

POL201Y1: Politics of Development

Lecture 6:

Dependency / underdevelopment

World-systems theory

Recap

Dependency / underdevelopment theories: basic insight

- Global inequality between the rich and poor countries is rooted in the history of colonialism and imperialism, i.e. exploitation of poor countries by rich countries

Dependency / underdevelopment theories: core claims

- The international system:
 - Dominant / centre / metropolitan / developed countries in Europe and North America
 - Dependent / periphery / satellite / underdeveloped countries in Africa, Asia, and Latin America
- Power inequalities between the two sets of countries as the key characteristic of the international system
- Internationalization of capitalism → bifurcated international system
- Economic trajectory of dependent countries is determined by external forces
- Interactions between dominant and dependent countries reinforce global inequality, no trickle-down effect →
- Undevelopment != underdevelopment

Dependency

- [Dependency is]...an historical condition which shapes a certain structure of the world economy such that it favors some countries to the detriment of others and limits the development possibilities of the subordinate economics...a situation in which the economy of a certain group of countries is conditioned by the development and expansion of another economy, to which their own is subjected.
 - Dos Santos, Theotonio. 1971. "The Structure of Dependence." In K.T. Fann and Donald C. Hodges, eds., *Readings in U.S. Imperialism*. Boston: Porter Sargent.

Recap: (some) problems with modernization theory

- Ahistorical
- Teleological
- Apolitical
- Universalistic
- Eurocentric
- Served as a justification for Western expertise and management techniques
- Ekbladh: intended to reinforce American

hegemony (Ekbladh, David. 2011. *The Great American Mission: Modernization and the Construction of an American World Order*. Princeton: Princeton University Press.)

Modernization vs. dependency / underdevelopment theories

- Ahistorical → development and underdevelopment as a result of history of exploitation
- Teleological → progress not inevitable, but requires struggle to bring exploitation to an end; poor countries underdeveloped, not undeveloped
- Apolitical → explicit recognition of power relations between the rich and poor parts of the world
- Universalistic → no single path of modernization
- Eurocentric → subaltern perspective
- Hegemonic → effort to free the 'underdeveloped' countries from Western hegemony

Major dependency / underdevelopment approaches

- Reformist (Raúl Prebisch)
- Marxist (Paul Baran, Andre Gunder Frank)
- World Systems Theory (Immanuel Wallerstein)

Dependency according to Prebisch

- Two sets of countries:
 - Poor countries, which export raw materials to rich countries
 - Rich countries, which import raw materials from poor countries and manufacture products
- Prebisch–Singer hypothesis: over the long term, the price of primary commodities declines relative to the price of manufactured products → terms of trade of primary product-dependent poor countries deteriorate →
- The international system prevents poor countries from development
 - Prebisch, Raúl. 1950. *The Economic Development of Latin America and Its Principal Problems*. New York: United Nations.

Dependency according to Baran

- Emergence of capitalism as a three-dimensional process:
 - The emergence of potential industrial labour force (driven by an increase in agricultural output and social unrest in agricultural population) →
 - New division of labour and the rise of merchant and artisanal class (and towns) →
 - Increase in capital of the merchant class →
- Need for capitalist expansion →
 - Scientific discovery and technological progress →
 - Further industrial development →
 - The rise of strong states

Dependency according to Baran

- European capitalist expansion:
 - Settlement → reconstruction of the European capitalist regime (e.g. North America)
 - Impossibility of settlement → Western Europeans “engaged in outright plunder or in plunder thinly veiled as trade, seizing and removing tremendous wealth from places of their penetrations” →
- “Thus the peoples who came the orbit of Western capitalist expansion found themselves in the twilight of feudalism and capitalism enduring the worst features of both worlds...”
- “That Western Europe left the rest of the world far behind, was, however, by no means a matter of fortuitous accident or of some racial peculiarities of different peoples. It was actually determined by the nature of Western development itself.”
 - Paul Baran. 1957. *Political Economy of Growth*. New York: Monthly Review Press.

Dependency according to Frank

- “A whole *chain of constellations of metropolises and satellites* relates all parts of the whole system from its metropolitan center in Europe or the United States to the farthest outpost in the Latin American countryside [...] Each of the satellites [...] serves as an instrument to suck capital or economic surplus out of its own satellites and to channel part of this surplus to the world metropolis of which all are satellites. Moreover, each national and local metropolis serves to impose and maintain the monopolistic structure and exploitative relationship of this system...”

Dependency according to Frank

1. “In contrast to the development of the world metropolis which is no one's satellite, the development of the national and other subordinate metropolises is limited by their satellite status.”
2. “Satellites experience their greatest economic development [...] if and when their ties to their metropolis are weakest.”
3. “The regions which are the most underdeveloped and feudal-seeming today are the ones which had the closest ties to the metropolis in the past.”
4. Latin American countries' domestic structure is the result the nature of the international system.
 - Frank, Andre Gunder . 1966. “The Development of Underdevelopment.” *Monthly Review* 18(4): 17-32.

World-systems theory (Wallerstein)

- Contemporary world-system is the capitalist world-economy which emerged in the sixteenth century
- Capitalism involves not only appropriation of the surplus-value by an owner from a laborer, but an appropriation of surplus of the whole world-economy by core areas → geographic dimension of capitalism
- Three structural positions in a world-economy:
 - Core
 - Periphery
 - Semi-periphery

World-systems theory (Wallerstein)

- Three mechanisms explain the stability of the contemporary world system:
 - Concentration of military strength in the hands of the dominant forces
 - Strength of ideological commitment to the system, i.e. the degree to which the staff or cadres of the system feel that their own well-being depends on the survival of the system
 - The division of the majority:
 - Periphery: a larger lower stratum
 - Semi-periphery: a smaller middle stratum
“The existence of the third category means precisely that the upper stratum is not faced with the unified opposition of all the others because the middle stratum is both exploited and exploiter.”
 - Wallerstein, Immanuel. 1974. “The Rise and Future Demise of the World Capitalist System: Concepts for Comparative Analysis.” *Comparative Studies in Society and History* 16 (4): 387–415.

Import substitution industrialization

- Reduction of dependency through local production of manufactured products
- Required policies:
 - Protectionist trade regime
 - State intervention in economy
 - Subsidization of industries and industrialization →
 - Increased taxation
- → Debt

Problems with modernization theory *and* dependency / underdevelopment theories

- Simplistic
- *Ahistorical*
- Teleological
- Apolitical
- Predicated on a false dichotomy
- *Universalistic*
- Eurocentric
- Served as a justification for Western expertise and management techniques
- Ekbladh: intended to reinforce American **hegemony** (Ekbladh, David. 2011. *The Great American Mission: Modernization and the Construction of an American World Order*. Princeton: Princeton University Press.)
- Excessively focused on the (nation-)state
- Economy-centric
- Not empirical
- Advocated unsuccessful policies

Problems with dependency / underdevelopment theories

- Simplistic
- *Ahistorical*: time dimension != history
- **Deterministic / structural**
- Predicated on a false dichotomy
- *Universalistic*
- Excessively focused on the (nation-)state
- Economy-centric
- Not empirical:
 - Global vs. national inequality trends
- Advocated unsuccessful policies:
 - Failure of ISI