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## UNIT 6 DEPENDENCY THEORY\*

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### 6.0 OBJECTIVES

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In this Unit, you are going to go through the dependency (*dependencia*) theory; the developments that led to its origins; and significance and its major versions. The Unit also examines criticisms of dependency theory. After studying this Unit, you will be able to:

- Explain the origins and major versions of dependency theory
- Examine the major concepts in dependency theory and
- Narrate criticisms of dependency theory

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### 6.1 INTRODUCTION

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Dependency theory emerged in Latin America during the second half of the 1950s as a critic of liberal theories of socio-economic and political development. Dependency theory can be defined as an explanation of the economic backwardness of a nation-state due to the external influence. Theotonio Dos Santos (1936–2018), one of the major proponents of dependency theory defines it as a historical condition which shapes the structure of the world economy in favour of some countries thereby adversely affecting the development of others. Dependency is a situation in which the economy of a country is conditioned by the development and expansion of the economy of another country. Dependency theory seeks to understand and explain the reasons for the persistent economic backwardness and underdevelopment of the countries in the global south and sets forth suggestions to resolve this problem.

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\*Dr. Roshan Varghese V., Research Scholar, Political Science, IGNOU, New Delhi

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## 6.2 DIFFERENT VERSIONS OF DEPENDENCY THEORY

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Dependency is not a single unified theory rather it is a set of theories or frameworks to study continued economic dependence and underdevelopment in some countries/ regions and its social, cultural, economic and foreign policy fall-outs. Dependency scholars are divided into a number of camps including that of a moderate version represented by Raul Prebisch, radical or Marxist-Leninist version propagated by Andre Gunder Frank, and a more comprehensive World Systems theory set forth by Immanuel Wallerstein.

### 6.2.1 Moderate Version of Dependency Theory

Works of Raul Prebisch (1901-1986) played a major role in generating the dependency theory. Raul Prebisch was an Argentine economist and during his illustrious career he served as a professor of economics, Director-General of the Argentine Central Bank, head of the United Nations Economic Commission for Latin America (ECLA), and the United Nations Conference on Trade and Development (UNCTAD). During his tenure as the Executive Secretary of ECLA, Prebisch brought out a ground-breaking study titled, *The Economic Development of Latin America and Its Principal Problems* (1950), which was an inquiry into the economic backwardness of Latin American countries.

According to Prebisch, it is the 'adverse' terms of trade (ToT) with the developed countries which has historically deteriorated the economic condition of Latin American countries. ToT is the ratio between a country's export prices and its import prices. While Latin American countries are the producers of primary commodities, they export it to the industrially advanced countries. These primary commodities are processed and transformed into the finished products in the industrially advanced countries. These finished products are exported to the developing countries including that of the Latin American region. In other words, countries export their primary commodities at cheaper prices and import finished products at higher prices and this adversely affects their economy. On the basis of his empirical study conducted with Hans Wolfgang Singer (1910-2006), Prebisch set forth the Prebisch-Singer terms-of-trade thesis (PST). PST suggests that the economies of the producers of primary commodities are declining day-by-day due to the increasing trade deficit with producers of finished products. In other words, the economic gap between the producers of primary commodities and the producers of finished products enhances in tandem with their increasing economic ties. Thus, the Prebisch-Singer terms-of-trade thesis (PST) laid foundations for the dependency theory.

Prebisch challenged the theory of comparative advantage and the liberal economists' view that the developing countries should specialize in the production of primary commodities in order to benefit from free trade. Prebisch introduced a structuralist approach to the study of the global economy, which was based on the binary oppositions of development/underdevelopment and core/periphery. In other words, his study was focused on the inherently asymmetric relationship between the developed and developing countries. Unlike liberal theories, Prebisch's approach was examining the theme of development and underdevelopment from the experience of the countries in the global south. Having set forth the reasons for economic backwardness in Latin America, Prebisch

then set forth a number of recommendations such as state intervention, economic integration of Latin America, land reforms in dismantling inequalities and import substitution industrialization (ISI). Import substitution industrialization is a trade policy, which seeks to reduce imports by promoting industries at the domestic level. The major aims of ISI are a reduction in imports thereby resolving the problem of trade deficit, promotion of local industries thereby achieving industrial self-sufficiency and also scale up economic growth. However, there were certain hurdles to a successful implementation of these recommendations. The first was the comparatively smaller markets in Latin American countries which were not enough to support the economies of scale, and keep the prices low. The second issue was related to the difficulties in transforming Latin America from agrarian economies to the industrial nations. The third problem was that ISI caused more dependency on import of capital and heavy machinery needed for industrialization.

### 6.2.2 Radical Dependency Theory

Radical dependency theory is built upon Marxism and Lenin's understanding of imperialism. Andre Gunder Frank, James Cockcroft, and Dale Johnson are considered to be the radical dependency theorists. The radical dependency theorists argue that the motive force behind the dependency relationship is global capitalism. The developed countries find markets for their finished products in developing countries. In addition to that, the developed countries also treat developing countries as the destination for investment. When developing countries borrow capital from developed countries, the loan repayments deteriorate their economy. Radical dependency theorists hold that the 'underdevelopment' of the countries in the global south is a historical product. Here 'underdevelopment' as a condition differs from undeveloped. Undeveloped is a condition of lack of development, and underdevelopment is the result of exploitation by another country. Centuries of colonialism, exploitation, and socio-economic and political restructuring of colonies by the imperial powers have transformed the erstwhile colonies into peripheries and their former masters (present-day developed countries) into the centre or core. As a result, the countries in the periphery have to depend upon the core (developed countries) for capital, technology, and finished goods. In other words, centuries of colonialism has transformed developing countries into the suppliers of primary commodities, cheap labour, and the repositories of capital, technologies, and finished goods.

Radical dependency theorists hold that the rigid international division of labour enforced by the capitalist system is responsible for underdevelopment in some parts of the world. Here, periphery states are tasked with the supply of primary commodities. The most striking point is that what periphery states have to supply and what they have to receive in the form of capital and technology are determined by the economic interests of the core. Here, the periphery states do not have any say or control over the matters related to their development. In such a condition, the governments in the core and the periphery states try to satisfy the interests of the bourgeoisie. This control of bourgeoisie over the core and periphery is the characteristic of the highest stage of capitalism or imperialism. In the process, the periphery countries also experience loss of sovereignty as decision-making power shifts to the core. Raw material producers become an appendage to the economies of the core. What one finds is not a genuine national capitalism in Latin America. Rather it is a capitalism that is dependent; this dependent capitalism is the result of the processes and decisions made in the core economies.

Radical dependency theorists argue that the countries in the global south cannot follow the western path to development. The long history of colonialism and the restructuring of socio-political and economic systems in the colonies created an asymmetrical structure of relations between the core and the periphery states. This has made the core as the producers of the finished products and the periphery states as the suppliers of primary commodities. Moreover, the terms of trade favour the core at the expense of the periphery, which further widens the inequalities between the core and the periphery states. Radical dependency theorists hold that the sheer exploitation in the form of exchange between the primary commodities and the finished products will only deteriorate the vulnerable condition of the developing countries. In other words, this unequal exchange advances the 'development of underdevelopment'. According to the radical dependency theorists such as Frank, underdevelopment is the condition created by the exploitation of developing countries by the undeveloped countries. Hence, a socialist revolution is the only way to break away from this exploitative and dependent relationship.

### 6.2.3 World Systems Theory

World systems theory, proposed by Immanuel Wallerstein, is the comprehensive version of the dependency theory. In contrast to the moderate and radical dependency theorists, who limit their study to the economic relations between the core and periphery, World Systems theory is focused on a broader geographical framework. It draws on the Lenin's understanding of imperialism and World Systems theory holds that the world as it is today can be understood only in the context of the development of global capitalism. Because, today there is only one world system, which is a capitalist world-economy, emerged in Europe during the 'long' sixteenth century (1450-1640). According to Wallerstein, this capitalist world-economy is characterized by the 'production for the market to gain the maximum profit, and unequal exchange relations between the core and the peripheral states'. Further, this global capital has generated a hierarchical structure, which determines the position of each state within this world-economy. Through this hierarchical structure and market mechanisms, the core exploits the periphery.

Wallerstein introduces the 'semi-periphery' as a third category between the 'periphery' and the 'core'. The semi-peripheral states are the emerging economies such as India, China, South Africa, and Brazil, characterized by attributes such as modern industries, cities, and large peasantry. According to World Systems theorists, the possibility of changing position in the core/semi-periphery/periphery hierarchy is very rare. Hence, the core, periphery, and semi-periphery remain as the enduring features of the capitalist world-economy. Therefore, the World Systems theory is a critic of liberal and modernization theories of socio-economic and political development. World Systems theory, further, holds that the semi-periphery states divide the periphery and it makes a unified opposition against the core a difficult task. The core maintains its hegemony due to the divisions within the semi-periphery-periphery camps. However, the World Systems theory argues that the contradictions within the capitalist global economy will lead to the decline of capitalism and its replacement by socialism.

**Check Your Progress Exercise 1**

- Note:** i) Use the space given below for your answer,  
 ii) See the end of the unit for tips for your answer.
- 1) Give a brief introduction of dependency theory.

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**6.3 MAJOR CONCEPTS IN DEPENDENCY THEORY**

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**6.3.1 Dependency as the Result of a Historical Process**

Dependency is the result of a specific historical process. Through centuries of colonialism and domination, the colonial and dominant capitalist powers restructured the socio-economic institutions of the colonies and underdeveloped regions; and integrated the economies of these countries and regions as resource suppliers into the world economy in accordance with the requirement of capitalism. As a result, the colonies and other underdeveloped regions became the suppliers of primary commodities and the markets for the finished goods manufactured by the colonial and dominant capitalist economies. Dependency theorists argue that even after the end of formal colonialism, the structure of the world economy remains without any change. Former colonies and other resource producing regions remain in the periphery of global capitalism whose centre, or core, remained for centuries in Europe and shifted to the USA over the last one hundred years.

**6.3.2 Core, Periphery, Semi-Periphery, and Enclave Economy**

Dependency theorists categorize the economies into the two broad categories, i.e., the core and the periphery. The core economies are the developed countries in the global north (e.g. in Europe, the USA, and Japan) characterized by advanced technology and industries, supported by powerful state governments, a strong middle class (bourgeoisie) and a large working class (proletariat). In addition to the core, terms such as the ‘centre’ and ‘metropolitan’ are also used to denote the industrially developed countries in the global north. The terms such as periphery and satellite are referred to the developing and least developed countries in the global south (e.g. in Africa, South Asia, and Latin America), which are dependent on the production of primary commodities. These countries are featured with weak states, a small middle class and a large number of low-skill and agriculture workers. In addition to the core and the periphery, Immanuel Wallerstein sets forth an intermediate position, i.e., the semi-periphery, in terms of its economic condition. The semi-peripheral states are the emerging economies such as India, China, South Africa, and Brazil, characterized by attributes such as modern

industries, cities, and large peasantry. These states are also witnessing a shift from less profitable peripheral-type economic activities to more profitable core-type ones.

Dependency theorists define ‘enclave economy’ as a territory within the periphery, in which foreign capital is invested for extracting raw materials such as minerals, oil, plantations, etc. Even though the extractions in the enclave economies provide some jobs for a small group of the population in the periphery, it does not improve the economic condition of the periphery. However, its natural resources get depleted in the process and the enclave continues to suffer from lack of development.

### 6.3.3 Dependency Theory as a Critic of Liberal Theories

Liberal thinkers of economic development such as Adam Smith (1723-1790), believed that economic activity should be spontaneous and freed from all forms of regulations. Smith argued that if economic activities were allowed to operate without regulations, then it would operate in accordance with its own rules and bring immense progress in society. In tune with Smith, Jean-Baptiste Say (1767-1830) supported *laissez-faire* (this French term refers to the policy, which allows free functioning of the economy) and held that free functioning of the capitalist economy without government intervention would naturally bring immense prosperity and full employment in society. David Ricardo’s (1772-1823) theory of comparative advantage provided an intellectual capital for free-trade. According to Ricardo, a country’s situation such as climate, and other natural and artificial factors provide a comparative advantage in producing certain commodities. Therefore, each country can specialize in the production of those commodities which has a comparative advantage, and through the promotion of free-trade all countries can ensure the availability of commodities at the cheapest prices as possible. Jeremy Bentham (1748-1832), who was the contemporary of Say and Ricardo, held that popular democracy and free-trade would allow all human beings to maximize their pleasure and minimize their pain. Bentham argued that it would eventually result in the greatest happiness for the greatest number. Political revolution in France and the Industrial Revolution in England and the resultant mass political and economic participation, a massive flow of raw materials from colonies, mass production of consumer goods, the rapid growth of markets in Europe and its colonies worldwide, tremendous material advancement in Europe set liberalism as a model for modern society.

However, the new socio-political and economic system which emerged in industrial Europe and colonies worldwide were not free from problems. It created class divisions within society between the bourgeoisie and the proletariat. The new condition was conducive to exploitation and it gradually and steadily degraded the status of the proletariat in every social standard. Initially, the advocates of liberalism argued that problems created by industrialization would be naturally resolved by the logic of the free market. They held that wealth would flow from the bourgeoisie to the proletariat through the ‘trickle-down’ effect. Eventually, the bourgeoisie and the proletariat would have a harmony of interests and would finally settle all the socio-economic problems. Therefore, in order to achieve this desirable condition, the liberals argued for more economic reforms and minimum government intervention. However, growing disparities contrary to the claims of the liberals later led to working-class movements and the formation of Marxism, the radical ideology proposed by Karl Marx (1818-1883).

It should be noted that the centuries of European colonialism not only exhausted the economy of colonies worldwide, but also the former had restructured the socio-economic and political systems of the latter. Hence, European powers could design their colonies as the provider of raw materials and the repository for capital and finished goods. This created a dependency, which continued even after the colonies became formally independent. Thus, dependency theorists refute the claims of the theory of comparative advantage espoused by liberal thinkers. According to dependency theorists 'theory of comparative advantage is a damaging myth'.

### 6.3.4 Critique of Modernization Theory

Modernization theory is a perspective that the less developed countries can achieve development through accelerating economic growth and replacing the traditional values and socio-political and economic systems with that of the developed countries. Modernization theory equates development with mass industrialization, a higher level of economic growth, and the liberal democratic values. The best-known modernization theory was set forth by Walt Whitman Rostow, an American economist and political theorist, who played a major role in shaping US foreign policy toward Latin America in the 1960s.

According to Rostow, all countries have to undergo four stages of economic development for achieving the status of a developed country. The first stage is the 'traditional' stage, in which people do not subscribe to the work ethic, save little money, hold that the economic backwardness is part of their fate. Therefore, during this stage, people do not think much about changing their living standard so that very little social change takes place at this stage. The second stage is the 'take-off' stage. During this stage, less developed countries think about changing their future and discard traditional values. Due to these reasons, people start to save and invest money, promote competitions that lead to achievements, and economic growth is visible at this stage. Foreign assistance in the form of aid and assistance is very essential in entering the third stage of development. During the third stage, the country improves its technology, set up new industries and moves toward technological maturity. This stage also witnesses the transformation of traditional values and social institutions into that of the developed countries. At the fourth stage, the country enters into the final phase of development, featured with higher levels of economic growth, consumption and standard of living.

Dependency theorists hold that modernization theory is ethnocentric and ignores the social and cultural arrangements in other parts of the world and to their unique historical experiences. The proponents of modernization failed to examine the impact of colonization on former colonies, especially in figuring out the historical process over centuries that created an unfavourable condition for developing countries. According to dependency theorists, modernization theorists have ignored the exploitation inherent in the economic relations between the developed and the developing countries in terms of trade and investment. Therefore, dependency theorists argue Rostow's modernization theory emanates from 'one size fits all' assumption and it fails to address the real reasons for the underdevelopment of the peripheral countries.

### 6.3.5 Development of Underdevelopment

‘Development of underdevelopment’ is a concept proposed by Andre Gunder Frank to denote the deteriorating economic condition of the peripheral states as the result of their dependency on the core. According to Frank, underdevelopment is a condition fundamentally different from undeveloped. Undeveloped is a condition of a region, in which its resources are not being utilized. For instance, Asia, Americas, and Africa during the pre-colonial period were undeveloped. Their land and natural resources were not utilized on a scale consistent with their potential. However, European powers during the colonial period extracted natural resources of their colonies. As a result, the resources of the colonies drained but it did not provide any benefit to the colonies, however, the economies of the colonial powers improved at the cost of the resources of the colonies. Even after the end of the colonialism, the core countries retain their dominance over the peripheral states. Thus, the exploitation of the core continues to date, and growing economic relations between the core and periphery brings advantage to the former and disadvantage to the latter. In other words, dependency will further exploit the natural resources of the periphery, deteriorate the economic condition of the periphery, and bring prosperity to the core. Thus, Frank’s concept of ‘the development of underdevelopment’ argues that development in the core countries always produces underdevelopment and poverty in the periphery.

### 6.3.6 Neoliberal Globalization Entrenching the Dependency

Most of the dependency theorists hold that the current phase of globalization is ‘neoliberal globalization dominated by transnational corporations (TNCs)’. As a result, the production of manufacturing goods concentrates in the hands of a few TNCs, which makes an oligopoly market at the global level. According to the dependency theorists, this will slow down production and speed up income polarization. Neoliberal globalization also witnesses increasing dependency of the peripheral states on the core and international financial institutions for capital. This drastically cuts down the ‘sovereignty’ of peripheral states in determining and implementing their policies, as they are dictated by the international financial institutions. For instance, the Structural Adjustment Programmes (SAPs) set forth by the International Monetary Fund (IMF) compelled peripheral states to roll back welfare schemes and adopt free market economic policies. Through the payments of loan interests, royalties, profits and the large scale imports of finished goods the peripheral states transfer a significant amount of money to the core. This transfer of money creates a fund crunch in the peripheral states, and it will adversely affect their capacity in investing for the development of their domestic industry and infrastructure.

There are a number of empirical studies on the impact of dependency on developing countries in the global south. For instance, Richard J. Barnet and Ronald E. Muller’s work titled, *Global Reach: The Power of the Multinational Corporations*, (1974) was an inquiry into the exploitation by the multinational corporations. The authors argue that far from creating jobs and infusing technology in the global south, companies like General Motors ‘drained off’ local investment capital. Teresa Hayter’s book titled, *Aid as Imperialism* (1971), argues that foreign assistance in the forms of loans, technology, and arms have been used to bolster oppressive dictatorships rather than lay foundations for development in the countries belonging to the global south. Foreign aid for infrastructure development

did not uplift the living standards of the people in a developing country. Rather, it distorted their economy and transformed them into debtor nations. For instance, Brazil and Mexico became debtors in the 1980s due to loan repayment. Thus, dependency theorists argue that the neoliberal globalization dominated by TNCs and financial institutions will enhance the economic gap between the core and peripheral states, and it will further deteriorate the economic condition of the peripheral states.

**Check Your Progress Exercise 2**

- Note:** i) Use the space given below for your answer,  
 ii) See the end of the unit for tips for your answer.

1) What are the major concepts in dependency theory?

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**6.4 CRITICISM**

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Dependency theory emerged as the critique of liberal and modernization approach to development. However, in recent years, dependency theory has been the target of its opponents (i.e., liberal and modernization theories), and interestingly, it has also been criticized by Marxist thinkers. Liberal and modernization theorists argue that the success of Asian Tigers [i.e., Singapore, South Korea, Taiwan, and Hong Kong] nullify the claims of dependency theory. The Asian Tigers have succeeded in achieving their target of rapid industrialization and maintaining a higher growth rate. Moreover, they are in a position to compete with and challenge the economies of the developed countries in the global north. Liberal thinkers argue that dependency theory is unable to explain the reasons for the success of the economies such as Asian Tigers. Political scientists like Gabriel Almond observe that dependency is merely political propaganda rather than a theory.

Liberal thinker John Goldthorpe and the Brandt Report (1980) criticize radical dependency due to its biased opinion on the economic relations between the core and periphery. According to the radical position of Andre Gunder Frank, dependency will only enhance the pace of ‘development of underdevelopment’ and the core is not interested in the development of the periphery. However, the liberals argue that the core needs the periphery to grow and industrialize as a source of new investment and new market. Further, the Brandt Report suggests that the ‘rebalancing’ of the world economic system in favour of the global south (peripheral states) is desirable than its abolition. In his later work titled, *Crisis in the World Economy* (1980), even Frank changed his position on ‘development of underdevelopment’ and admitted that industrial development is possible in the peripheral states. Likewise, Fernando Henrique Cardoso wrote and explained Brazil’s relative success in industrialization and reduction in its dependence on raw material exports from the 1970s onwards. Developments in the world capitalism opened opportunities to industrialize while still remaining within the

overall context of a dependent economy. While Brazil did experience what Cardoso called ‘associated dependent development’, the neighbouring Bolivia did not, meaning thereby that dependency in terms of its dynamics differs from country to country and region to region. Radical dependency is also criticized for its preoccupied position that the problem lays in ‘capitalism’. For instance, dependency relationships existed between the communist core (erstwhile Soviet Union) and its periphery (countries allied with the Soviet Union during the Cold War period). Radical dependency theorists ignored the dependency relationships within the countries in the communist bloc.

In addition to the criticism from liberal and modernization thinkers, dependency subjects to the criticism of Marxist writers. For instance, Samir Amin in his work titled, *Unequal Development: An Essay on the Social Formations of Peripheral Capitalism* (1976), observes that historical analysis of radical dependency theory represented by Frank is too generalized. Frank’s theory fails to show unevenness of the development of the peripheral states, ranging from the backwardness of Ethiopia to the growing industries of Asian Tigers – a point also made by Cardoso. Radical dependency is also charged with its focus only on the relations between the core and periphery while ignoring the dependency within the peripheral states. For instance, while outspoken about the dominance of TNCs from the core states in the peripheral states, radical dependency ignores the domination of TNCs from the peripheral states in their counterparts.

According to Argentine post-Marxism thinker Ernesto Laclau, dependency theory is not a true Marxist analysis. In his book titled, *Politics and Ideology in Marxist Theory: Capitalism-Fascism-Populism* (1977), Laclau opines that Frank’s dependency theory is a mere narration of the flow of surplus from the periphery to the core. What is missing in this narration is the Marxist analysis of relations of production and the mode of production. It also fails to provide a Marxist account of the stages of economic transformation of peripheral states’ from feudalism to capitalism. Moreover, Frank is criticized for missing an important component of Marxism, the internal dynamics of the class struggle in his analysis.

Unlike treating dependency as a process of ‘underdevelopment’, thinkers such as Bill Warren argue it as a progressive stage. In his book, *Imperialism: Pioneer of Capitalism* (1980), Warren opines that dependency plays a major role in transforming the peripheral states from feudalism to capitalism, thereby advancing its path to socialism. The core imparts not only skills, capital and technology to the peripheral states but also the former makes the latter perfect for a ‘typical’ class struggle. As a result, the proletariats in the peripheral states become conscious about exploitation and they will be able to organize against Western capitalism.

**Check Your Progress Exercise 3**

**Note:** i) Use the space given below for your answer,

ii) See the end of the unit for tips for your answer.

1) What are the major points of criticism of dependency theory?

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## 6.5 LET US SUM UP

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Dependency theory has emerged as a critic of liberal and modernization theories of socio-economic and political development. Liberal theories hold that backwardness in the developing countries can be overcome with greater economic relations with the developed countries and by replicating the socio-economic institutions of the developed countries in the developing countries. However, dependency theory challenged all these arguments of liberal theories on the ground that the greater economic relations with the developed countries have only caused the exploitation of the developing countries. Dependency theory argues that economic relations between the core and periphery have led to the overexploitation of natural resources in the peripheries, the flow of surplus from periphery to the core, widening the gap between the developed and developing countries, and it has become a perennial process of the 'development of underdevelopment'. One of the salient features of dependency theory is that it could set forth a theory from the perspective of the developing countries. Dependency theory holds that the backwardness in the developing countries is the result of a historical process emanating from the emergence of capitalism. Dependency has established through colonialism and even after the end of formal colonialism, the former colonial masters could retain their control over the periphery through economic relations. Contrary to the belief of modernization theorists that the real cause of backwardness of the developing countries is internal, dependency theorists argue that it is external factors that prevent them from development. Dependency theory is not a unified approach and there are three major versions on the basis of analyzing dependency. Even though dependency theory is criticized by both liberal and Marxist thinkers, it gives us insights on the growing inequalities between the countries in the global north and the global south; and as to why countries and regions in the global south remain dependent and underdeveloped.

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## 6.7 ANSWERS TO CHECK YOUR PROGRESS EXERCISES

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### Check Your Progress Exercise 1

- 1) Your answer should highlight the following points
  - Dependency theory is a critic of liberal theories of socio-economic and political development
  - Definition given by Theotonio Dos Santos
  - Three different version of dependency theory: moderate, radical and world system theory

### Check Your Progress Exercise 2

- 1) Your answer should highlight the following points
  - Dependency as the result of a historical process
  - Core, periphery, semi-periphery and enclave economy
  - Dependency theory is a critic of liberal theory; modernization theory; development of underdevelopment; and neoliberal globalization entrenching the dependency

### Check Your Progress Exercise 3

- 1) Your answer should highlight the following points
  - Liberal thinkers argue dependency theory is unable to explain the reasons for the success of the economies such as Asian Tigers
  - Political scientists like Gabriel Almond observe that dependency is merely political propaganda rather than a theory
  - Liberals argue that the core needs the periphery to grow and industrialize as a source of new investment and new market
  - Marxist critique of dependency theory is that it is not a true Marxist analysis
  - Internal dynamics of the class struggle is missing in dependency theory