

Dependency school of development: summary and critique



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In this essay I address the claim that the dependency school sees development from a Third World perspective. ^[1] I focus on two dependency theorists, André Gunder Frank and Fernando Henrique Cardoso, as a way to examine such a statement. First, I describe dependency theory in a historical context as well as in general terms, in order to clearly situate the school within Third World discourse. Second, I examine the specific theoretical characteristics of Frank's theories, and some of the criticism of it and how they relate to Third World issues. Third, I discuss Cardoso's scholarship in relation both to the dependency school and to Frank's research by emphasizing his theoretical divergence from orthodox dependency theory. Next, I comparatively discuss Frank and Cardoso's theories in relation to an overall discussion on dependency and development. In conclusion, I review the reasons why the dependency school incorporates a Third World perspective, particularly a Latin American perspective.

Throughout this essay I refer to 'dependency theory', yet I would like to point out, as Roxborough (1979) has stressed, that rather than viewing the notion of dependency as a "specific theory" or a "theory of dependency" it be seen as a paradigm (p. 43). ^[2] This is because there are many competing theories and definitions of dependency as well as several historical intellectual shifts and revisions among dependency scholars (Hout, 1993). The dependency school of development is also variably referred to as the 'structuralist', 'world economy' and 'underdevelopment' schools (Bosch, 1997). It has its roots in theoretical debates discussing capitalism and Marxism (Gardner and Lewis 1996; Chilcote 1981; Roxborough, 1979; Frank, 1967). The earliest discussions emerging from the dependency school can be

traced to the ECLA (Economic Commission of Latin America), established by the United Nations in 1948 whereby a radical group of scholars examined the inequities of North-South relations and trade. This enclave of scholars specifically focused on Latin American issues and the paradox of why these countries so rich in natural resources are so economically poor.

The need for the ECLA forum arose from an academic and political reaction toward the inability of Latin American countries to halt the “ imperialist siphoning-off of the surplus value produced by their working classes”, hence, the association of dependency theory with a Third World perspective (Johnson 1981, p. 58). The ECLA theorists argued that Latin American countries are subjected to an international system that manipulates and controls them from beyond their own borders (Staniland, 1985). These ideas, moreover, offered a critique of modernisation theories that view less developed countries in terms of an evolutionary process whereby industrialization and economic development are seen as stages that they must undergo in order to achieve higher incomes and living standards. In contrast, dependency theory views less developed countries as resulting from conditions generated by a broader global system of exploitation set within wider social and historical processes (Bilton et al., 1996).

The theoretical debates surrounding dependency theory hinge upon the central idea that it is pointless to study the development of Third World societies in isolation from more developed countries. Debates further the notion that western capitalism in the industrialized world is built upon its ability to dominate and control the resources of non-industrial less developed countries and must thus sustain its dominant position to advance its own

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interests. The historical basis for such domination is the significant accumulation of capital that occurred during colonization and the industrial revolution. The continuation of such domination transpires through neo-colonialism. As such, dependency theorists primarily focus on the political structures that shape the relationships between the First and Third World (Staniland, 1985).

This main tenet of dependency theory is closely tied to what is widely referred to as 'world systems theory', established by Immanuel Wallerstein. In fact, 'world systems theory', is commonly viewed as an adaptation or extension of the dependency school (Chirot and Hall, 1982). Wallerstein (1974) views the world as an interrelated system, a world-economy, whereby each country is perceived in terms of its relationship to the whole. It is precisely through a world systems analysis that notions of 'First' and 'Third' worlds have materialized as a way to portray the simultaneous differentiation and interdependency of distinct parts. Dependency theory suggests that the Third World "is not natural, but created through economic and political processes" (Gardner and Lewis 1996, p. 17). Like dependency theory, 'world systems theory' is often criticized for being overly deterministic (Staniland, 1985).

Two of the most prominent dependency theorists are André Gunder Frank and Fernando Henrique Cardoso. Frank and Cardoso are both ECLA scholars and associated with Latin American issues and the dependency school to the extent that they are often referred to as '*dependistas*'. Frank (1967)

introduced the popular term 'the development of underdevelopment' and wrote specifically about how "the domestic, political and social structure of <https://assignbuster.com/dependency-school-of-development-summary-and-critique/>

Chile was and still remains determined first and foremost by the fact and specific nature of its participation in the world capitalist system” (p. 29). His work also attempted to address a major gap in the ECLA discussions: the role of class interests within Third World countries in creating cycles of dependency. To do this, Frank developed the notion of metropolis-satellite links whereby capitalism produces a developed center and its underdeveloped peripheries. He purported that the ties between metropolis and satellite can also represent links between advanced capital cities and their hinterlands. This metaphorical binary aims to examine the relationships between industrialised and non-industrialised countries. Although revisionist dependency theorists now refer to these as core-periphery relationships, this metaphor still forms the basis for many contemporary critiques of global capitalism. According to this view, the peripheries supply cheap raw materials and labour to the core. In return, the core supplies them with obsolescent technologies, manufactured goods and debt. This results in peripheral economies being oriented toward the outside whereby resources flow toward the core and, in turn, continue to flow toward the more dominant economic interests of other cores. Capitalism is seen to necessitate the core-periphery division for the efficient allocation of resources in favour of dominant countries. .

Despite, Frank’s intentional focus on class interests, he ignores questions of class formation and behaviour. In his analysis, the flow of resources between the divergent metropolis and satellite regions takes social classes as a given without specifically analysing their structures and roles in contributing to a system of domination. Hence, in Frank’s analysis, spatial relations are

conflated with social class relations, a contentious point in criticisms of his work (Chilcote, 1981; Cardoso, 1972; Laclau, 1971). In other words, the shift of value from satellite to metropolis cannot always be viewed as an identical phenomenon to that of the exploitation of labour (Roxborough, 1979).

Another point that provoked much commentary in Frank's analysis of Latin American underdevelopment was his claim that Latin America has been a capitalist society ever since the sixteenth century. For Ernesto Laclau (1971), an Argentinian scholar, Frank had misread Marx's definition of capitalism and was thus mistakenly reducing capitalism to a mere equation of exchange and enterprise omitting the equally important emphasis on modes of production. This was particularly important in regards to labour since, at that time, much labour in Latin America consisted of slavery and debt peonage as well as other pre-capitalist forms. Laclau does not question the premise that at the time of colonization, market economies became tied in with those of First World countries; his main point is that the participation of a country in a world economic system does not necessarily render it as being capitalistic. As such, he indicates that Frank confounds the production of commodities with the commoditization of labour, a criticism which led Frank to revise his work. ^[3]

Fernando Henrique Cardoso, a Latin American sociologist who later served as the President of Brazil, draws ties between dependency theory and imperialism. ^[4] Using the work of Leninist theories, Cardoso (1972) makes parallels with the dependency school over their mutual use of the term 'dependency' and their shared observations about how imperialism furthers

the capitalist agenda and necessitates economic domination over less developed countries.

Cardoso's analysis attempted to address those issues of social class that the dependency school had allegedly ignored. He looked at the social and economic as being inextricably tied together, stating, for instance, that "an economic class or group tries to establish through the social process a system of social relations that permits it to impose on the entire society a social form of production akin to its own interests" (ibid, p. 15). Cardoso went beyond the metropolis/satellite metaphor and the perceived asymmetry between First and Third Worlds by examining the political, economic and social links between the dominant local social classes within and between Third and First World countries (Cardoso and Faletto, 1979). For Cardoso, "political institutions at a given moment can only be fully understood in terms of the structures of domination because these express the class interests behind political organization" (ibid, p. 14). He thus envisioned the capitalist economy as growing toward an internationalization in which societies become divided into antagonistic classes.

Cardoso's delineation of class interests between and within countries departed from the more deterministic model offered by Frank, seeing dependency as varying by degree and thus allowing for a more unconstrained view of international relations. Furthermore, by placing dependency into situation-specific contexts, his position is a more relativist departure from that of Frank's. Most importantly, Cardoso's perspective is optimistic about the possibility that dependent relations can transform over time. In fact, Cardoso (1973) argues that in some contexts development and <https://assignbuster.com/dependency-school-of-development-summary-and-critique/>

dependency can actually be compatible. This is a clear departure from Frank and other dependency theorists who are often labeled as having a stagnationist view toward development.

Both Frank and Cardoso agree that exploitation from dominant states is a key operating factor in how regional economies develop but whereas Cardoso might focus on class interests, Frank will more broadly hold the forces of capitalism accountable (Bosch, 1997). In fact, Cardoso's critics accuse him of not detailing the more general conditions and mechanisms by which global capitalism operates (Staniland, 1985). Whereas Frank is pessimistic about liberal and neo-liberal trade theory's claims to create equality and more fairly distribute resources and the access to them, Cardoso is optimistic.

Although Cardoso accepts the basic premise of dependency theory as describing third world countries as being conditioned by global agendas and constraints, he does not call for a socialist revolution, as does Frank, as a means to remedy these problems. ^[5] Yet Frank is also critical of his own former position that assumed that in order for Third World countries to achieve economic independence from the First World they could voluntarily de-link themselves from broader economic systems thus controlling their own internal resources, such as raw materials and labour, to develop their own economies. Frank claims that " experience has shown it to be extremely difficult, if not impossible for voluntarist political action to de-link particular countries from the world economy" (Frank, 2002).

Undoubtedly, as I discussed previously, the intellectual roots, vitality and application of dependency theorists have fostered around Third World issues and debates that, in turn, have greatly influenced development studies at large. I would make the case that even more specifically, dependency theory is also distinctively Latin American. ^[6] First, its origins emerge from a think tank focused on Latin America as a region. Second, its main proponents are Latin Americanists of which many are also Latin American nationals. Third, the application and analysis of the dependency school of thought has been on Latin American development. Fourth, its popularity among Latin American scholars and policymakers has made it an important intellectual school of social thought within Latin American academia and politics. Through Latin American intelligentsia, such as Cardoso, dependency theory has even entered mainstream Latin American politics. Overall, Latin Americanists have used the main arguments of dependency theory to stress how the structural climate of the world economy shapes Latin American economies. As such, through dependency theory, they have strongly influenced the international scholarship on development. In conclusion, the dependency school, unlike other development perspectives, distinctively represents a Third World view.

The debates inspired by the dependency school have given voice to a Third World perspective, in terms of focus, point of view and representation. As I have shown, there are equally as many excellent expositions as there are criticisms of Frank and Cardoso's studies and the dependency school at large (Smith 1981). What is significant is how these provocative and critical debates ultimately touch upon broader themes that, like the dependency school itself, address expansive global, economic, political and social issues.

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Footnotes

[1] The analytical categories of “ First World,” “ Second World,” and “ Third World” are used to make a distinction between the different levels of economic development among nations/states.

[2] The dependency school is similarly also referred to as a ‘ perspective’ (Kleemeier 1978, 701).

[3] Frank (1984) later incorporated Laclau’s criticisms, which strongly influenced the direction of his future work, particularly in his volumes on world capitalist history.

[4] Cardoso also served as the President of Brazil from 1994 through 2002.

[5] Frank has revised his former position that once assumed that “ significant political change could free any people from these economic and historical determinants.” (Frank, 2002)

[6] I am not implying that dependency theory is *exclusively* debated around Latin American issues, see for example Kleemeier (1978) and Ahiakpor (1985).