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Is 'Dependence' a Useful Concept in Analysing Underdevelopment?

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Summary. — The concept of 'dependence' is being increasingly used as a comprehensive explanation of the state of underdevelopment. It is, however, impossible to define in terms either of static or dynamic criteria, and most of its arguments are aimed at the capitalist system in general rather than dependence as such. Many of its conclusions about the effect of dependence on development may apply to particular cases but cannot be generalised, and as an analytical tool 'dependence' is not conducive to a useful analysis of underdevelopment.

I. INTRODUCTION

This essay was originally intended to produce a working definition of 'dependence'. It has ended up by being a critique of the concept of 'dependence' itself, at least as it is currently used in development economics. It is meant to be a sympathetic critique, since I subscribe to many of the fundamental tenets of the dependence school. I also hope that it is a constructive one, since it appears that the dependence literature has, at least in part, led to a concentration on the the wrong problems and on unrealistic solutions, a serious defect which must be rectified if it is not to end up as yet another defunct branch of grand theorizing.

'Dependence' as a particular explanation of underdevelopment is a relatively recent phenomenon. Its emergence as a distinct school can be traced to the writings of the *dependencia* economists from, or working on, Latin America, whose works began to appear in English around the mid-1960s.[1] This school began to have an impact on thinking on development elsewhere by the 1970s, and by now its terminology has become a part of the standard tools of development economists, mainly (but not exclusively) of left-wing persuasion.

As is only to be expected when a word in common use is given a special connotation and ascribed uncommon characteristics, some confusion has arisen over what 'dependence' means. In conventional economic parlance, a country may be described as being 'dependent' on foreign trade or foreign technology; or a process of great complexity may be said to involve greater 'interdependence' between different workers; or the world may be said to become more 'interdependent' because of increasing international trade and investment. In such usage, there is no hint of anything undesirable (on the contrary, most conventional economists would regard more interdependence as a good thing), nor is there any implication of a process of causation: dependence is defined with reference to some particular objective economic fact, and says nothing, in a descriptive or causal sense, about the condition of the economy as a whole. In the usage of the *dependencia* school, on the other hand, 'dependence' is meant to describe certain characteristics (economic as well as social and political) of the economy *as a whole* and is intended to *trace certain processes which*

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1. Mainly, Frank [1967] and [1969], Sunkel [1969–70] and [1973], Furtado [1970] and dos Santos [1970]. For a brief review of the literature see O'Brien [1975], and for an exposition of 'dependence'–type theories, but using the approach of the 'structuralists', see Griffin [1969] and Furtado [1964].

are causally linked to its underdevelopment and which are *expected to adversely affect its development in the future.*

Even within the *dependencia* school, moreover, the word is given different meanings according to the user's beliefs about the particular historical processes which have caused underdevelopment and about the relative role of the various factors which are at present governing the future development of the poorer countries. In part this internal confusion is due to the school's mixed parentage. The dependence school in Latin America has evolved, on the one hand, from the structuralist tradition of Prebisch, Furtado, and ECLA, and, on the other, from Marxist[2] and neo-Marxist[3] thinkers on imperialism—two very disparate modes of analysis with different tools, concepts and prognoses. *Dependencia* economists thus range from mildly socialistic nationalists like Furtado or Sunkel, via writers of increasing radicalism like dos Santos and Cardoso, to explicit revolutionaries like Frank. Many are in fact indistinguishable from straightforward Marxist analysts of imperialism and underdevelopment, and much of what is said below will apply equally to those Marxists who use 'dependence' in the same functional form as the *dependencia* school.

One sometimes gets the impression on reading the literature that 'dependence' is defined in a circular manner: less developed countries (LDCs) are poor because they are dependent, and any characteristics that they display signify dependence. In such tautologous definitions, 'dependence' tends to be identified with features of LDCs which the economist in question happens to particularly dislike, and ceases to offer an independent and verifiable explanation of the processes at work in the less developed world. A concept of 'dependence' which is to serve a useful analytical purpose must satisfy two criteria:

(1) It must lay down certain characteristics of dependent economies which are not found in non-dependent ones.

(2) These characteristics must be shown to affect adversely the course and pattern of development of the dependent countries.

If the first criterion is not satisfied, and crucial features of dependence are to be found in both dependent and non-dependent economies, obviously the whole conceptual scheme is defective. If the second is not satisfied, and peculiar features of dependence are not demonstrated to be causally related to the continuance of underdevelopment, the analytical purpose of the whole exercise is not served, and we end up with a catalogue of socio-economic 'indicators' which are singularly unhelpful for understanding economic backwardness.

In sections III and IV of this paper, I shall consider various features of dependence which have been commonly advanced in the literature, and assess whether they satisfy these criteria of usefulness. I shall divide these features into those related to certain objective (but not necessarily quantifiable) characteristics of the dependent economy (the 'causes' of dependence), which I term 'static characteristics', and those related to their patterns of growth (the 'effects' of dependence), or 'dynamic characteristics'. Firstly, however, it is necessary to limit the subject matter in some ways; in Section II, therefore, I describe certain features of the dependence model and the premises of the analysis.

II. LAYING THE GROUNDWORK

Dependence literature is vast and sophisticated, and I cannot hope to survey it in any detail here. To keep the discussion to manageable proportions, therefore,. I shall impose certain conditions. First, I shall use the term 'dependence' to refer to the *recent* experience of LDCs. While the concept is sometimes applied to the entire history of imperialism and the whole complex of relationships between the 'centre' and 'periphery', it is essentially directed at the post-colonial era when direct forms of colonial subjugation had ended and new forms of 'imperialism', by various means which ensure dependence rather than open domination, had supervened.[4] While I find myself in substantial

2. See Barratt Brown [1974] for a recent survey of the classical and modern theories, and Booth [1975] and O'Brien [1975] for discussions of the antecedents of Latin American *dependencia* theories.

3. Such as Baran [1957], Baran and Sweezy [1966], Magdoff [1969] and various articles appearing in *Monthly Review*. Also see Amin [1974], Foster-Carter [1974], Laclau [1971], Sutcliffe [1972] and Warren [1973] for discussion and critique of modern dependence-type Marxist theories.

4. Sutcliffe [1972, p. 172] divides Marxist views on imperialism into three stages: (1) Marx and Engels on imperialism as plunder and use of peripheral markets; (2) Lenin and others on growth of monopoly and extraction of raw materials from the peripheries; and (3) recent analyses of the 'more complex, post-colonial dependency' of the periphery. It is in this last sense that we use the term 'dependence'.

agreement with various Marxist analyses of historical imperialism[5], I find their use of the new dependency concepts somewhat less convincing, and this is the subject matter of this paper.

Secondly, as it is not my purpose here to question the *existence* of several features which are often ascribed to 'dependent' economies, but only to see whether these features add up to a *distinctive state* of 'dependence', I shall take for granted the following:

(1) Income distribution in most LDCs is highly skewed and in many (but not all) instances is getting worse with economic growth.

(2) The consumption patterns of the élite in the periphery (the LDCs) are strongly influenced by tastes created in the centre (the highly developed countries).

(3) The technology utilized in the process of industrialization is taken in a more or less unadapted form from the centre, either by means of direct investment by multinational companies (MNCs) or by means of licensing of local enterprises. This technology serves to perpetuate the inequitable distribution of income and to fulfil the consumption demands of the élites.

(4) There is usually a strong foreign economic presence in the shape of MNCs, foreign aid, foreign loans, and trade with the centre. The growth of industrialization, whether import-substituting or export-promoting, does not usually reduce the reliance on foreign financing and technology, but tends to increase it; there is no indigenous technological advance of economic significance.

(5) Foreign influence is not confined to economic spheres, but extends to cultural, educational, legal and political spheres. No direct domination is necessary; it is sufficient to assume that the peripheries inherit and propagate systems used in the centre, and that their *ruling* élites—or the *hegemonic* class, if this is different from the ruling class, or even a weaker class (like the new industrialists) which is an *alliance* with the ruling class (say the landowners) but has different economic interests from it—perceive an identity of interest, at some level, with the economic interests of the rich capitalist countries.[6] This ensures that there exists what is termed a 'symbiotic' relationship between the dominant classes in the centre and the elites, or some part of the elites, in the peripherys. Nor do I need to employ a naive version of 'conspiracy' theory. On the contrary, this relationship can be made extremely complex, and subject to tension and change; it is, however, essential to admit the existence of some internal forces which make for an increasingly capitalist mode of production and for a long-term integration with the world capitalist system.

These premises cover most of the factual statements about 'dependence' which exist in the literature,[7] I shall argue below that while there is a great deal of truth in them, they cannot be taken to constitute a category of 'dependence' which is analytically sound or useful.

Thirdly, it is necessary clearly to categorize the periphery or dependent countries separately from the centre or non-dependent ones. While no one has actually made such a list, the dependence literature seems to put *all non-socialist LDCs* (and this includes such avowedly 'socialist' countries as Egypt or India) *into the former* class, and *all the rich, highly industrialized countries into the latter.* There is a grey zone between the two, and we have to exercise some arbitrary judgement; we may put countries like Greece, Spain or Portugal into the periphery, and those like South Africa, Australia or New Zealand into the centre. Some dependence theorists may also like to include countries like Yugoslavia into the dependent category because of its increasing integration into the West European economic ambit; this does not affect our argument one way or the other.

III STATIC CHARACTERISTICS

We may group the static characteristics of dependence into economic and non-economic: this is to some extent an arbitrary division if

5. See, for instance, Barrat Brown [1974] for a general introduction and survey, Frank [1967] and [1969], and Furtado [1970] on Latin America, and a particularly stimulating article by Bagchi [1972] on India.

6. On the various possible configurations of power within the capitalist state, see the excellent theoretical analysis by Poulantzas [1972], especially chapter III, part 4; for an application of Marxist theories of the state, with special reference to the role of MNCs, to Pakistan and Bangladesh see Alavi [1972].

7. While most dependence theorists would accept these premises, some Marxists like Warren [1973] may not agree with some of them, particularly the ones concerning continued reliance on foreign technology and conflict/alliance between the local bourgeoisie and foreign interests.

one believes in political economy rather than the orthodox limitations of 'proper' economics, but not one which does any harm in this context. Let us start with the *non-economic* characteristics of dependence.

A recent Marxist paper provides a clear statement of the socio-political aspects of dependence:

> [The] political structure of foreign rule still exists today though the accents are set differently, *and it still mirrors the profound penetration of the dependent areas by the outside centres.* This asymmetrical penetration of the dominating centres took place . . . in all the essential social fields. This was done by controlling the socialization processes in the widest sense of the word (*cultural imperialism*); by controlling the media of communication (*communication imperialism*), as well as political, military and legal systems (*political imperialism*) . . . . A history of the *political* and *social* structures of the third world can be seen as a function of this external penetration.[8]

Similar views can be found in most dependence writings, and there is little doubt that as a description of the present condition of most LDCs they contain a great deal of validity. The evolving social, cultural and political systems of the poor capitalist nations *have* been strongly influenced by those of the central countries, and, strong nationalist sentiments notwithstanding, these influences are continuing to grow stronger.

Can this, however, be taken to mark a distinct state of 'dependence'? A moment's reflection will show that it cannot. All the developed countries in the capitalist world influence *each other* in cultural, educational and political spheres, just as much as they do the LDCs. This sort of influence has never been equal: some nations have always been dominant and others subservient, and history provides an ample record of changing patterns of dominance and the struggle to counter it. In the past two decades we have witnessed the rise of US influence in cultural, military and political affairs, and a chorus of protest from Europeans about each 'dominance'; we are now seeing a resurgence of European influence, but, again, some countries in Europe wield much greater power than others. There is certainly dominance and dependence, but it applies just as much to countries *within* the 'centre' as to countries outside it.[9]

Three objections can be made to such reasoning, in support of the view that 'dominance', in some particular sense, applies only to the centre–periphery relationship. First, it may be argued that the relationships between the developed countries at the centre are more *symmetrical* than those between developed and less developed ones, in that one rich capitalist country does not systematically dominate the other and there are more chances of a reversal of roles. Secondly, the hierarchical structure of power within the centre may be seen, not as an indication of fundamental dependence, but as a *necessary condition* for the preservation of a *mutually beneficial* (for the capitalist if not for the others) system, while the hierachy between the centre and the periphery may be seen as one necessary to preserve a *basically exploitative* system. Thirdly, the cultural, legal and political systems of the developed countries may be thought of as being in essence *similar* and the product of *indigenous* development, even though they influence each other, while the transference of these systems to the LDCs may be regarded as being more alienating and therefore more distortive (and qualitatively different).

While there is some truth in these defences of the dependence school, which may lead us to say that certain countries (say, Brazil or Indonesia) are *more* dependent than others (say, Canada), they fail to provide a firm analytical basis on which we can distinguish dependent from non-dependent countries. Some countries within the centre (Denmark, Belgium or Switzerland) may *always* be in subordinate position in non-economic spheres *vis à vis* some larger capitalist countries (Germany or France), which may themselves be lower on the hierarchy than the 'hegemonic' power (the US). The condition of mutual benefit applies mainly to the *classes* which benefit from capitalism and so can be equally relevant to LDCs. Furthermore, the point about 'more alien' is a value judgement which does not take us very far. It is ultimately impossible to draw a line between dependence and non-

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8. Senghaas [1974, pp. 162–3]. Emphasis in the original text. Also see Sunkel [1969–70] for a brief analysis of the historical evolution of cultural dependence in Latin America, and Amin [1974] for a more extended general discussion.

9. While this aspect of international capitalism is relatively neglected by dependence economists, Marxists working on developed countries have been greatly concerned with it. See, for instance, Mandel [1970], Poulantzas [1974] and Rowthorn [1971], for different interpretations of recent changes in the distribution of power in the developed capitalist world.

dependence on these grounds without falling into the basic error of *defining* underdevelopment to constitute dependence (i.e., arguing that these features constitute dependence only when found in underdeveloped countries).

Thus, while not denying any of the factual statements about external influence and conditioning, we must deny that there is something peculiar about their occurrence in LDCs which can be said to constitute dependence. It seems to be much more sensible to think in terms of a pyramidal structure of socio-political dominance (a *scale* rather than a unique condition of dependence) in the capitalist world, with the top (hegemonic) position held by the most powerful capitalist country and the bottom by the smallest and poorest ones, and a more or less continuous range occupied by various developed and less developed countries, with relative positions changing, between the two. It is not necessary to draw an arbitrary line at some level and classify the resulting groups as 'dependent' and 'non-dependent'; indeed, such a procedure may serve to divert attention from the real and immediate socio-political pressures upon particular LDCs, which may emanate from points along the scale quite unrelated to the simple centre–periphery schema. (Consider, for instance, the emerging role of Brazil in Latin America, or of Iran in the Persian Gulf.)

Let us now consider *economic* characteristics. The most commonly mentioned characteristics of dependence are: (i) a heavy penetration of foreign capital, (ii) the use of advanced, foreign, capital-intensive technologies in a relatively small industrial sector, (iii) specialization in exports of primary commodities or labour-intensive manufactures, (iv) elite consumption patterns determined by those of the advanced countries, (v) 'unequal exchange', in various senses, and (vi) growing inequalities in income distribution, and rising unemployment ('marginalization'), especially in urban areas.

As with non-economic characteristics, it is extremely difficult to *define* a state of dependence on this basis. While most LDCs may exhibit some or all these features, some economies which are classified as non-dependent also show some characteristics of dependence, while some which are accepted to be dependent do not. Let us take them in turn.

(i) It is true that foreign capital is massively in evidence in many LDCs, and even where it is not (e.g., India) it may plausibly be argued that domestic capitalists are relying more and more on foreign capital and technology to support their expansion.[10] In fact, we may accept the general proposition that *all* developed or otherwise, which remain within the capitalist ambit or which, like some Eastern European countries, come to demand capitalist patterns of consumption and technology, will be increasingly dominated by 'international capital' (i.e., MNCs, perhaps from a wider range of home countries, even including some LDCs, or with more dispersed ownership than at present). The dominance of foreign capital does not, however, provide a criterion of dependence: Canada and Belgium are more 'dependent' on foreign investments than are India or Pakistan, yet they are presumably not in the category of dependent countries. The relative economic dominance of MNCs does not seem to vary on a consistent basis between dependent and non-dependent countries: Europeans complain just as much about the 'American Challenge' as do nationalists in LDCs, though perhaps with much less cause.

It may be argued that LDCs have to *pay much more heavily* for foreign investments (openly in the form of declared profits or in the form of royalties or transfer pricing), and this may signify dependence. I agree that the rate of profit is probably higher in many LDCs than in developed areas, and that this indicates greater market power on the part of MNCs operating there. However, in view of the fact that particular oligopolistic firms (like Xerox) earn extremely high profits in *all* areas of their operation, and that developed countries are just as liable to transfer-pricing practices (as with the UK and the Swiss pharmaceutical firm Hoffman La Roche), it again seems unlikely that this can serve as an analytical basis for determining dependence. The same reasoning applies to the dependence argument that foreign capital always 'takes out more than it puts in'. In particular circumstances—political 'unrest' or nationalist threats—MNCs certainly do use various means to ship enormous sums out of host LDCs. This should not, however, obscure the concomitant fact that in other circumstances—right-wing regimes, good market prospects and open door policies—foreign capital may flow in very rapidly and profits may be mostly reinvested. One of the most significant facts in this context is, as a leading business journal notes, that

> US firms are losing their enthusiasm for investment in Europe. Its inflation, its political instability, its

10. See Patnaik [1972] on the Indian case.

growing socialization of the economy, its need to import raw materials: all are combining to make US companies look elsewhere for growth opportunities.... In the future, predicts John Ross, a Bank of America vice-president, US investors will increasingly favour the relatively rich and hospitable developing countries, mainly Brazil, Nigeria, Indonesia, Iran, Venezuela and Mexico.[11]

Thus, while it is of great importance to analyse the determinants and profitability of international capital flows, it is doubtful whether a general dependence approach can get us very far.

(ii) 'Dependent' economies are, usually rightly, said to suffer from the use of excessively capital-intensive technologies taken from the developed countries. The distortions that this practice creates, in terms of exacerbating a highly uneven distribution of income, 'marginalizing' large sections of the population, and perpetuating the reliance on the import of foreign know-how, may be seen to provide a measure of dependence. We shall come to income distribution below; let us here consider 'technological dependence' alone.

There is no reason to doubt that LDCs as a group 'depend' for their industrial technology on advanced countries, in the sense simply of getting most of their technology from abroad. There is also no reason to question the argument that this technology is in some ways 'inappropriate' to the production and consumption needs of LDCs[12], and that it leads to social ills, misdirected science and education policies, and to a self-perpetating structure of technological backwardness.

Do we then have a sound means of distinguishing dependent from non-dependent economies? Unfortunately not. A number of advanced countries 'depend' heavily on foreigners for their industrial technology, and this is one field in which the notion of any sort of 'independence' is growing rapidly obsolete. The proportion of patents taken out by foreign corporations as compared to local ones is almost as high, or higher, in Canada or Belgium as, say, in India or Brazil, and the extent of technological 'dependence' in Denmark is probably just as great as, say, in Colombia or Taiwan. We can quibble about the exact 'degree' of dependence, but it is, once more, a question of the *scale* and not the absolute presence or absence of dependence. As for 'appropriateness', there are two sets of problems:

(a) On the *production* side, there are two reasons why inappropriateness cannot be used as a criterion of dependence: first, there are several industries (mainly modern, technologically advanced ones, particularly those geared to export markets), where there is practically no scope for an intermediate technology, and where the most advanced technique may also be the most appropriate; and, secondly, the sort of technology chosen, while inappropriate with reference to some social optimum, may in fact be quite 'appropriate' to the income distribution and capitalist mode of production in existence in LDCs. The criticism should then be directed at the *mode of production* as such, and not the *distortion* created in it by relying on foreign technology. In fact, many of the points made by the dependence school are in fact attacks on the desirability of *capitalism* in LDCs rather than on their dependent status, and it is the basic argument of this paper that these attacks should be correctly formulated rather than aimed at a vague notion like dependence.

(b) On the *consumption* side, similarly, it is inadmissible to define dependence by judging the appropriateness of consumption patterns with reference to some social optimum derived from a different set of production relations (and income distribution). In any case, the fact that the tastes of élites are influenced from abroad and are 'alienated' from those of the masses is neither a new phenomenon characteristic of present-day LDCs, nor is it confined to dependent countries. The tastes of élites have always been in some sense alienated from those of the common people, and have always been heavily influenced by the dominant culture of the day. The achievements of modern media and travel do mean that the phenomenon is now more widespread, but in essence it simply reflects the existence of inequality and the dominance of particular material cultures. Again, the difference between developed and less developed countries is one of degree—with the élite in the latter being rather smaller and somewhat more 'alientated'—and not one of kind.

(iii) It is often suggested that the peripheral

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11. Howe [1975, p. 47]. This is supported by figures given in the *IMF Survey*, 26 May 1975 (p. 152), which show that foreign manufacturing affiliates of US MNCs plan to expand their investments by only 10 per cent in developed countries, and by 39 per cent in developing countries. Most of this increase is directed at Brazil, though the rate of growth (from a much lower level) is considerably higher in the Middle East.

12. See Stewart [1974].

economies are forced by the rules of international economic relationships (dictated by the centre) to specialize according to static comparative advantage in the export of primary products or simple manufactured goods. While it is true that many LDCs do conform to this pattern, and so continue to face stagnant export earnings often coupled with disruptive short-term fluctuations in prices, recent experience casts grave doubts on the *generality* of this hypothesis. A number of dependent economies have demonstrated an ability–backed perhaps by a heavy reliance on MNCs and on measures to integrate their economies closely with the world capitalist system–to break out of the constricting circle predicted by dependency and other theorists of 'export pessimism'. Certainly manufactured exports based on a labour-cost advantage have accounted for a large part (but not all) of this growth, but this can be interpreted as conformity with dynamic rather than static comparative advantage, and does not provide support for the dependence case. The interesting problems to investigate, then, are those concerning *why some* LDCs are able to successfully integrate themselves into a dynamic capitalist trade system and others are not, and what the *welfare implications* of following such an integrative policy are. A blanket concept of dependence applied to all LDCs is quite misleading.

(iv) The best statement of the consumption-distorted pattern of dependent development is by Furtado, who argues that:

> The existence of a ruling class tied with consumption patterns similar to those in countries where the level of capital accumulation was much higher and geared to a culture focusing on technical progress became the basic factor in the evolution of the peripheral countries.[13]

This is a structuralist rather than a Marxist view of the historical process of imperialism, in spite of the fact that Furtado conducts a great deal of his discussion in terms of 'social classes', 'surplus' and 'exploitation'. The influence of dependent consumption patterns is seen to persist today, and to determine the structure of production and distribution. Thus:

> It was the process of industrialization, aimed at the substitution of imports, that reproduced the split in the structure of the productive apparatus, characterized by the coexistence of capital-intensive industries, catering to the modernized minority, with traditional activities (rural and urban) catering to the mass of the population and to foreign markets. . . . Furthermore, taking into account that dependence is permanently reinforced through the introduction of new products whose production requires the use of more sophisticated techniques and higher levels of capital accumulation, it becomes evident that industrialization will only proceed if the rate of exploitation increases, that is, if income distribution keeps concentrating.[14]

Thus, the relationship between the classes, and the mode of production itself, are seen to depend on the pattern of consumption. Perhaps Marxist analysts would, as some have done with Frank's approach,[15] regard this as an undue concern with exchange relationships rather than with more fundamental relationships of production (which have their own dynamic process of income concentration); but this is not our concern here. We are mainly interested to see whether the particular importance of distorted consumption patterns can be taken to define a state of dependence.

We have already noted that differences in consumption patterns between different classes have *always* marked capitalist and pre-capitalist (and even some modern socialist) economies; the question is then whether this has a more decisive influence in creating a 'split' productive structure in LDCs today than it did in the case of non-dependent economies in their early stages of industrialization. There are two ways of judging this: one, by simply looking at the relative industrial structures, and, the other, by comparing the results of this split in terms of successful and unsuccessful growth. The latter is considered in the following section. As for the former, it is certainly true that modern industry is more highly capital intensive, and so the difference between it and the non-capitalist sector is greater, than was the case in the early stages of the Industrial Revolution. This is, however, simply a *description* of one facet of economic backwardness–obviously, the more primitive the economy, the greater the leap required to reach modern technology–and cannot be used as an *analytical* category without falling back on tautologous definitions (i.e., underdevelopment equals dependence). Furthermore, it is not clear that the dividing line between dependent and non-dependent economies can be drawn on this basis: Italian agriculture may in parts be extremely primitive

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13. Furtado [1973, pp. 3–4].

14. ibid. pp. 10–11.

15. Laclau [1971]. For a discussion, see Booth [1975].

and Taiwanese agriculture may be relatively advanced; or the relative differences between the modern and traditional sectors may be much greater between different regions of the same country (say, Brazil) than between dependent and non-dependent countries. There is bound to be considerable 'disarticulation' of the productive structure of very backward economies in the process of capitalist development, and it is doubtful that the extent of such disarticulation can provide a clear means of demarcating dependence within the capitalist universe.

(v) There may be different meanings attached to 'unequal exchange'. In one particular Marxist interpretation it is the consequence of having unequal wage rates in different areas which produce the same commodity, with the same technique, at equal rates of profit.[16] In this version, one can get unequal exchange between two regions of a country or between two countries within the centre, but it may be argued that its impact is greater when applied to the centre–periphery configuration. In a static sense it is again impossible to draw a dividing line between dependent and non-dependent *economies* (rather than regions) on the basis of this criterion: not only would we find a gradation of wage rates which would have to be cut across arbitrarily to define dependence, but also the *ceteris paribus* assumptions about identical techniques and productivities would be extremely difficult to retain. In a dynamic sense, we may judge the existence of unequal exchange by its effect of perpetuating underdevelopment. This is considered below.

Unequal exchange may also be interpreted to mean that 'exporters in industrialized countries possess more monopoly power than the exporters of underdeveloped countries',[17] leading to unfavourable terms of trade for the latter. This is very much a matter for case-by-case analysis, and the oil industry shows that one cannot make general statements about dependence on this basis.[18] All theories based on inequalities of bargaining or market power need to be qualified rather carefully, and it is far from obvious that the lines drawn on this basis correspond to the line between developed and less developed countries.

(vi) The phenomenon of increasing inequalities in income and the growing 'marginalization' of large numbers of people in many less developed countries, which we freely admit to be the case, may be taken to signify dependence. We must note, however, that empirical evidence[19] does not support the view that worsening inequality is true of *all* dependent economies; we must also remember that it typified the early stages of capitalist growth in the developed countries. There are, moreover, 'marginalized' classes in the richest of the developed capitalist countries, the United States, and it may be argued that 'centre and periphery do not coincide with developed and underdeveloped countries respectively, as in the Prebisch model. On the contrary, the dynamic core of the capitalist economy overlaps national economies, has become transnational; and the peripheries, while remaining national, also appear both in developed and underdeveloped economies'.[20]

It must be stressed that I am *not* denying the existence, nor the reprehensibleness, of growing inequality and mass unemployment in several LDCs; and I am not defending the process of capitalist growth. What I am trying to deny is the analytical usefulness of lumping different types and stages of the capitalist development process in the various less developed economies under *one* category of 'dependence'. If one wants to preserve the capitalist system but promote equality, a particular sort of analysis is called for (which may well show that at certain stages the two are incompatible), while if one wants to attack the capitalist system as such, regardless of its income distribution effects, a different sort of analysis is required. Neither is, however, furthered by dependency theories.

To sum up this section, therefore, it appears that the dependence school is trying to pick off some salient features of modern capitalism as it affects some LDCs and put them into a distinct category of 'dependence'. While it has certainly made important and substantial contributions to the understanding of particular phenomena and of individual LDCs, its attempts to form a general category do not seem to have been

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16. See Emmanuel [1972] and Kay [1975]. The same result can, of course, be derived from a non-Marxist classical [e.g., a Sraffa-type] framework.

17. Sutcliffe [1972, p. 188].

18. Vernon [1975] criticizes dependence theories on this ground.

19. Chenery *et al.* [1974].

20. Sunkel [1974, p.2]. Needless to say, this seems to be a modification of Sunkel's earlier analysis of dependence.

successful. On static criteria, it would perhaps be more sensible to proceed in terms of a 'scale' of dependence than a discrete class of dependent countries. Much of the appeal of the school would no doubt be lost if this were done, but there is little long term purpose in basing appeal on false distinctions.

IV. DYNAMIC CHARACTERISTICS

It may be argued that while in terms of static characteristics it is analytically impossible to draw a clear line between dependent and non-dependent economies, and that in all these characteristics the difference is a matter of degree rather than of kind, in the dynamic terms of their effects on growth the *cumulative result may be distinctive.* We can, therefore, look for distinguishing characteristics of a dependent *process* of growth. Unfortunately, although all dependence theorists agree that economic growth in the less developed countries is in various ways conditioned by external forces reacting on internal structures, there seems to be considerable difference of opinion on what exactly the dynamics of dependence are. We may, at the risk of some over-simplification, distinguish between analyses of the *possibility* of dependent growth and of the *pattern* of dependent growth.

Possibility of growth

One of the main points of agreement between a number of dependence theorists and neo-Marxist writers on development, and also one of the major points of departure from classical Marxist writings on imperialism, is the contention that dependence blocks or inhibits the economic growth of the capitalist developing countries. While Marx and Engels believed that in the final stages of capitalism the 'bourgeois mode of production' would spread to the backward nations, and Lenin at times, and Luxemburg explicitly, argued that capitalism would spread industrialization to the LDCs, much of neo-Marxist theorizing, starting from Baran and most forcefully propagated by Frank, has been concerned to show that the historical process of capitalist growth is not repeatable and that dependency is incompatible with development.[21]

The dependence view of growth possibilities may be subdivided into three categories: (i) the strong position (André Gunder Frank) that dependence leads to *immiserization*; (ii) the medium position (early Furtado, Sunkel and dos Santos) that it runs into market constriction and *stagnation*; and (iii) the mild position (Cardoso) that some growth is possible but always in a *subservient* or '*marginalized*' *role*.

(i) *Immiserization.* The dynamics of dependence are seen here to be a continuation of the forms of 'primitive' exploitation which marked the earlier stages of imperialism; they lead, in Frank's famous and oft-criticized phrase, to the 'development of underdevelopment'. It is not necessary for us to go into the complex reasoning and historical precedent which support this argument;[22] if we can simply show that there is no *general* case to be made that all dependent economies are growing poorer, then we have established our point about the inadequacy of the dependency concept. And we do not have to look very far. A glance at any set of national income statistics will show that a number of dependent countries, in Latin America and elsewhere, *have* produced impressive and sustained performances in terms of real *per capita* incomes in the recent past, and there is little reason to believe that this is going to come to a sudden stop.

The immiserization case may, however, be put slightly differently: dependence may be seen to lead to the growing poverty of the *mass* of the population. As we have noted with reference to inequality and marginalization, this is certainly the case with a large number of LDCs, but, as before, we cannot accept it as a general and universal criterion of dependency. Not only does it ignore the evidence of some dependent countries which have raised the living standards of their poorest sections, as well as of marginalization in some non-dependent economies, it also defines as dependence something which may be an *inevitable concomitant of certain forms or stages of capitalist growth, regardless of whether or not it was externally conditioned.* If this is admitted, then there remains very little in the phenomenon of dependence which provides strong grounds for believing that early capitalist growth is now unrepeatable.

(ii) *Market constriction.* The same criticisms may be made of the school which

21. See Barrat Brown [1974] and Booth [1975]. Szymanski [1974] provides a useful comparison and empirical testing of the classical and modern theories, while Warren [1973] provides a stimulating antidote to the modern view.

22. See the various works by Frank and critiques by Laclau [1971] Barrat Brown [1974] and Booth [1975].

argues that dependent, import-substitution industrialization inevitably runs into bottlenecks created by growing income inequality and a concentration on the domestic market. While import substitution as an exclusive strategy may obviously face this problem, there is nothing in dependent status which necessitates such an exclusive concentration on domestic demand. Developing countries can, and, as Sunkel in his later writings and Furtado argue, do turn to international capitalist markets for their continued expansion, and in this sort of 'dependence' they are no different from any capitalist country, rich or poor, which has its fortunes tied to the development of the whole system. Some dependent economies can manage the integration better than others, and the reasons for this are a major area for political-economic investigation, but there is no common dynamic element in their experience which we can put down to dependence (as distinct simply from their underdevelopment).

(iii) *Subservience.* It is difficult to interpret the empirical content of the 'marginalized' role that dependent but growing economies are assigned. One meaning may be 'unequal exchange' (in the second sense, see above), in that LDCs pay more for their trade and foreign investments than developed countries do and so are able to grow less fast than otherwise. Another may be that the surplus available for productive investment is smaller than otherwise because of the very existence of foreign investments and of wasteful forms of élite consumption. A third may be that dependent economies are receiving less investment and trade over time, and that their exports are doomed to stagnation. A fourth may be that their technological dependence renders them liable to monopolistic practices and to increasingly inappropriate forms of industrialization. Insofar as these are merely amalgams of arguments dealt with in the previous section, we need not repeat them here. We may merely reiterate that while all, or some, of these may well be true of some dependent countries, they are not true of all, and more important, they may be equally true of a number of non-dependent countries. Insofar as they are meant to suggest that dependent economies are failing over time to improve their position in the international capitalist framework, we can only point to ample evidence to the contrary for the few LDCs that are succeeding.[23]

Pattern of growth

Some dependence theorists, like Sunkel, do not make explicit prognostications about the possibility of dependent growth, but concern themselves with the form that it takes. Thus, they point to several undesirable consequences, which we have already discussed, such as inequality, wasteful consumption, lack of domestic technological innovation, subjection to international fluctuations, and the like, as the distinctive features of the process of dependent development. In showing this concern, they differ from the orthodox Marxist analysts of development who do not make value judgements about the conditions accompanying capitalist accumulation and reproduction, but are interested primarily in the viability of the capitalist system in developing countries (though the line between normative and positive analysis is increasingly difficult to draw in writings in this area).

The attention drawn to the undersirable concomitants of dependent growth has been one of the most valuable contributions of the dependence school, particularly since it has shown that many of these features are *direct effects* of the sort of development undertaken and not simply accidental aberrations. This being granted, however, we are forced to argue that these are features of *capitalist* growth in general—in certain stages and in certain circumstances—and are not confined to the present condition of the less developed countries. Certainly there are 'costs' associated with capitalist forms of industrialization, and it is arguable that there are other forms which are more humane and also more efficient; certainly there are some cases in which capitalist growth can work much more successfully than in others; and certainly this sort of growth has certain constraints and faces immense conditioning pressures from other capitalist economies. But if one is trying to analyse these questions, the concept of dependence, *as an analytical category,* is not only unhelpful but misleading. The reasons for this have all been given above and need not be discussed again.

V. CONCLUSIONS

We conclude, therefore, that the concept of dependence as applied to less developed countries is impossible to define and cannot be shown to be causally related to a continuance of underdevelopment. It is usually given an

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23. See Warren [1973].

arbitrarily selective definition which picks certain features of a much broader phenomenon of international capitalist development, and its selectivity only serves to misdirect analysis and research in this area. The desire to promote attacks on the capitalist mode of production causes some dependence and neo-Marxist analysts to concentrate on the appealing but mistaken argument that it can never lead to a repetition of the experience of the developed capitalist countries, when in fact they should be drawing attention to the intrinsic costs of the capitalist system as such, and to its continuously evolving dynamics. The fact that it leads to uneven development and often to great suffering on the part of the great masses of the population in LDCs should not obscure the fact that it has so far proved to be a viable system *on its own terms*. This raises two sorts of implications for thinkers of the dependency school.

First, for those who, like Warren, believe that capitalist industrialization must be undergone and the full productive powers of society realized *before* a move is made towards socialism, research and policy recommendations should be concentrated on the conditions within LDCs which prevent a full integration with the capitalist system.

Secondly, for those who believe that a completely different path is feasible for achieving 'true' development, attention should not focus on how the capitalist system is not working in LDCs but on what needs to be done even if it *is* working in terms of breaking out of the international capitalist mould. To underplay the effectiveness of the capitalist system is surely to underestimate its strength and to attack it on its least vulnerable points.

Our argument, finally, must not be taken to denigrate the real contributions and the intellectual sophistication of the dependency theorists. There are many indications that the earlier patterns of dependency analysis are being dropped, to be replaced by more appropriate and rigorous political–economic research.[24] This should not, however, hold us back from questioning the older concepts which are still gaining widespread acceptance in the literature. The 'dependence' model must be severely qualified if it is to remain in use in the study of underdeveloped countries.

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24. Booth [1975] mentions an unpublished paper by Frank where he admits the need to modify the earlier dependence model.

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