

TOPIC: **DEPENDENCY THEORY**

By

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Introduction

- Dependency theory first emerged as a reaction to liberal free trade theories in the 1950s,
- advocated by Raul Prebisch, whose research with the Economic Commission on Latin America (ECLA)
- suggested that decreases in the wealth of poor nations coincided with increases in the wealth of rich nations.
- Its origins can be traced to Carl Marx.

CONT'D

- It was Marx's concern with the exploitation by the bourgeois of the proletariat.
- That prompted the American economist Paul Baran- in his work "the political economy of growth" (1957),
- To see underdevelopment in poor countries as caused by capitalism in the western world.
- Another contribution to the intellectual origins of dependency came from Lenin's concept of imperialism.
- Dependency theory became popular in the 1970s (Kegley, 226).

How the Theory has been developed

- Dependency theory looks at the relations both between and within societies.
- In terms of social, cultural, political and economic structures.
- The theory assumes that development and underdevelopment are inversely related.
- Dependency theory focuses on the extent to which poor countries are dependent on the rich.
- Populariser and systematiser of dependency has been Andre Gunder Frank.
- Wrote about development problems in Latin America late 1950s and early 1960s.

CONT'D

- Paul Baran developed the dependency theory from Marxian analysis.
- The theory was seen as a criticism of modernisation theory (also known as development theory),
- which was falling increasingly out of favour due to continued widespread poverty in much of the world.
- As such, dependency theory stands in sharp contrast with views of development tied to classical and free-market economics.

FEATURES

- According to dependency theorists.
- World can be divided into the **Core** and the **Peripheral** countries (Getung, 1971)
- Process of dependency where by the rich countries dominate and exploit the poor, peripheral ones.
- Best described in the following words of one writer:
- *The mode of articulation of the underdeveloped economies with the world economic system may result in a transfer of resources from the periphery to the centre, and or this articulation may give rise to various blocking mechanisms' which hold back or 'distort' the economies of the periphery thereby preventing an allocation of resources which will produce economic growth (Boxborough, 1976: 18)*
- Transfer of resources can occur in many ways:

CONT'D

- This may include plunder, colonial or neo- colonial relationship or the operations of multinational corporations.
- This theory provides an alternative to theories of capitalist development.
- Rejects the linear and progressive view of development and Places importance on factors external to society.
- It also focuses on the process whereby the condition of the less developed regions and countries in the world
- Seen to be caused by the activities of the rich countries.
- Process whereby the metropolis dominates the countryside within a country is identical to that which occurs between countries.

CONT'D

- In considering the dependency relationships between countries.
- Not important to think that the rich countries physically dominate the poor countries.
- Enough that leaders or the elites of the poor countries hold
- Attitudes, values and interests in keeping (consistent) with those in the rich countries.
- Andre Gunder Frank name them “Lumpen bourgeoisie”
- Regarded the major instruments of the dependency relationship (Frank, 1972)

PROCESS OF DEPENDANCY

- According to the dependency theory, the global north exploits the global south.
- One reason for this is that the south is highly dependent on the wealth of the north; therefore unable to advance themselves because of the vicious cycle that then ensues.
- An example of this vicious cycle can begin with a country being very poor and /or economically unstable.
- Then they allow a multinational corporation to set up camp in one of their cities.
- This leads to many new jobs for this city, but the people are hired for very poor wages.

CONT'D

- Then the products that are produced get siphoned off by the global north, in turn preventing those states 'mass-consumption'
- abilities which is a generalised by the way the south gets exploited by the north
- and the multinational corporation comes out making huge profits at the expense of desperate people just trying to survive and willing to work for pennies.

Premise of dependency theory

The premise of the theory are as follows;

- Poor nations provide market access to wealthy nation's
- e.g. by allowing their people to buy manufactured goods
- and obsolete or used goods from wealthy nations,
- permitting the wealthy nations to enjoy a higher standard of living.
- Wealthy nations actively perpetuate a state of dependence by various means.
- This influence may be multifaceted, involving economics, media control, politics, banking and financing, education, culture, sport and aspects of human resource development.
- Wealthy nations actively counter attempts by dependent nations to resist their influences by means of economic sanctions or the use of military force.

COMPARISON

DEPENDENCY THEORY VS MODERNISATION THEORY

- In order to understand dependency theory's
- unique approach to understanding development and underdevelopment, it is helpful to compare it with modernisation theory.
- Modernisation treats the nation-state as autonomous unit.
- Dependency theory concentrates on the relationship between nation-state.
- Modernisation theorists welcome the elites' positive role in the development process.
- Dependency theorists see elites as an obstacle to real development.
- Modernisation theorists see education as providing skills necessary for development.
- While dependency theorists regard education as reinforcing the dependency condition of less developed societies.
- Dependency theorists do not deny that education promotes modernisation

- But question whether modernisation promotes autonomous national development (Walter, 1981)

CRITICISMS/WEAKNESSES

- Dependency theory- focused too heavily on the factors external to societies.
- And neglected the internal structures of underdevelopment.
- combination of historical accuracy and conceptual ambiguity.
- Argued that the process of underdevelopment in Latin America began with colonisation by the Spanish and the Portuguese during the 16th century.
- Difficult to accept that the agricultural economy of Latin America both then and now can be described as a capitalist mode of production.
- In short there is confusion in the theory concerning the two concepts of the 'capitalist mode of production'
- and participation in a world capitalist economic system'' (Booth, 1975)
- Recent studies suggest that foreign investment, trade and aid contribute to economic growth in that country (Bornschieer et al, 1978)
- Dependency theorists have failed to take into account the fact that some dependent nations have succeeded to become rich while others have remained poor (Warren, 1980)

CONT'D

- Dependency theorists have not explained the participation of non-capitalist countries
- e.g. the former soviet union (Russia) in the development of countries.
- And the extent to which it promotes its own form of dependency and underdevelopment in them.
- Serious difficulty with dependency theory has been its failure to provide a viable strategy for development,
- without creating some degree of dependency in the poor countries.
- To sever trade relations; to refuse international aid, or to nationalise multinational companies,
- are simplistic policies which are unlikely to eliminate dependency or promote economic growth.
- Have not explained how national elites of a poor country
- are seen as collaborators with the elites of rich countries in the dependency process
- can be made to ignore their own interests and positions in favour of those of society as a whole.

Conclusion

- According to dependency theory, underdevelopment is a product of capitalist development.
- A historical example of this would be Latin America and the United States.
- It is a central contention of dependency theory that poor states are impoverished and rich ones enriched by the way poor states are integrated into the 'world system'.
- This is based on the Marxist analysis of inequalities within the world system.
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- Goals of complete self-sufficiency and autonomy by a nation are unrealistic in the present day world condition.
- More crucial is the question of what kind of development must be pursued in any given context.
- In spite of these difficulties, the dependency perspective has provided us with a critical starting point and
- understanding of important aspects in the process of development among the poor countries in the world.

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