do not address the “emancipatory potentials” of developing countries, i.e., their ability to shake off the remnants of the imperial system. In fact, noted by Andrew Mack, the concept imperialism is a highly ambiguous one with a variety of attendant methodological problems. James Caporaso thinks that when the concept of exploitation is more clearly defined, it will be possible to conduct tests of it. Finally, Rosen questions the economic liberal notion that the US does not exploit the policy of the Open Door. He shows that in many cases, US economic penetration of countries rises after those countries go authoritarian.

The Chilicote-Edelstein and Rosen-Kurth edited volumes should properly be read together. Since much of the discussion of development over the past 40 years has been clouded in ideology and politics, viewing two perspectives together may allow a more balanced appraisal.

Dependency has been criticized for similar reasons from both the left

¹⁰ Steven J. Rosen and James R. Kurth, eds., *Testing Theories of Economic Imperialism* (Lexington, Mass.: Lexington Books, 1974).

and right. First, the approach does not adequately define or explain its concepts, e.g., dependence, domination, core and periphery. Second, in focusing on economic exploitation, it neglects other forms of power, such as political power among states. It also fails to look at power relationships among left-leaning countries. Third, it is too concerned with the international economic structure, but not enough with domestic political systems. Fourth, in adopting basically static models, it ignores or downplays the most important story among developing countries in the second half of the twentieth century: the rise of the East Asian Tiger economies and China.¹¹ Even so, in pointing out systemic inequality and the clear failures of conventional development efforts, it sketches a clear and urgent global agenda.

World Systems Theory

The world-system emerged as dependency theory began to fade; it was primarily the brainchild of Immanuel Wallerstein, put forth in *The Modern World-System*, Vols. I to IV (1974-2011).¹² Applying an historical approach to the development of the Western European economy, his basic thesis is that capitalism was the best solution to the problems caused by the end of feudalism, such as population increases, food supply shifts, new sea trade routes and inflows of New World gold. After a period of expansion, the European economy slowed down in the seventeenth century. This led to the consolidation of Europe into a single market and, as capitalism expanded worldwide, a pattern of core and peripheral states emerged. The European core controlled political, military, and economic power, while the colonial American and Eastern European peripheries exported food and raw materials, and were both exploited by and dependent on the core. In between was a semi-periphery, including countries which enjoyed core-like industrial structures, but also contained large traditional primary sectors. Depending on the degree of development and effectiveness of the state, semi-peripheral states could rise to core status.

Wallerstein employs a conceptual framework that he calls the "world-system." Conceding the difficulty of working theoretically with historical data,

11 Theodore H. Cohn, *Global Political Economy: Theory and Practice* (New York: Longman, 2000), 116-117.

12 Immanuel Wallerstein, *The Modern World System, Vols. I to IV* (Berkeley, CA: University of California Press, 2011).

he believes the effort to be important since this has been generally avoided — "a major tragedy of twentieth century social science." Instead of examining individual states and their actions, he looks at how they interact within the world economic as a whole. He believes this method is superior to the stage approach, such as that used by Rostow. Wallerstein then lays out the structures that constitute building blocks of core-periphery relationships, most notably agricultural and labor markets, class divisions and trade patterns.

Wallerstein's brilliant original contribution is to go beyond the stasis of the dependency concept, usually applied to the late-twentieth century and to look for the roots of the modern economy in the distant past. If he can successfully show such core-periphery system rose along with the nation-state, science and other phenomena one associates with modernity, he may prove that it is the driving force of the modern world economy. Various liberal and Marxist economists have taken a similar approach to trace the antecedents of capitalism.

Is he in fact successful? By constructing an original theoretical framework that links long-term socio-political changes in individual nations with the ongoing changes in the world economy, and by thoroughly documenting his thesis, his work may be the best test of whether dependency relationships actually characterize the current international economy. He also avoids many perceived "pitfalls" of dependency noted above, and may have hit on the best-constructed macro-historical approach ever applied to the global economy. It ought to be followed up by similar efforts within other theoretical approaches.

While fascinating, Wallerstein's approach has also attracted significant criticism. First, like dependency, it focuses more on external than internal factors that shaped economic development. Second, as the realist school of international relations notes, it concentrates on economic ties and neglects the states. Development-oriented states have been vital for "late developers" from the nineteenth century US and Germany to the twentieth century Japan and South Korea.¹³ Meanwhile, in making state power a factor affecting the relative position of nations, he edges close to the realist or economic nationalist positions. Third, though he writes at length about the overall changes that occurred in Europe, and takes up many of the academic controversies surrounding them, his actual economic analysis is sparse. For example, his discussion of the economic slowdown and consolidation of the pivotal seventeenth century takes

13 Cohn, *Global Political Economy*, 120-121.

up only 24 pages. Fourth, by stating that economic advance, slowdown, and consolidation were systemic, he downplays the contrary motion of several of the leading European states throughout the period. Spain, for one, peaked early and lost ground thereafter (it was variously both a hegemon and an economic basket case). Fifth, he mixes political and social with economic indicators so frequently that his analysis is deemed just another general history of the period, rather than an economically based explanation. Sixth, lumping Eastern Europe and South America into the periphery may be stretching things, since the economic patterns of these two regions throughout the period were quite different. Until world-system theorists overcome the Euro-centered nature and methodological haziness of this analysis, it will have limited applicability to comparative political economy.

Conclusion: Implications for Comparative Politics

Much of the structuralist and dependency literature on economic development, especially that dealing with developing nations, takes a leftist slant. While it is proper that the Left weighed in on this issue and corrected the hidebound conservatism of the earlier neoclassical or liberal economic approaches, the oversimplification of development issues through dependency did not lead to the creation of a new economic paradigm or viable long-term theoretical approach.

One of the most serious drawbacks to dependencista and neo-imperialist approaches is their failure to consider that developing nations are often responsible for much of their own misery, i.e., by way of abysmal governance, ineffective economic policy, and endemic corruption. It is always easy to blame one's problems on an external force, particularly when that force emanates from a large developed country regarded as a hegemonic power. The world-system, exploitation, core and periphery, then become more distracting ideological constructs than measurable empirical concepts.

Dependency has limited usefulness in comparative terms. An approach used to describe development in the specific context of Latin America does little to explain the process in East Asia, where economic patterns swiftly escaped from dependence and per capita income now approaches levels of the advanced nations, or sub-Saharan Africa, where development has hardly begun. Mainstream structure-functionalists and the stage theorists, in seeking more objective, non-ideological measures of developmental phenomena, may be on a



sounder conceptual ground. David Apter,¹⁴ for instance, distinguishes between modernization (a socio-economic process) and development (observable reality). For all their ethnocentrism and pro-Western bias, the modernizationists at least sought universally applicable, politically neutral theory.

But anti-globalization protests and the Occupy movement grab us by the collar and shout that we must discuss global inequality, now more than ever. The task ahead is clear. Development scholars must somehow combine the theoretical comprehensiveness of the mainstream school with the dependencistas' expression of the pain, exploitation, and resentment caused by Western domination of the developing world. If dependency is a genuine phenomenon, it must be better conceptualized and then quantified, not just be proclaimed. Also if it is something with true value as a comparative tool, it must be observed throughout the world, not only in Latin America (or parts of Africa). Radical approaches did the comparative politics and international political economy fields a great service by pointing out the difficulties and costs inherent in the process of development. It is now for the next generation of scholars to devise more balanced analyses and realistic prescriptions for action. **PEAR**

14 David E. Apter, *The Politics of Modernization* (Chicago: University of Chicago Press, 1969).

