Dependency theorists and their view that development in the North takes place at the expense of development in the South.

Dependency theorists, or dependentistas, are a group of thinkers in the neo-Marxist tradition mostly from Latin America, who coined the term dependency development in the late 1960s and the 1970s as a critique to inefficient modernization theories that failed to account for rampant poverty and lack of progress in the Third World, while the First World countries continued to prosper and widen the gap between the two entities. Developing their theory from Lenin’s theory of imperialism and Baran’s analysis of colonial relations, the dependentistas theorized that development in the North takes place at the expense of development in the South, and the way to curb this was to minimize economic links with the North so they can progress more effectively, highlighting socialist revolution as a means to this end. Dependency theory has been much criticized, mostly from the orthodox Marxists, for being stagnant and not being theorized in the spirit of Marx. This essay will examine the dependentistas’ claims as well as its critics’ with regards to the condition of the Third World today.

A leading proponent of the dependency school of thought was Andre Gunder Frank, who wrote in his work “The Development of Underdevelopment” that historically, the North (then referred specifically as the West) has exploited the South for raw materials with their advanced production techniques to extract surplus values that mostly flowed back to the North, and barely benefitted the South. He argued that the South became underdeveloped and worse off than before as the demand for cash crops by the North destroyed their local industries and made them independent on the North for “development”. He denied claims by modernization theories that the South was as such due to a lack of integration into the world economy, but rather, it was because of it. Therefore, like Baran whom he was strongly influenced by, Frank proposed for nations in the South to minimize their economic linkages with the North, citing studies that has showed that during the times of the two world wars and the Depression, the South
brought in higher percentages of industrialization and wealth before ties with the North was re-linked again. Frank’s theory influenced later Latin American theorists that include Cardoso.

Cardoso continued Frank’s dependent development theory, but unlike Frank, he acknowledged that links with the North, even though exploitative, did bring in some form of development in the South, that included a higher GDP and industrialization. He also acknowledged that links with the North further marginalized the classes within the South, as profits brought in from the North mostly went to the local elites instead of being invested to benefit the massed, and that the capitalist global economy was what that resulted in such unequal development. He called for more national control of Latin America’s own economy, leading to more import substitution industrialization that aimed to manufacture products for domestic markets rather than for foreign consumption. Hence, Cardoso was influenced by the “de-linking” solution proposed by both Baran and Frank. However, Latin America could not escape from the financial dependency that saw them borrowing huge sums of money from the Northern institutions like IMF/World Bank to sustain their domestic industries in the 1970s. The heavy debts that the Latin American economies incurred (which the neo-Marxists blamed it on high interest rates imposed by the financial institutions) did not allow them to develop their industries as envisaged, and much of Latin America still remains poor and dependent on the North today.

An expanded interpretation of dependency theory can be found in Wallerstein’s World Systems theory. It conceptualized the world based on a global capitalist economy of mainly 3 parts—the most developed countries belonged in the core, countries that were still developing but fairly more advanced like the NICs belonged in the semi-periphery, while the developing South nations belonged in the periphery. Therefore Wallerstein created an international division of labour analysis that showed how the core exploited both the semi-periphery and is exploited by the core, while the periphery gets the least economic benefits and is exploited by core and semi-periphery. This is enabled through advanced
technology owned by the core that allowed them to have specialized free labour, and down the chain, the periphery has an unadvanced mono-agricultural and export industry that is exploited for their cheap raw materials and cheap coerced labour force. Economic surplus naturally flows upwards to the core with the periphery getting little benefit for the commodities that they are providing. Like Frank and Cardoso, Wallerstein advocated for socialist revolution and independence of development of the South apart from its dependent development in the world system, which he predicted would result in crises from its unstable survival based on such unequal footing.

The above theories all show how the South is being exploited and underdeveloped as such and it is argued by theorists that unlike what modernization theories and institutions like IMF/World Bank claims, the North wants to keep the South dependent so they can benefit from a constant high rate of economic surplus and profits by having access to their cheap raw materials like oil from Africa and by imposing structural adjustment programs and heavy loans on the South on the façade of ‘aid’ when it was more for exploitation and the continuing of an unequal dependent relationship to the North’s benefits. However, it should be noted that dependency theories have come under much criticism for their overly pessimistic and stagnant theories and the failure to garner any results (like the failure of Latin America’s ISI strategies) due to their wrong conception of Marxist theories of socialist revolution as criticized by orthodox Marxists.

Orthodox Marxists like Laclau and Brenner, have highly criticized the dependency theorists, especially Frank and also Wallerstein, for their wrong analysis of capitalism, which should be based on capitalist social relations within a nation as opposed to a world system. Brenner (2009) has said that the dependency theorists fail to see that the elites in all countries including the South are accommodating to the exploitative nature of trading relations to the North because this unstable relationship facilitates and is facilitated by their own exploitative relations with the local proletariats. Therefore, it is for the
workers to rise up for a socialist revolution within their nation. Orthodox Marxists see uneven development between nations as the norm and it was not something that Marx had theorized in his analysis of capitalism. Colin Leys and Sender and Smith also criticized dependency theorists’ ambiguities and overly polemic stance, saying that de-linking was not the solution as nations need capital in order to progress to a capitalist society as according to Marx’s progressive theory, and that dependency theorists have ignored the South nations that have actually progressed with the help of the North, most notably East Asia’s NICs with their predominantly export-led industries. The NICs’ success has also allowed them to be more independent as opposed to what the dependency theorists have asserted. Bill Warren also argued with statistics that many South nations have progressed and developed significantly since WWII, highlighting that the nations that have not was due to a lack of capital. Hence we can see that Orthodox Marxists, like Marx, claim that the problem of the South nations stemmed from internal issues like an inept government and incompetent or corrupt national bourgeoisie that fail to create policies that best serve their nation’s development or invest appropriately into their domestic industries to improve their nation’s standard of living, or, as some Orthodox Marxists assert, to create a capitalistic social relations that capitalism run on. It is interesting to note that Leys and Sender and Smith agree that external neoliberal market conditions can be tough on weaker nations, but like the strong states of East Asia, it is up to the capabilities of nations internally to adapt and thrive to progress. Also, by being absorbed into an appropriately capitalistic society can a nation’s workers be more able to rise up to socialism instead of dwelling in continued poverty. Therefore, orthodox Marxism disagrees with dependency theories and assert that their analysis of South nations have been wrong and unprogressive.

Gary Gereffi’s global commodity chain analysis also focused on the positive aspect of potential development of Third World nations by analyzing the successful NICs’ strategies of production in a commodity chain from the start of production (raw materials from developing nations) to the end product of distribution and marketing of the commodity (ends up with the developed nations). He
showed how technology and knowledge transfer, employment of locals and foreign investments, have all allowed nations to thrive and rise up the chain. He also showed how developing nations like Mexico are able to tap into the biggest profit-generating part of the commodity chain of product design, marketing, and distribution with their own domestic products, like beer. He therefore criticized dependency theories’ stagnant and pessimistic stance by showing how an appropriate development theory needed to be able to analyze development locally, nationally and globally to understand the challenge and choices nations face as opposed to simply generalizations.

Despite the many criticisms dependency theories have garnered, their contribution to understanding Third World development cannot be denied and they have also influenced many development theorists and social movements like the New Social Movement (NSM), anti-globalization and fair trade movements. This is because while it can be argued that the dependency theories may have been inadequate, their pinpointing of the exploitative global economy cannot be deemed as wrong, as it is agreed by analysts far and wide that the free trade system does impede more on weaker nations to the benefit of first world nations. After all, the huge expanse of population under poverty from nations who are trading with the First World cannot be ignored. Constant price hikes on commodities engineered by the liberal market system (and controlled by the first world) and high interest rates on loans to the Third World imposed by the international monetary systems entrench the poor nations even more. Stiff barriers have not allowed much technological development to flow to the periphery, and as Arrighi et al has found out in a recent study, industrial convergence from North to South that result in a higher GDP for the South does not constitute to a higher GDP for them. In fact, the gap has been widening. The twenty-first century have raised questions about global forces which brings back attention to issues raised by the dependency theorists as technology, communication and financial flows go by at an alarming rate and intensity. Sklair’s analysis of the trans-national corporations borrow from the ideas of underdevelopment and dependency theories for his theorizing of the culture-ideology of consumerism,
and that its entrenching ideal that is flowed from the North to the rest of the world (including the South) is what keeps huge populations of people under the exploitative practices of the TNCs while the countries affected are not benefitting physically as such.

Therefore, while critics argue that dependency theories are inadequate and produces no substantial results, which in one’s opinion, the latter is their greatest drawback, the value of the fundamental issue that they raised, of Third World underdevelopment as affected by the North cannot be ignored as global market forces and linkages grow more pervasive and trenchant in today’s world where every little action occurring in one part of the market will have an effect on the rest of the world, and it is often the weak and poor nations that suffer the most. As Professor Jane L. Parpart wrote, perhaps useful synthesis will emerge in the near future, and with them the possibility of re-evaluating and using much of the rich scholarship of the dependency perspective.