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DIALOGUES ON DEVELOPMENT

VOLUME I: DEPENDENCY

YOUNG SCHOLARS INITIATIVE (YSI) | Institute for New Economic Thinking

DIALOGUES ON DEVELOPMENT
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To the pioneers of dependency theory

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Preface

Jimi Adesina

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The 1980s marked a distinctly new phase in the socio-economic experience of many countries, not least for the countries of sub-Saharan Africa. The impacts of the ascendance of Neoliberalism—the 'Washington Consensus'—created a familiar but heightened narrowing of policy space for many countries. The global impact of stabilization and liberalization policies might in the North have had the effect of reining in collective social welfare provisioning and restraining the labour movements. In the South, and most pointedly in sub-Saharan Africa, it meant the closing down of the space for what Samir Amin called (in this volume) a "sovereign project" of seeking an autonomous development path, severe state retrenchment, and social dislocations. The effort (and it could only be an effort) to commoditize every conceivable domain of socio-economic life, placed the market at the heart of resource allocation and social provisioning. The most ambitious effort by African states to redress the crisis of inherited colonial political economy, the Lagos Plan of Action and the Final Act of Lagos (1980) was countered by the Berg Report (1981).[1] The Report claims to build on the Lagos Plan of Action, but nothing could be further from the truth.

The next two decades would witness the dismantling of the embryonic efforts at collective social provisioning, and the retrenchment of national institutions focused on a semblance of autonomous development. A new army of functionaries of the Bretton Woods Institutions, bilateral agencies, and consultants would turn inside out the policymaking space and public institutions on the continent. It was like watching a colonial scenery all over again but without the political responsibility of administering the territory for the colonizing force. Alongside the closing of economic space was a

[1] World Bank, Accelerated Development in Sub-Saharan Africa: An Agenda for Action (Washington DC.: The World Bank, 1981).

fundamental restructuring of mechanisms for knowledge production and dissemination—all immersed in the logic that there is no alternative to the market and the liberal ordering of society. From the fledgling efforts at constructing developmental states in many countries the restructuring of the state into the "night-watchman state" focused on easing the "burden of doing business." New regimes of trade regulation and investment protection in the context of a unipolar international order operated in tandem with more brazen efforts of the Western powers to impose their will on other countries militarily and by covert efforts, and increased intellectual hegemony. Most explicit in Economics but evident in other fields as well, the plurality of public discourse became narrow and constrained. Market hegemony was coupled with the perceived death of the emancipatory project. The fracturing and subordination were not simply between countries but deep within national boundaries, as well.

The features were both familiar and new. Kwame Nkrumah's Neocolonialism: the Last Stage of Imperialism (1965)[2] sums up quite well some of the multi-dimensional aspects of what would later be described as Dependency and more recently Coloniality—the end of colonial rule did not mark the end of colonial domination. "The methods of neo-colonialists are subtle and varied. They operate not only in the economic field but also in the political, religious, ideological and cultural spheres." Neither is the mechanism of neo-colonialism at the level of state-to-state relations; it covers the operations of transnational corporate entities, cultural entities, etc. The book, it should be recalled, was published while Nkrumah was the sitting president of Ghana; it earned a prompt rebuke from the US State Department and the cancellation of "$25million of American 'aid' to Ghana."3

For many countries, the restructuring that emerged would tilt back to commodity production (mineral and non-mineral) and de-industrialization of the limited effort at industrialization. For all the claim of renewed economic performance from sub-Saharan Africa4 to Brazil, much of this was hitched to the commodity super-cycle. The engine for this might be the resurgent China, but the implications for the location of these economies in the global economic order (peripheral and extraverted) could not be more obvious. If the pre-neoliberal era involved attempts at internalizing the growth engines of many of these countries, the neoliberal era has been a period of heightened extraversion.

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[2] Kwame Nkrumah, Neocolonialism: The Last Stage of Imperialism (London: Panaf, 1965).

[3] http://www.goodreads.com/book/show/1472039.Neo_Colonialism (Accessed 20 May 2017).

[4] In December 2011, The Economist proclaims "Africa Rising"—"the hopeful continent"—after declaring the continent "Hopeless Africa" eleven years earlier (11 May 2000 issue of The Economist).

But there are new mechanisms of enforcing compliance. Beyond gunboat diplomacy and ideational domination, transnational capital's regime of structuring the global economy involves rating agencies as instruments for restraining autonomous policymaking. The more integrated and interlocking the domestic economy is with the centres of the global finance the more the leverage on countries that are in the positions of the so-called "sub-imperial powers."

Paradoxically, at a time when the core arguments of the Dependency framework are most pertinent, they disappeared from mainstream debates on "globalization" and the academic curricula. It is in this context that the inspiration for this collection of interviews with some of the leading scholars around the world is most welcome. The project of rethinking the world order, and the Young Scholars Initiative to explore the Dependency framework through the interviews, opens an earlier archive to a new generation of intellectuals, activists, and policymakers (hopefully).

As is evident from the interviews in this volume, Dependency was never a 'theory' and both its characterisation and critique can be quite clichéd. Its intellectual heritage stretched back to the 19th-century resistance against colonialism; its 20th-century proponents range from Raúl Prebisch to Adebayo Adedeji. The diversity of the framework (eloquently summarised by Samir Amin in this volume) shared a common premise of historical analysis and an understanding of the object of analysis as global. The differential location of countries within the system helps in understanding not only the global flow of value but other domains of dependence. The different strands—as the interviews in this volume demonstrate—provide different levels of understanding of the mechanisms of dependence and the feasibility of overcoming it. The forces driving and entrenching dependence are not only global or metropolitan; they are local as well. If in the 1960s and the 1970s, the contention was between socialism and national bourgeois development ('dependent development') in resolving the crisis of dependence, Samir Amin's enunciation on the "sovereign project" remains central. Here, Ian Taylor's elaboration (in this volume) of Amin's idea of "delinking" should help mitigate against the casual denunciation of the notion. It takes us beyond the pessimism of absolutes. History is not destiny, and policy space exists that can and should be explored, as it does for addressing racism, sexism, and epistemic dependence. Ideas matter so do policy and leadership.

As noted earlier, for a new generation of scholars and students, this volume should be a key that opens the door to an archive and a new way of reasoning about the current global order. The solution to a problem starts with an in-depth understanding of the nature of the problem. However, this goes beyond "new economic thinking." As Ramón

Grosfoguel, (in this volume) shows and Nkrumah (as cited earlier) understands, what is at stake is more than the economic. What is required is thinking and acting on the multi-dimensional faces of dependence and what Grosfoguel called the "civilizational crisis." The dependence is as much economic, as it is political, sociational, and epistemic, among others. It would require confronting the different dimensions of domination and dependence.

City of Tshwane, South Africa
23 May 2017

Introduction: Why Should We Discuss Dependency Theory Today?

Why write a book about dependency theory today? Most economics students have either never encountered the theory in their curriculum, or have only heard of it as a theory employed in the past. As a group of young scholars interested in how global economic structures and historical conditions influence the political economy of developing countries, we want to explore what relevance dependency theory can have today. With the rise of neo-classical economics in the 1980s, dependency theory became marginalised and was ultimately cast aside. This happened despite its popularity in the mid-20th century, particularly in the Global South. Using this collection of interviews with various scholars, we hope to inspire students and academics to revisit the key tenets of dependency theory and consider how some of the original work can be used to examine the persistence of global inequalities today.

Dependency theory grew influential in Latin America in the 1960s and 1970s, largely in reaction to modernisation theory and free trade policies, which originated in the West. The proponents of modernization theory claimed that underdeveloped countries were held back by certain cultural characteristics, or their lack of adherence to specific economic policies that followed given "stages of growth". While a variety of perspectives existed within the broad school of dependency theory, they all rejected modernisation theory's ahistorical approach to development and criticised its failure to account for the importance of the role of global economic and political structures.

One of the key tenets of dependency theory is its attention to the role of history and, in particular, the role of colonialism in constructing the positions of different countries within the global economy. Analysis of why a country occupies a certain position within the world economy should therefore begin at the global level. Dependency theorists argue that, beyond the end of formal colonialism, the value transfers of profits have continued to flow from the Global South to the North. This implies that the "core countries" of the North continue to benefit from their extraction of wealth from the "peripheral countries" of the South. Within such a framework, the underdevelopment of countries in the South can be explained via their continued exploitation at the hands of the North, rather than only by way of internal policy failures.

At this point, however, the different strands of dependency theory begin to diverge. Those who follow Andre Gunder Frank's theory of "the development of underdevelopment" argue that development in core countries always produces underdevelopment and poverty in the periphery. On the other hand, the proponents of "dependent development," following Cardoso and Faletto, and Peter Evans, argue that, with the right policies (albeit not those recommended by modernisation theorists), a limited form of developmental catch-up is possible within the system. Dependency theory also encompasses world systems theorists and structuralists. And, in fact, some regard dependency theory as more of an approach than a theory, which becomes apparent upon reading some of the interviews in this collection.

With the interviews contained in this book, we aim to explore the degree to which different strands of dependency theory can explain underdevelopment. In particular, we want to develop an understanding of the theoretical elements academics find useful today, as well as examine their limitations. While we tried to engage with as many scholars and major theorists who employ dependency theory as possible, we could not obtain interviews with all of them. The collection should therefore be considered as a window into some possible ways of thinking about dependency theory's relevance today, rather than a complete overview.

Dependency Theory: Tensions and Contradictions

Our contributors disagree on a number of key fault lines when it comes to both analysing the mechanisms that sustain relations of dependency and the possible ways of changing these relations.

Divergences emerge on fundamental questions about the nature and history of capitalism. For instance, Samir Amin argues that capitalism only took on its full economic form with the industrial revolution in England, and politically with the French revolution. *Dependencia* scholars, however, go back to the start of colonisation in the 1500s to examine the roots of the capitalist nature of Latin American countries, and their position as peripheral economies as they were integrated into the world economy. Nonetheless, Amin and *dependencia* theorists agree that the way Latin American countries were positioned as peripheries within the global system made it difficult for them to catch up with advanced countries.

Another fault line lies in how the different scholars we interviewed interpreted development, and the extent to which development is possible under capitalism. Some, like Ian Taylor, argue that industrialisation is necessary and that the capacity to industrialise is still available, pointing to Ethiopia as an example. Others, such as Peter

Evans, argue that industrialisation no longer provides adequate employment opportunities, and that the development of service sectors offers more potential in terms of job-creation. Yet others, such as Samir Amin, emphasise other aspects of development such as national autonomy, rather than simple (peripheral) industrialisation, while Ramón Grosfoguel argues that the term 'development' itself is inherently problematic, and that economic development is not possible within the current system at all.

Whether the key mechanisms that underpin relations of dependency are primarily economic or if political, social and epistemic mechanisms are equally important, is also an area of tension between the scholars in this book. On the one side, we find Patrick Bond, who argues that we need to understand the material conditions of the system to analyse the causes of the reproduction of African poverty. On the other side of the spectrum, we find Ramón Grosfoguel, who argues that reducing the analysis to examine only economic and material conditions is a fatal mistake. He argues that the system needs to be analysed as a whole. For instance, sexism and racism are among its organising principles, just as capitalist profit-seeking is. Thus these various inequalities cannot be disentangled from one another. Sabelo J. Ndlovu-Gatsheni echoes similar sentiments in his discussion of decoloniality, an approach that builds on, but also goes beyond, the dependency framework. Ndlovu-Gatsheni indicates that dependency theory was limited by its Marxist outlook, which did not accommodate epistemological and ideological dependencies that contribute to underdevelopment in the Third World.

Furthermore, the role that local elites play in perpetuating relations of dependency is brought up in the interviews with Rex McKenzie, Sabelo Ndlovu-Gatsheni and Miguel Centeno. Both McKenzie and Ndlovu-Gatsheni draw on Franz Fanon when considering how colonial systems and mind-sets are reproduced by local elites after formal independence. This is another example of looking beyond economic structures to understand relations of dependency.

The relationship between the local and the global is another point of contention, or at least a topic where the differences in emphasis by the interviewed scholars become apparent. While all agree that there is a dialectic relationship between the global and local, there is disagreement regarding the strength of global structures, which form the context within which countries operate. This, then, has implications for how these scholars view the possibility of changing a country's position within the world economy. While most consider global structures to be crucial to perpetuating dependence, many still propose solutions along national, rather than global, lines (Evans and Grosfoguel are the only scholars, among those interviewed, that explicitly propose solutions at the

global level). This is a contradiction inherent in much of dependency scholarship.

When it comes to the question of whether it is necessary to break with relations of dependency, and if so, whether this is possible and how it can be done, the scholars interviewed take different views. Peter Evans, for example, argues that there is a need to change the global rules of trade and investment, and that the strengthened position of countries like China and Brazil has meant that developed countries can no longer dominate the rule-making processes. Vernengo, on the other hand, argues that building strong and effective domestic institutions can drive improvements for people in developing economies, even within a structure of dependent development. Meanwhile, Samir Amin emphasises the importance of national popular projects, and the potential for *delinking* to create space for more autonomous development. Amin's idea of delinking is not synonymous with autarky, but refers to a project that aims to compel the system to adjust to peripheral needs, rather than adjusting to align with the needs of the core. The call for more radical solutions comes from Ndlovu-Gatsheni and Grosfoguel, who, through the analytical lens of decoloniality, call for moving beyond Western-centric modernity. Ndlovu-Gatsheni describes this as a move to "de-patriarchalise, de-racialise, de-tribalise, decolonise, de-imperialise and democratise".

Related to the issue of breaking from dependence is the discussion of the few countries that have managed to make the transition from periphery to core. The rise of the East Asian countries is highlighted in almost every interview. Evans explains the rise of South Korea through its comprehensive development strategy, including redistribution of land, human capital, and indicative industrialisation ("dependent development"). Others, such as Vernengo and Amin, argue that the rise of South Korea was only possible due to US support, resulting from the communist threat of North Korea. Notably, Evans does point out that the context within which South Korea now finds itself leaves it with little room to manoeuvre. He also notes that the country's ability to continue to deliver social protection is limited, and therefore does not consider South Korea to represent a viable development path for other periphery countries to follow. Vernengo also highlights the US as a historic example of a less developed, raw materials exporter that managed to obtain a dominant position in the world system, with the emergence of the dollar as the international reserve currency. The cases of South Korea and the US appear exceptional, as they did not face limitations in the form of global exploitative structures, which periphery countries are currently dealing with.

Critiques of Dependency Theory Emerging From This Collection

Most of the scholars interviewed point to areas where dependency theory needs to be expanded or refined. For Adebayo Olukoshi, the main limitation of what was

mainstream dependency theory was an acute poverty of class analysis and a tendency to treat underdeveloped countries as a collection of homogeneous units, without attending to the complex class relations underpinning both domestic and global accumulation processes.

Grosfoguel and Ndolvu-Gatsheni argue that decoloniality builds on the key tenets of dependency theory, while also expanding it to include other key elements such as racism and sexism, in order to inform a fuller understanding of the logic of the current world system. Grosfoguel also mounts a critique of dependency theorists for a lack of consistency between their diagnosis of the problem and the solutions offered. While these scholars emphasised the importance of global structures in the continued exploitation of the South, they still considered the nation-state the necessary locus of action for challenging these global structures. Grosfoguel argues that the solutions need to be global if the roots of the problems are global. Local and national actions are necessary for change to occur, but they are not sufficient by themselves.

Some Unorthodox Applications

While dependency analysis tends to be confined to the study of economic relations between the Western core and the Third World periphery, a number of less common applications emerge from the interviews. For example, Bond emphasises the usefulness of dependency theory when analysing emerging South-South relations and the dominance of BRICS. Bond argues that the BRICS-countries operate as "sub-imperial sheriffs" of world imperialism, and that South Africa, for instance, has used its regional influence to legitimise multilateral institutions, which represent the interests of the North, within Africa. Honita Cowaloosur emphasises the complex nature of how Chinese special economic zones function in Mauritius and several other African countries. She illustrates how Gunder Frank's conceptualisation of core and periphery is useful in this analysis, but notes that it must be adapted to understand the Chinese operations.

Furthermore, McKenzie points to how the plantation economy in Caribbean countries can usefully be conceptualised through a dependency lens, and how the notion of the plantation as a "total institution" is insightful when analysing the current challenges in the region. László Bruszt highlights the usefulness of dependency theory when analysing intra-European relations after the Cold War. He argues that the peripheral positions of many Eastern European countries have to be analysed individually, as there are variations in the situations of dependency in different countries.

Conclusion: Is Dependency Theory Relevant Today?

While the interviews show that there are many versions of dependency theory, they also

illustrate the relevance of many of the central tenets of dependency theory when analysing the inequalities of the world today. Olukoshi argues that despite the need to refine dependency theory to account for the changes that have taken place in the international system, the basic principles of the theory offer inspiration for those wanting to understand and change the current global system. Raw materials are still mainly exported from the South, and countries that have moved into manufacturing are often still in a dependent and subordinate relationship with the core countries. Financial wealth moves from the South to the North, and, as the interview with Higginbottom shows, this applies even in areas of South-South trade-relations. This highlights the need for more data on where and how money actually flows between countries, beyond simple analysis of global value chains.

Of particular relevance for understanding divergence in the development of countries in the world economy is dependency theory's emphasis on global structures, core-periphery relations, and the importance of historical analysis. However, many of the interviewees also indicate that there is a need to expand the theory, with some scholars highlighting the theory of decoloniality as a good example.

We deliberately chose to present the interviews in a variety of styles, emphasising different aspects in each discussion. We would like to thank our external reviewers, Farzana Chowdry and Raymond Xu, for their excellent feedback. We hope you will enjoy reading the interviews as much as we have enjoyed our conversations with the scholars, and that this collection can inspire more conversations on dependency theory and its relevance today.

The Editors:

Ushehwedu **Kufakurinani**
Ingrid Harvold **Kvangraven**
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1. A Dependency Pioneer

Samir Amin
Director, Third World Forum

By Ingrid Harvold Kvangraven

Sixty years ago, a young Samir Amin finished his PhD dissertation, which applied Marxist principles to the global economy[5]. He went on to become a leading Marxist scholar, particularly known for his analysis of global inequality based on the law of worldwide value[6]. From the beginning, Amin was heavily influenced by Marx, Engels, Lenin and Mao. Later he also drew inspiration from both Baran and Sweezy. I recently had the pleasure of interviewing Amin, and was able to pick his brain on varieties of dependency theory, possibilities for development, the consequences of globalisation, the role of economists in society, and more.

Varieties of Dependency Theory

When I ask about Amin's view on *dependency theory*, Amin points out that there is no single unified theory of dependency. There are, rather, three schools of thought that share some fundamental characteristics, but that also differ on important points. But what they have in common is often more important than what separates them. Amin identifies himself as being a part of the school of global historical materialism. This is Marxism understood as a global system. Academics such as Baran and Sweezy also fall into this category. Within this framework, the Marxist law of value is central and this distinguishes this school of dependency from the others. The law of value may be considered in other schools, but it is not at the core of this analysis.

In Amin's analysis, the main characteristics of the worldwide law of value is that the price of the labour force is distributed in a much more unequal way than are the productivities of social labour. There are differences in the productivity of labour, of course, but the differences in productivity are smaller than the differences in the price of

[5] Samir Amin, *Les Effets Structurels De L'intégration Internationale Des Économies Précapitalistes. Une Étude Théorique Du Mécanisme Qui a Engendré Les Éonomies Dites Sous-Développées* (Paris: Université de Paris, 1957).

[6] See Samir Amin, *The Law of Value and Historical Materialism* (London: Harvester, 1977). Also see his reformulation published as two volumes in 2010 by The Monthly Press, namely *The Worldwide Law of Value* and *Essays on Marx's Law of Value.*

labour. For example, while the difference in productivity between the US and Congo is 1:5, the difference in the price of the labour force may be 1:20. With free trade and relatively open borders allowing multinationals to move to where they can find the cheapest labour, the law of value operates at the global level to allow the extraction of the value produced in the peripheries to the benefit of the monopoly capital of the centres. Unequal exploitation is thus manifested in unequal exchange, in Amin's framework.

The other two strands of dependency are the dependency school (so-called *dependencia*) and the World Systems School, according to Amin. The *dependencia* school is a Latin American school associated with Ruy Mauro Marini, Theotonio dos Santos, Andre Gunder Frank, and others. The World Systems School was founded by Immanuel Wallerstein, but Giovanni Arrighi can also be included in this school.

The *dependencia* school was in some ways a reaction to the dominant view of the communist parties in Latin America in the 1950s. While the communist parties argued that Latin America was feudal, or at least semi-feudal, the *dependencia* scholars argued that the Latin American countries were capitalist from the start of colonization and from their integration into the world economy in the 1500s. The problem was that as they were colonized, their economies were built as a periphery to the capitalist system. Amin, however, would argue that the 18th century should be defined as the period of transition to capitalism and that capitalism only takes its full form with the industrial revolution of England and politically with the French revolution. Either way, in the 19th century, the Latin American countries found it very difficult to catch up with advanced countries, due to the nature of the capitalist-like system that they were a part of.

World Systems theory is conceptualized and applied differently by the different authors within the school. Central to the vision of Wallerstein and Arrighi was the idea that the global system shapes the conditions of each country's development at the national level. Amin's problem with World Systems theorists is that he feels that they have a tendency to explain national processes as exclusively, or almost exclusively, shaped by global tendencies. Therefore, they attribute the failure of national attempts to move out of the system to the operation of the global system itself. Thereby the global system becomes responsible for the failure of the Soviet attempt, the failure of the Maoist attempt, and the failure of all the national popular regimes in Africa and Asia that came out of the Bandung era[7]. Amin, in contrast, argues that there are dialectics between the effects of

[7] The Bandung conference was the first large-scale meeting of Asian and African states, most of which were newly independent, which took place in 1955 in Bandung, Indonesia. The conference's stated aims were to promote Afro-Asian economic and cultural cooperation and to oppose colonialism or neocolonialism by any nation.

the global system and the local national class struggles.

You cannot reduce these three schools to one, neither to *dependencia* nor to World Systems theory, nor to global historical materialism. However, it is possible to identify commonalities in these three strands. First of all, they all consider capitalism as something that has always been global. Within these theories, globalisation is not something new, but something immanent to capitalism. Secondly, they also share the view that global capitalism has always been polarizing and that it has never permitted countries to catch up with those that are the most advanced. Instead of convergence, there has been a polarization between the centres and the peripheries. This brings us to the final commonality, namely the vocabulary. All three theoretical strands tend to employ the concepts core and periphery.

Another commonality between the three strands of dependency is the opposition to orthodox Economics. The analysis is grounded in global history and the interactions between economies in the world, whereas mainstream Economics tends to be confined to what happens within the boundaries of the state. In orthodox Economics, the national economy is assumed to be relatively autonomous and can be analysed separately from the global economy. Amin argues that you cannot understand neither the United States, nor Germany, nor the Congo, nor China, nor Egypt, if you separate them from each other. You have to start from the global perspective and then move down to the expression of globalisation operating at the national level.

Amin perceives orthodox Economics to be very naïve, as it assumes that poor countries can catch up with advanced countries if they are clever enough and simply have the will to do. This view – that globalisation can be good for all – completely ignores the polarizing tendencies of globalisation.

The Polarizing Tendencies of Capitalist Globalisation

Amin first started studying the polarizing tendencies of globalisation in the 1950s. He argues that globalisation has always been polarizing because the centres have shaped the pattern of globalisation in their favour, thereby consigning other countries to the periphery. Important for dependency thinkers is the concept that the centre and periphery are, in fact, two sides of the same coin. By extension, development and underdevelopment are also two sides of the same coin. This is a notion you can also find in Andre Gunder Frank, who popularized the terminology: Frank argued that development and underdevelopment are concomitant, not successive, and that you don't

move from one to the other, you remain in the category you started in[8].

Already in his thesis in 1956, Amin wrote that the process of accumulation on a world scale is a process inviting the peripheries to permanent "unilateral adjustment". By unilateral adjustment, he meant that the centres are actively shaping the globalisation process, while the periphery is compelled to adjust unilaterally to it. For example, the Congo is invited to adjust to the needs of the United States, but the United States does not have to adjust to the needs of the Congo.

As Amin wrote about this polarizing tendency of globalisation in the mid-50s. This can be considered quite forward-thinking, as it was in many ways an anti-Rostowian manifesto before Rostow had even written his renowned *Stages of Economic Growth*![9] Amin's point was that if you enter into a capitalist globalisation process, you will not go through a variety of stages and eventually become 'developed;' on the contrary, you'll have to move out of the system and find some other way to catch up.

Notably, Mao had developed this point on the impossibility of catch-up even earlier, when he was considering the conditions of China. According to Amin, Mao argued that it would not be possible for the periphery to develop through phases, whereby a national democratic bourgeois capitalist revolution would create the possibility of the development of a nationalist capitalist economy, which would finally end in a socialist revolution. To Mao this would be impossible because it is not possible to create a national bourgeoisie in the conditions of the peripheries, particularly not in the context of China. Mao did not mention any other region, but Amin interprets Mao's thinking as something that is relevant and applicable to all peripheries, whether in Asia, Africa or Latin America. Therefore something different from unfettered capitalist development is needed for these peripheral countries to prosper.

Dependency in a New World Order

The three dependency schools see today's globalisation as a new stage of an old phenomenon. Although one can point to many things that are "new" about today's globalisation, Amin focuses on the increased degree of centralization of the control of capital, which he considers to be crucial to the pattern of financialization. This high level of control is qualitatively new compared to what it was 50 years ago. The lion's share of activities today is production by subcontractors that tend to serve financialized monopoly capital. This centralization leads to a series of consequences, such as a large

[8] Andre Gunder Frank, *The Development of Underdevelopment* (New York: Monthly Review Press, 1966).

[9] W.W. Rostow, *The Stages of Economic Growth: A Non-Communist Manifesto* (Cambridge: Cambridge University Press, 1960).

part of the value created by the subcontractors both in the centres and peripheries being captured by monopoly capital and transformed into monopoly rent. Amin calls this an imperialist monopoly rent.

He argues that it is also this characteristic that explains the social disasters that can be observed globally, such as stagnation, unemployment, and the destruction of the welfare state. These can be observed globally, but most dramatically in the South, and particularly in the weak countries of the South. This centralizing tendency also leads to an accelerated growth of income and wealth inequalities in both the North and the South. Amin argues that this pattern cannot continue on forever – not only for political, social and ecological reasons, but also because of the system's internal contradictions.

Many would argue that the world is now multipolar and that the rise of the BRICS challenges this centralizing, polarizing tendency of globalisation. However, Amin has two ways of responding to this claim. First of all, he scoffs at the thought of institutions and economists calling the BRICS 'emerging markets,' both because a country is more than a market or an economy – it is first and foremost a society – but also because some of these countries are the oldest nations in the world and it is not only recently that they are 'emerging'.

Secondly, Amin points out that the BRICS are not homogenous countries and should not be analysed as such. Some are of continental sizes such as China and India, while others are smaller. Amin argues that China is perhaps the only country among the BRICS that is trying to combine two things that are conflicting, namely a national sovereign project and participating in the process of globalisation. A part of the sovereign project is constructing an auto-cantered modern industrial system associated with a renewal of peasant agriculture in order to ensure food sovereignty, which conflicts with free trade.

Amin estimates that China's development is determined fifty per cent by its sovereign project and fifty per cent by globalisation. When asked about Brazil and India, he estimates that their trajectories are driven by twenty percent sovereign project, and eighty per cent globalisation. Now, if we move to South Africa we'll see zero percent sovereign project and one hundred per cent globalisation, Amin adds. China is challenging the present order, and so is potentially Russia. The others are not currently challenging the status quo, but that doesn't mean that they will not move towards doing that, Amin explains. When it comes to the newly industrialised countries in East Asia, such as South Korea and Taiwan, Amin argues that these were allowed to move from periphery to core because of geostrategic reasons (i.e. the threat of communist North Korea and China).

Amin's Alternative: Delinking

For Amin, the centrality of the law of value is crucial for understanding precisely why it is impossible to catch up within the system and why delinking from that system is a prerequisite for the development of productive forces[10]. As the current system reduces countries of the periphery to being the subcontractors of central monopoly capital, the only way forward is to delink from the global system. Amin underlines that it is almost impossible to delink 100%. When he says "delink," he does not mean autarky. What delinking means to him is that you try to compel the system to adjust to your needs, rather than simply going along with having to unilaterally adjust to the needs of the core. Amin estimates that if you can reach seventy percent delinking, you'll have done a great job. A strong country that is for historical reasons relatively stable and has some military power will have more leverage than a small country to do this. For example, China has a margin of manoeuvre that Senegal does not have. The context is thus important.

Finally, an essential part of delinking for Amin is to give more importance to building national popular projects. What is needed is a national, democratic revolution, Amin argues. Such a national popular revolution can open the road to socialism, but this is not a given. A revolution can also open the road for conflict or for a socialist road with capitalist tendencies. Regardless, the peripheral countries cannot develop unless they try to delink from the current exploitative world system.

The Role of Ideas

Finally, Amin argues that we are not living in democratic times, as different economic ideas are not tolerated by the mainstream. As orthodox Economics is being channelled through both the media and universities, all the conventional economists end up saying the same thing. There are a few academics that are critical of the hegemonic order, such as Amin himself, but they are marginalized in the system and rarely get access to the most popular media outlets. Amin sees the Young Scholars Initiative of INET's initiative to support unconventional critical social thought as a unique way for young scholars to find like-minded people and pursue more radical projects, such as this this very e-book.

[10] By this Amin means a pattern of development which leads to higher living standards for the majority of people.

2. Dependency Theory: Its Enduring Relevance

Adebayo O. Olukoshi
Director, Africa and West Asia, International IDEA, Distinguished Visiting Professor, University of Johannesburg

By Maria Dyveke Styve

Professor Adebayo Olukoshi emphasises the relevance of dependency theory today in making our analyses informed by historical context and the importance placed on the role of power relations in shaping development outcomes. While pointing out some of the limitations of the theory, and the need to refine the approach to account for the changes in the international system over the past decades, he nonetheless points to the usefulness of employing the lens of dependency to understand enduring North-South inequalities. But before coming to the question of the relevance of dependency theory today, I'm keen to understand how Olukoshi became interested in dependency theory to start with.

Has dependency theory been an important academic influence for you?
I was introduced to underdevelopment and dependency theory very early in life. Before becoming an undergraduate student at Ahmadu Bello University in northern Nigeria, home at the time to the radical political economy Zaria School that drew some inspiration from and compared favourably with the vibrant Dar-es-Salaam School in Tanzania, I had had the opportunity in my secondary school History classes to take topics in West African history that included the European slave trade, the so-called "legitimate" trade in primary commodities which served essentially as a prelude to the colonial conquest, and the nationalist anti-colonial struggle that paved the way for independence. I was especially struck in those classes by the thinking and activism of historical figures like J. Africanus Horton, Edward Blyden, J. Casely Hayford, Nnamdi Azikiwe, Kwame Nkrumah, and Sekou Toure, to cite just a few of them, and the positions they developed at different points in time for the retrieval and assertion of the dignity of the African and the rebirth of the African world. Engagement with the thinking and recorded exploits of these activists paved the way for my introduction to

the broader, global pan-African movement, the debates that animated it, the options for action that were considered, and the linkages between the African Diaspora that emerged out of the slave trade and the struggles for national liberation and regional renaissance across the mother continent that unfolded after the Second World War. Thus it was that I delved into the life stories and writings of Marcus Garvey, Henry Sylvester Williams, Booker T. Washington, W.E.B. Du Bois, and others.

Following the completion of my secondary school education and entry into Ahmadu Bello University, my curiosity was fed - and my horizon considerably expanded - through the diverse range of seminars and courses on offer on campus at the time. The courses, in their design, mostly added up to a bold and gigantic enterprise in rethinking all aspects of Africa's past and present in order to build a transformational tomorrow. It was an enterprise that captured my youthful imagination and interest alongside those of my many contemporaries drawn from across different disciplines. We engaged, with the guidance of our professors who were themselves immersed in regular Faculty-based and university-wide discussions, in interpretative readings of the works of Frantz Fanon, Pierre Jalee (especially his *Pillage of the Third World*), Dani Wadada Nabudere (in particular, *The Political Economy of Imperialism*), Eduardo Galeano (*Open Veins of Latin America*), Segun Osoba (notably his 1977 essay "Decolonization in Nigeria as a Programmed Transition to Neo-colonial Dependence"), Kwame Nkrumah, and Walter Rodney whose book, *How Europe Underdeveloped Africa*, resonated extensively among us and reshaped our thinking. Through Walter Rodney, we got our introduction to Eric Eustace Williams' seminal work, *Capitalism and Slavery*.[11]

To be sure, the radical thinking to which we were exposed in Zaria was not without its fair share of strengths and weaknesses. Indeed, amidst the collective commitment to the quest for a more just world that united the different authors we studied, it was also remarkable that they had many differences in approaches and analyses which we needed to wade through in order to make sense of the core premises of the broad school of thought to which they belonged. Engaging with the different works and the different perspectives they offered made it possible for me and my colleagues to formulate some of the questions that exercised our young minds and to which we needed answers. Some of the questions include the following:

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[11] Pierre Jalée, *The Pillage of the Third World* (London: Monthly Review Press, 1968); Dani Wadada Nabudere, *The Political Economy of Imperialism* (Dar Es Salaam and London: Tanzania Publishing House and Zed Press, 1976); Eduardo Galeano, *Open Veins of Latin America: Five Centuries of the Pillage of a Continent* (London: Monthly Review Press, 1971); Segun Osaba, "Decolonization in Nigeria Programmed Transition to Neo-Colonial Dependence," *AAU: Afr. Stud. Rev.* 4/5, no. 1 (2006 [1977]); Walter Rodney, *How Europe Underdeveloped Africa* (Dar es Salaam: Tanzania Publishing House, 1972); Eric Williams, *Capitalism and Slavery* (Chapel Hill: The University of North Carolina Press, 1944).

- Was Africa always in a state of underdevelopment? If so why? And if not, when and how did the continent become underdeveloped?
- Why are some countries referred to as the first or developed world and others, like ours, described as the underdeveloped world?
- What explains the wealth of some nations and the poverty of others – even amidst plenty – and why are the rich getting richer and the poor trapped in perpetual poverty, if not getting poorer?
- Why do Africa's primary exports attract such poor and unstable world market prices, and who determines the value of the primary commodities, where and how?
- What is the relationship between underdevelopment, dependence, and neo-colonialism?
- What are the mechanisms and instruments by which underdevelopment and dependence are sustained?
- Is an autochthonous path to development still open to African countries and how might this be secured?
- Are there options for overcoming underdevelopment and dependence, and who could be the bearers of such a struggle for emancipation?
- Does international development assistance contribute to overcoming underdevelopment or perpetuating and reproducing it?

The search for answers to the questions that preoccupied us as undergraduate students led us inevitably into the debates that were going on in Latin America and elsewhere around the world about the state of underdevelopment in other regions and the crises of dependency which some non-African countries were experiencing. Andre Gunder Frank's easily digestible works were the initial prime points of entry for us but as we went into more advanced political economy classes, the writings of scholars like Fernando Henrique Cardoso, Enzo Falleto, Theotonio Dos Santos, Celso Furtado, Anibal Pinto, Osvaldo Sunkel, etc. became an important part of our menu of readings. We reviewed the texts produced by these authors alongside the series of analytic arguments made by the likes of Paul Baran, Paul Sweezy, Norman Girvan, and Johan Galtung, among others. The Singer-Prebisch thesis propounded by Hans Singer and Raul Prebisch and which served as a spur for many of the *dependentistas* whose works we were reading was also one which we debated just as we delved into the interesting perspectives offered by Immanuel Wallerstein's world systems approach, Aghiri Emmanuel's *Unequal Exchange*[12] and his fierce debate with Charles Bettelheim, etc.

[12] Arghiri Emmanuel, *Unequal Exchange: A Study of the Imperialism of Trade* (London: Monthly Review Press,

Samir Amin's prolific contributions, mainly drawing on African and comparative historical experiences, brought the core concerns of the *dependentistas* nearer home for us, as did Claude Ake's pieces on the continent's political economy, and the contributions of scholars such as Colin Leys. In the same vein, we dug into the different elements of the Dar-es-Salaam debates on Africa's underdevelopment.

Without any doubt, the underdevelopment and dependency school was a very broad house with different degrees of nuance among the authors. Nevertheless, it was an important foundational influence that was to shape my scholarship and the kinds of perspectives which I have sought over the years to bring to my understanding of the development challenges of our time in general and, more particularly, the enduring difficulties of transformation which Africa has been grappling with. I have endeavoured in my work to employ the insights offered by the dependency approach whilst striving not to be mechanical, reductionist, or trapped in an unhelpful rigidity. In so doing, I have striven as much as possible to deploy the key strengths of dependency theory in my writings, not least the accent which it places on the importance of historical context, the clarity it offers that underdevelopment is not an original state or a fatal condition, and its emphasis on the role of power relations in helping to shape outcomes alongside other factors. Reading Karl Marx and the works of succeeding generations of Marxists has been useful in helping me to infuse class analysis into my study of contemporary Africa – and in doing so, I have been able to find various meeting points between Marx and some of the leading *dependentistas*- that I believe has helped to enrich my understanding.

What were some of the key insights coming out of dependency theory?

For a body of thought that emerged with radical propositions that were in diametric opposition to the established and dominant Modernisation School, the dependency approach represented a breath of fresh air for all those who were eager for alternatives to the unilinear-evolutionist ideas of the former. Those ideas virtually implied that underdevelopment was a natural state from which African and other countries could only escape by rigorously copying and following *the* path – or an acceptable version of it - that had been trodden by the developed countries centuries back. Epitomized at the time by W.W. Rostow's book, *The Stages of Economic Growth*, the postulates of the Modernisation School tended to be as ahistorical as they were mechanical, devoid of attention to context, and premised on an unhelpful binary opposition of the "traditional" and the "modern". A one-sided and stylized reading of European/American development experiences bereft of politics and contradictions, and offered as a general,

1972).

universal story applicable to all humankind led to justifiable charges of ethno/euro-centrism against the proponents of modernisation approaches. Many were those from the school who conflated modernisation with westernisation and held up the "western" as the ideal of the modern against which all other experiences of development – or lack of it – were to be measured and evaluated.

The breakthrough in development thinking and practice which dependency theory offered laid in part in the argument that underdevelopment was and remains the outcome of a particular configuration of the relationship between the countries of the global North and those of the global South that worked in favour of the former and to the detriment of the latter. The issue at stake was not, therefore, one of finding a way to mimic the experiences of the developed countries or await aid from them in order to achieve a catch-up but of a wholesale redefinition of the relationships that produced development for one party and underdevelopment for the other. Based on this thinking, it also became clear that, in contrast to the unilinear evolutionism of the Modernisation School, and its implication of a globally uniform model of development in which one size fits all regardless of history and geography, there are in fact many different paths by which countries can achieve socio-economic and politico-cultural transformation so long as they are able effectively to renegotiate their position and role in the international division of labour. Samir Amin's insightful contributions on the significance of the mode of integration of African countries into the world economy and the nature of their articulation into processes of globalization are particularly useful in this regard. They formed an important part of the rich debate that took place on the imperative and methodology of "de-linking" underdeveloped and dependent economies from a global system of accumulation that stymies their development prospects.

What were some of the key limitations of dependency theory?

It is to be expected that the dependency theory challenge to the Modernisation School would be met with stiff resistance from the adherents of the latter. In defence of their position, they accused the *dependentistas* of being too "ideological", one-sided in their reading of the functioning of the global system, and autarchic in their prescriptions for change. The critics tended to forget that their own perspectives were no less ideological in orientation and partisan in favour of a *status quo* that seemed to offer no tangible exit from underdevelopment for most countries in the global South other than a commitment to a policy and politics of mimicry. The limited merit of the Modernisation School's reactive critique of dependency theory was not, however, to say that the *dependentistas* did not have weaknesses in their approach with which they had to grapple. For me, one significant deficiency in much of mainstream dependency theory was the acute poverty of class analysis from which it suffered. Treating underdeveloped

countries as a collection of homogenous units vis-à-vis equally homogenous developed countries may have been convenient for the clarity of the analysis of the roots and dynamics of underdevelopment and dependency; the unacceptable cost was that the class relations underpinning the inter-related processes of domestic and global accumulation were lost from view. Attempts inspired by Johan Galtung's structural theory of imperialism to introduce a dimension of analysis of internal relations of power within centre and peripheral countries only helped marginally to address this deficiency without fully resolving it.

Furthermore, in the hands of some of its least nuanced exponents, dependency theory often ran into the risk of being a little too clichéd, rendered as a mechanical answer to the challenge of underdevelopment that left little or no room for a meaningful exercise of local agency. As with most social science theories that take on an omnibus character, development "success" and "failure", to whatever degree, were uniformly explained by the same variable: dependence. This shortcoming reinforced the overwhelming focus of dependency theory on the external determinants and drivers of underdevelopment/development, with little attention to internal factors that are at play and the ways in which both the external and internal get interwoven to shape policy and politics.

Dependency theory survived the Modernisation School fightback and the identified weaknesses in its own internal construct and logic to flourish through much of the 1960s and 1970s as the paradigm of choice. This was to continue until first, the neo-liberal triumph of the late 1970s and early 1980s onwards, and then the collapse of the Berlin Wall, the Soviet Bloc, and the dissolution of the Soviet Union itself, created a wholly different global context which some were to characterize as marking the end of history and the decisive triumph of liberalism as the only meaningful path open to humanity. Amidst the triumphalism of the West over the collapse of the communist experimentations in the old Soviet Bloc, the reunification of Germany to symbolize the end of the historic East-West Cold War, the widespread economic crises bedevilling the debt-distressed countries of Africa and Latin America especially, and the imposition of IMF/World Bank structural adjustment programmes on most of the countries under the banner of a "Washington Consensus", the very idea of development came under severe assault. Some neo-liberals were to suggest that development as such was dead and that in matters of economic growth and social change, there was no other alternative open to the countries of the South other than to embrace wholesale market liberalisation.

The 1980s and 1990s were years of ascendancy for neo—liberalism and as development thinking and practice, including national and regional socio-economic planning went

into recession, dependency theory also seemed to become less fashionable among scholars and policy intellectuals as the business of gazing at inflation and monitoring various macro-economic indicators became the main game in town. However, to be out of fashion was not necessarily to be irrelevant. Structural adjustment was, at heart, a reorganization of the basis for accumulation both domestically and globally on the back of a broad-ranging market liberalisation effort. Domestically, labour has been consciously pushed and social policy retrenched and pushed back in favour of capital and the quest for super profits. Internationally, liberalised economies in Africa, Latin America and Asia have been integrated into a reconfigured global model of accumulation in which finance capital and the array of speculative dealers organized around it have assumed a leadership role. Not surprisingly, domestic inequality has expanded alongside continuing poverty and the gaps between the global North and global South have remained, only slightly mitigated by the re-emergence of a China which has propelled its socio-economic transformation by pursuing a carefully controlled policy of central planning and selective opening, the direct opposite of the open economy liberalisation which most of the other countries of the South have followed under pressure from the international financial institutions and bilateral donors.

Before the re-emergence of China as one of the leading actors in the global economic system and the consolidation of its role as a pole of growth in the world, dependency theory was under pressure to come to grips with the fact of the rise of the East Asian Tigers. Not a few critics suggested in the course of the 1980s that the stories of socio-economic transformation that countries like South Korea, Malaysia, Indonesia, Singapore, and Taiwan were witnessing in differing degrees undermined the arguments of the *dependentistas* by showing that it was possible to develop without necessarily exiting the existing global order. A huge industry was to grow around the experiences of the developmental states of East Asia and what set them apart from other states in the global South. In self-defence, partisans of dependency theory were to argue, inter alia, that the East Asian model was heavily externally underwritten by the United States in its global geo-political strategy and ideological drive to stem the spread of communism, depended heavily on an export-led model built on preferential access to markets, thrived on the suppression of wages and workers' rights, including an army of super-exploited young female workers, and was built on a highly repressive and authoritarian political system. The implication of all this, according to the *dependentistas*, was that the so-called East Asian miracle was an exception borne of very particular historical circumstances and, therefore, not replicable for other countries seeking to break out of underdevelopment. Moreover, the initial mass impoverishment accompanied the change process in the East Asian countries combined with the high-handed treatment of

labour by the state and capital to make the East Asian experience not particularly appealing.

The critique of the East Asian Tigers delivered by the dependency school in defence of the basic premises of its thesis was not without foundation. Over a prolonged period of time, political authoritarianism was, indeed, a flipside of the effort at economic transformation and the rate at which the poor were lifted out of poverty was certainly slower than what was subsequently seen with the Chinese experience from the 1990s onwards. Still, like the Chinese example, the East Asia economic growth story and the social and political reforms that were to follow did suggest that the issue at stake was not so much that no development was possible at all for the countries of the global South within the prevailing international division of labour as that only a particular type of development could take place. Although a stream of dependency theorists did make reference to the possibility of a "conditioned" type of development within the global capitalist system, it is fair to suggest that that notion was itself cast within a framework of overall dependence which did not envisage the feasibility of a country like South Korea moving higher up the ladder in the global order of accumulation than many of the countries in the global North. It is precisely on account of this and the re-emergence of China, that some have argued that the old North-South divide in global affairs is obsolete as economic influence has been diversified with the rise of new major players in the global South – just as international geopolitics has also become multipolar.

What would you say is the relevance of dependency theory today?

While there can be no doubt that the world has witnessed tremendous change over the period since 1945 when the current global order was established, it is important to keep in mind that old lines of inequality still remain broadly in place in spite of the advances made by China and the East Asian countries, the emergence of new configuration such as the BRICS (Brazil, Russia, India, China and South Africa), and the relative decline in the influence of some of erstwhile economic powerhouses such as Italy, Spain, Portugal, etc. Although, thanks to China, the absolute numbers of people defined as living in poverty has gone down significantly, the global South is still overwhelming home to the largest numbers and concentrations of poor countries and people as compared to the global North. The continuing heavy dependence of many of the countries of the global South on raw commodity exports and their attendant disproportionate vulnerability to trade-related external shocks speak to their dependence. The terms of trade of the majority of the countries of the global South remain highly problematic and the open economy liberalisation policies that they mostly embraced during the 1990s in the name of structural adjustment. The magnitude of the illicit finances that flow out of the lesser developed countries, deepening domestic inequalities amidst an enduring overall North-

South inequality, and disproportionate vulnerability to the effects of climate change are just some of the problems which suggest that dependency theory is yet to be consigned to the dustbin of dead ideas.

Clearly, although the world has not been static and there is a general dynamic of change at play, some of the fundamentals of the system have remained intact – and the bottom rungs of the global ladder of accumulation continue to be occupied overwhelmingly by the countries of the global South. Dependency theory in its original form may be in need of refinement to accommodate the changes that are taking place in the international system but its basic principles offer inspiration for those interested in driving an agenda of reform towards a more sustainable order at a time when a rampant financialization underpinned by speculation to the detriment of production has already produced the worst global economic disruption since the Great Depression.

3. The Relevance of Dependent Development Then and Now

Peter Evans
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By Ingrid Harvold Kvangraven

According to Peter Evans, theorists today can draw insights from the way dependency scholars formulated theories and thought about the world. However, it is important to keep in mind that those theories emerged in very particular contexts and that today's context is different. Evans therefore encourages young scholars to learn from the spirit of dependency theorists' inquiry, but warns against sanctifying certain theories or formulations.

Peter Evans is one of the pioneers within the field of dependency theory, particularly within the dependent development strand. I had the pleasure of meeting him for a Skype interview in the summer of 2016. Evans began by noting that an important element of dependency theory was that it really did take the perspective of the Global South as its starting point. While theories of imperialism were concerned with the Global South, they would start by explaining the dynamics of the Global North before moving on to explain the consequences for the Global South. In contrast, dependency theory considered how the Global North posed a particular problem to the Global South, but it went even further by considering how political and economic dynamics within the countries of the South shaped the character of dependency and possible responses.

What is dependency theory?

Evans identifies two main schools of thought within dependency theory: the structuralist and the Marxist. The structuralists study variations of development in the global arena and consider which kinds of policies would lead to more desirable paths. The Marxists argue that it is almost impossible to escape the distortions and limitations of development in the periphery without constructing a socialist alternative.

In the first strand you have Cardoso and Faletto's concept of *situations of dependency*[13]. This concept articulates the different responses that are possible for the Global South, and in particular how politics and class structures in the Global South either create or close off possibilities for responding to the international political economy with which the Global South is confronted. At the most abstract level, the key lens for viewing those responses was the idea that there is a possibility of developing some kind of national capitalism. This capitalist development could reflect possibilities in countries of the Global South that enable more dynamism and a growth that may even replicate some elements of the growth that had occurred in the Global North.

In fact, this way of studying capitalist development precedes dependency theory in Latin America and is closely foreshadowed in the CEPAL vision of the global economy. That vision focuses strongly on the idea that the difference between what is possible in the North and the South depends on whether the countries have the option of industrialisation, as opposed to being trapped in the production of primary products or in a very limited kind of industrialisation. In fact, the contrast between what would be possible for a country producing primary products and what would be possible for those industrialising is the crux of the Prebisch-CEPAL vision, Evans explains.

While the CEPAL vision is an economistic one in which economic structures are in the centre, structuralist dependency theory argues that development is not just about economics, but also about politics. The possibilities of development are shaped by the different kinds of class politics that emerge within countries in the Global South. The main contrast here is again rooted in the industry versus primary production distinction. For example, Cardoso and Faletto present case studies where the agrarian elites dominate domestic politics and support an international division of labour in which the Global South produces primary products and imports industrial goods from the North.

It is also possible to have a class structure in which there is potential for a "national industrial bourgeoisie."[14] For example, if there are local groups that have some political power and they have an interest in expanding the range of local industrial production, the possibilities of development depend on whether or not some kind of class coalition in support of industrial development can be constructed. Such a coalition would often have to involve different parts of the working class and the urban middle classes, and it would have to be able to challenge and displace traditional political elites from their

[13] Fernando Henrique and Enzo Falleto Cardoso, *Dependency and Development in Latin America* (Berkeley: University of California Press, 1979).

[14] Ibid. Cardoso & Faletto (1979), p. 132.

dominant position. To some degree, the structuralist understanding of *dependency* has come to mean any kind of position in the global political economy that provides a less than full opportunity to develop local capabilities and capacities.

The second strand of dependency theory is the neo-Marxist line of thinking. In this vision, permanence in the global capitalist system constrains developing countries' policy space. Their position precludes them from ever approximating the development achieved by the Global North. Evans argues that although this strand has always been very important, it has not been developed with the same degree of differentiated elaboration as the structuralist strand. Instead, Marxist theorists have tended to focus on why the best escape from dependency is socialism.

What is dependent development?

Peter Evans' *Dependent Development*, published in 1979, represents a particular version of structuralist dependency theory. In it, he explores the question of how developing economies can achieve more policy space[15]. Evans' answer is that our picture of the political economy of the Global South is incomplete without the inclusion of a relatively autonomous state, which sometimes has the capacity of shifting the balance of power in favour of particular industrial policies. Such policies can result in the development of industries in the Global South. From there, these countries can move towards a fuller mode of development focused on the fulfilment of human capabilities and capacities and in turn produces a more humane society that nurtures human flourishing.

Evans first came across dependency theory by reading the work of Brazilian theorists and doing research in Brazil. In fact, he cannot imagine that he would have become so familiar with dependency theory had he stayed in the US. In Brazil, he observed that there was something like development happening, although the country was still dependent on the Global North. As this seemed to be a contradictory combination, Evans tried to characterize and explain it and came up with 'dependent development' through inductive reasoning.

Why did you move on from your dependent development framework?

After having worked on dependency in various forms, first in Brazil with dependent development and then in South Korea with embedded autonomy[16], Evans eventually became disillusioned with the prospect of industrialisation delivering full-fledged

[15] Peter Evans, *Dependent Development: The Alliance of Multinational, State and Local Capital in Brazil* (Princeton: Princeton University Press, 1979).

[16] P. Evans, *Embedded Autonomy: States and Industrial Transformation* (Princeton, New Jersey: Princeton University Press, 1995).

capabilities. At this point he became convinced that industrialisation was certainly not sufficient and perhaps not even necessary for development; that industrialisation was a development path with diminishing returns. This continues to be Evans' position and he is now even more deeply convinced that this is the case. Naturally, Evans notes, this has led him to becoming quite irritating to many of his former colleagues who still run seminars arguing that industrialisation is the solution. Evans simply no longer agrees.

What changed his perspective? Evans argues that industrialisation is not sufficient for development for two major reasons. First, the evolution of technology has meant that industrialisation cannot absorb a large portion of the population in gainful employment. It simply does not provide sufficient market-based support for jobs. Evans has empirically explored the ratio of manufacturing employment to total employment in countries developing during different historical periods[17]. When comparing the developmental trajectories of England, the US, Brazil and China, he finds that the later a country industrialises, the smaller is the proportion of its population employed in industry. For example, China has the smallest proportion of population absorbed by industry in those four countries. Evans argues that any serious development strategy has to find ways of providing useful productive employment. Since industrialisation does not solve the employment problem, one has to focus on sectors where jobs are more abundant. Thus, creating decent jobs in the service sector becomes essential.

The second major reason for why industrialisation is not sufficient for development any more, according to Evans, is that the character of capitalism has changed. It was difficult to find a strong link between industrialisation and human well-being in the 1960s, but it is even more difficult today. As the power of capital is increasingly global, the options and space for local capital are few and far between. This problem has intensified over the past 50 years. Evans points out that when we study capitalism today, we see financial capitalism and an industrial capitalism where the returns come from monopoly control over ideas. The space for creating a sufficient number of decent jobs within a system dominated by this kind of capital is limited. This new situation challenges the idea that industrial transformation will secure human capabilities and solve issues of social protection in the Global South.

What about South Korea's successful development?

Peter Evans has studied South Korea in detail. He argues that South Korea was a "success story" for a variety of reasons, and that its success in industrialisation is only

[17] Peter Evans and Sarah Stavetieg, "The Changing Structure of Employment in Contemporary China," *IRLE Working Paper 190-09* (2009). Available at: http://irle.berkeley.edu/workingpapers/190-09.pdf.

one of those reasons. He points out the country's current context constrains its room to manoeuvre and limits its ability to continue to deliver social protection. Poorer countries can learn from South Korea's experience that it is not a model that they can simply imitate today.

Furthermore, Evans points out that the story of the East Asian "miracle" countries wasn't simply that industrialisation solved everything. Improvements in standards of living also depended on the redistribution of land and very high levels of investment in human capabilities (education, health systems, simple infrastructure, et cetera). Even in countries such as South Korea and Taiwan, where there is a clear correlation between industrialisation and improved standards of living, there is a tendency to reify the process of industrialisation and assume that everything else flowed from it. But in reality, these countries pursued more comprehensive development strategies, of which industrialisation was only a part.

Evans is disheartened by the fact that, even in the US, the myth of manufacturing as the solution to all problems continues to dominate progressive politics. The idea that manufacturing "naturally" produces higher-wage jobs than other sectors is outdated. Evans notes that it is a 19th-century notion, when people saw that manufacturing jobs were better paying than being a peasant. Today the incomes of manufacturing workers are being squeezed at the same time that the number of manufacturing jobs available is shrinking.

During our interview, Evans and I discussed a *New York Times* article published earlier that day about a new development initiative by the Indian government.[18] It reported that Prime Minister Modi announced that India was opening its market for investments in the hopes that jobs would follow. Evans says that the assumption that capitalist investors are the solution to the lack of decent jobs is nonsense. It makes sense for capitalists to position themselves as the saviours of jobs, but if we examine the evolution of employment, we see that capitalists have deep interests in shifting technology so that they can hire fewer workers.

Is there anything we can still learn from dependency theory today?

Scholars cannot just stay in the North and develop their theory outwards from there. Evans considers this to be an important lesson learnt from dependency theory. Various theoretical formulations need to start from different contexts in order to reflect the

[18] 'Hoping Jobs for India Follow, Modi Clears Investors' Path', *New York Times* June 21st 2016 https://www.nytimes.com/2016/06/21/world/asia/india-needing-jobs-eases-rules-on-foreign-investment.html?_r=0

reality of the world.

Another significant lesson is to take politics seriously. Dependency theory highlights the need to look at different kinds of class configurations, coalitions, and conflicts because different policies and constraints are constructed by these factions. We cannot just consider capital versus workers. Structuralist dependency theory assumes that outcomes are not just inscribed by existing economic structures, but they are also dependent on political strategies and interactions.

When asked about advice for young scholars interested in analysing situations of dependency, Evans cautions against sanctifying certain theories or formulations. He points out that the irritating thing about the fascination with neoliberalism is that its proponents take a theory put together in the Global North and apply it blindly and indiscriminately to conditions in the South, from small villages in Sub-Saharan Africa to megacities in South Asia. Instead, Evans advises us to consider the spirit of dependency theorists' inquiry: one that takes global political economy seriously, one that subjects local politics to serious scrutiny, one that considers dependency and development from the perspective of the Global South, and one that tries to investigate all these elements empirically and creatively. Of course, the political economy of the Global North sets the context in which the countries of the Global South must operate, but that is only the starting point for analysis.

What are the prospects for dependent developing economies today?

Evans is optimistic about the future. He sees it as a good sign that larger countries in the Global South, such as China and Brazil, have made it impossible for developed countries to completely dominate the global rule-making process (e.g.: the Doha deadlock). These countries may not be acting in an altruistic way or in the full interest of the entire Global South, but they still challenge the North's monopoly over global rule-making. Evans notes that for a while it looked like the countries of the North would have an easy time dominating those structures, but now they are encountering some resistance.

Even free trade and free trade agreements, pillars of neoliberalism, have turned out to be harder to push through than anticipated. We will see in the coming years if TPP goes through; but if it does not, it could be a sign that these major corporate multilateral agreements are not able to impose themselves on a large number of countries simultaneously. This changes the rules of the game and will be a sign that Northern capital is not capable of ruling the world so easily.

Evans continues to consider the state as an important locus for building coalitions and

forming strategies for development. He emphasizes that it is important to keep in mind that the state is not insulated or autonomous, but it is one place where different social groups come together and generate strategies for change. Evans also considers civil society to be important, particularly the kinds of structures that civil society groups can create and the ways that they can formulate collective strategies. He argues that the counterpoint to the globalisation of capital is global civil society. When thinking about development strategies, Evans notes, it is crucial to keep in mind that global capital is connected to the construction of rules, which are imposed upon countries of the Global South. If countries of the Global South do not have some means of shaping these global rules in a way that reflects their interests instead of simply representing the interests of the largest capital agglomeration in the Global North, then they will clearly be forced to play a game with a set of rules that are rigged against them. The Global South therefore has a huge interest in trying to find ways of influencing power over how those rules are formed.

4. Whither Dependency Theory?

Sabelo Ndlovu-Gatsheni
Professor of Development Studies, the University of South Africa

By Ushehwedu Kufakurinani

This chapter explores the evolution of dependency theory and how it has contributed to other theoretical perspectives, particularly coloniality. It is based on a conversation held with Sabelo J. Ndlovu-Gatsheni, a renowned scholar based in South Africa.[19] *The chapter examines the place of dependency theory in the 21st century and assesses its explanatory powers, pitfalls, and the contribution that it continues to make. Ndlovu-Gatsheni is a professor, the founding Head of the Archie Mafeje Research Institute for Applied Social Policy (AMRI) and currently the Director for Scholarship at the Change Management Unit (CMU) in the Vice-Chancellor's Office at the University of South Africa (UNISA).*[20] *His publications deal with a wide range of issues including empire, colonialism, imperialism, development, citizenship, identity, nationalism and decolonisation.*[21]

The Explanatory Power of Dependency Theory

While dependency theory seems to have lost its momentum today, Ndlovu-Gatsheni indicates that this is not the case. He observes that dependency theory remains a critical point of departure in understanding the experiences of Latin America, Africa and other ex-colonies. Ndlovu-Gatsheni explains that, during its inception, dependency theory successfully countered modernisation theory's naturalisation of the African, Latin American and Asian state of underdevelopment as a necessary stage. In the process, modernisation theory also exonerated the colonial powers from contributing to these regions' underdevelopment. Dependency theory's intervention is critical for demonstrating that the economic condition of Africa, Latin America and Asia was not

[19] The conversation with Sabelo Ndlovu-Gatsheni was held over Skype on 1 July 2016.

[20] Ndlovu-Gatsheni is also the founder of Africa Decolonial Research Network (ADERN) based at the University of South Africa. He is a National Research Foundation (NRF) rated social scientist; a member of the Academy of Science of South Africa (ASSAf); a Fellow of African Studies Centre (ASC) in the Netherlands; and a Research Associate at the Ferguson Centre for African and Asian Studies at The Open University in the United Kingdom.

[21] See http://www.unisa.ac.za/default.asp?Cmd=ViewContent&ContentID=28181, accessed 23 September 2016.

natural but a product of historical encounters with Euro-North American civilisation as early as the 15th century. Dependency theory argues that the historical encounters between Euro-North America and those other regions sowed the seeds of underdevelopment by siphoning off natural and human resources. This is what has created *coloniality*, a global power structure sustained by asymmetrical power relations, hegemonic epistemology, racial hierarchization of human species, and an exploitative world economy. Ndlovu-Gatsheni argues that the explanatory power of dependency theory, instead of diminishing, has actually been appropriated and developed to construct other useful theoretical frameworks. As will be shown later in the discussion, coloniality/decoloniality as a theory and an approach to understanding Africa's state is partly built on the explanatory framework of dependency theory.

Ndlovu-Gatsheni underscores that Walter Rodney, like several other dependency theorists, popularised and expanded on dependency theory by using the African example in his book *How Europe Underdeveloped Africa*. In it, Rodney demonstrates that the bad state of affairs in Africa is a product of historical encounters and processes that she went through as a result of her interaction with Europe. Europe's development was itself assisted by its colonisation of the bigger part of the globe beginning with Latin America, then Asia, and finally Africa. Her development did not arise because of scientific discoveries, but was rather a product of wealth accumulated through outright looting during the mercantile period and through dispossession during the era of colonisation. The same developmental pattern, observes Ndlovu-Gatsheni, cannot be replicated in Africa as this would mean having to colonise and enslave to develop.

Dependency theory also remains powerful if one is to understand the still existing centre-periphery reality in which the centre represents the Euro-North American civilisation and the periphery corresponds to the Global South. The centre-periphery analysis shows that the centre relies on the periphery for its economic development. Ndlovu-Gatsheni poses an interesting question: "How can a continent like Africa, which they say is not developed, continue to finance and support the good living of those in the industrialised North?" For Ndlovu-Gatsheni, this situation "is a misnomer and cannot be explained in any other way except by going back to dependency theory." Dependency theory enables the understanding of the structural processes that produce contradictory effects in the centre and the periphery. These processes facilitate and allow for Africa, rich in resources, to remain poor, at the same time she finances the development of the industrialised North through endless debt payments. Perhaps the greatest strength of dependency theory is that it forms the basis for the theory of coloniality, which, as Ndlovu-Gatsheni demonstrates, offers a powerful mode of analysis to understand Africa's socio-economic, political, ideological and epistemological condition.

Decoloniality as an approach borrows its analysis of the role and complicity of the African elite in the underdevelopment of Africa from dependency theory. Frantz Fanon talks about the comprador bourgeoisie who are presented as conveyor belts of the exploitation of the Third World by the West. Coloniality, while locating Africa's problems in the social, economic, political, ideological and epistemic conditions emanating from imperial relations, also acknowledges the role of internal dynamics. It particularly emphasizes the role of the local elite that reproduces global tendencies of exploiting others, especially the peasants and workers for their own benefit. Ndlovu-Gatsheni draws his argument from the behaviour of the African elites whom he describes as being "anti-colonial but not decolonial" in their mind-sets. Decoloniality thus acknowledges the agency of the local elite in contributing towards Africa's experiences of underdevelopment. This agency, however, is engraved in and defined by imperial structural and institutional relations. The elite cannot come up with alternatives when they take over from the colonial masters and simply reproduce the colonial system in its undemocratic and exploitative format. In some occasions these elites establish much more authoritarian politico-economic structures than those that were created by colonialism.

Ndlovu-Gatsheni makes reference to Samir Amin as one of the fathers of dependency theory who, despite all criticisms of dependency theory, has not abandoned his structuralist analysis of the world order. He is the one person who still insists on the usefulness of the theory. If decolonial thinkers are to be honest, they would acknowledge that they are standing on the shoulders of giants. Ndlovu-Gatsheni counts dependency theorists such as Amin and other thinkers from the Global South including William E. B. Dubois, Cheikh Anta Diop, Kwame Nkrumah, Amilcar Cabral, Theophilus Obenga, Ngugi wa Thiong'o, Claude Ake and others, among these giants.

Limitations of Dependency Theory and the Emergence of Alternative Theories

Ndlovu-Gatsheni stresses that a theory is not a dogma. It is neither static, nor an answer to all human problems. Theories are lenses, rather than closed systems. Furthermore, "all theories are incomplete and because of that incompleteness, they are capable of improvement". In the face of criticism, a theory can evolve or expand its premises. Ndlovu-Gatsheni cautions against a fundamentalist position on theories because a lot of theories actually borrow from each other and sometimes overlap. It is also not uncommon for scholars to revisit and re-examine their theoretical persuasions. For example, the Peruvian sociologist Anibal Quijano was a dependency theorist in the 1960s and 70s, but is one of the linchpins of decolonial theory today. Thus his works

have traces of dependency theory and in fact build upon this theoretical framing. Several other scholars of decolonial theory have had similar links with dependency theory. Some of the leading decolonial theorists were previously Marxists. Ndlovu-Gatsheni notes that such theoretical shifts by scholars are not uncommon and are sometimes informed by perceived limitations of previous theories and a changed world situation. The shifts thus reflect introspection and adaptation to changing trends. It is perhaps not surprising that coloniality as an approach takes a cue from several aspects of dependency theory. For example, to gain a deeper understanding of coloniality, there is a need to be historically knowledgeable about modernity, colonialism, imperialism and capitalism. Therefore, we should perceive dependency theory as having expanded its premises, rather than abandoning them, in the face of increasing criticism.

One of the criticisms levelled against dependency theory, for example, is related to economic determinism. Its emphasis on economic structures in explaining Africa's state of affairs can be attributed to the dominant Marxist tradition of the time. Decoloniality has, however, expanded the analysis of the African experience beyond economic determinism just as post-structuralists and postcolonial theorists have done. The works of Ngugi wa Thiong'o, Frantz Fanon and others, for example, demonstrated that colonialism affected African civilisations not only at the economic level, but also at the ontological, cultural, ideological, epistemic and psychological levels. Emerging scholars have thus expanded, rather than abandoned, the analytical frame of dependency theory in such a way that it now includes other aspects of the multi-dimensional nature of oppression and domination. It is within this context that we should appreciate the theory/concept of coloniality, which is much broader as "it covers issues of asymmetrical power relations, as well as coloniality of knowledge taking the form of 'epistemicides' (killing of other people's knowledge), 'linguicides' (killing of other people's languages) and theft of history, as part of re-constituting the current global order."

For Ndlovu-Gatsheni, the power relations are asymmetrical in the sense that at the top there is the USA, NATO and the Pentagon wielding military and political power backed by accumulation of weapons of mass destruction. This alone shows that understanding international power relations cannot be limited to economic aspects in the manner that dependency theory proposed. Hence it is necessary to reconfigure and re-articulate the theory in the form of decoloniality, which introduces such concepts as hierarchies of power. This reconfiguration takes into consideration the issues of power relations and epistemic dependency, among other things. Epistemic dependency refers to the over-reliance of the Global South on Western ideas and knowledge systems and critical social theories. Finally, the concept of coloniality also hinges on the question of being, whereby

being human itself is colonised through social classification of the human species and racial hierarchisation. Thus the Euro-North American ideology not only economically disadvantages Africans but also denies them their being. The concept of coloniality seeks to make a much more holistic analysis of dependent relations that goes beyond economic determinism.

Another criticism that has been levelled against dependency theory is its silence on the gender dimension. This is unlike decoloniality as a theory which, according to Ndlovu-Gatsheni, tries to de-patriarchalise, de-racialise, de-tribalise, decolonise, de-imperialise and democratise. Decoloniality deals with totality and not a single thread of analysis. Ndlovu-Gatsheni maintains that the universalisation of patriarchy, for instance, is partly traceable to Western conceptualisation of the world, particularly its bio-centricism. The same is true of the universalisation of maleness and masculinity. African sociologist and feminist Oyeronke Oyewumi studied societies like the Ibgo and Yoruba of Nigeria and found that they were not organised according to gender differentiation prior to colonialism. Seniority was the organising principle. This is why there is a need for de-patriarchialising and also reducing epistemological dependency so that African scholars produce knowledge that reflect African realities instead of using lenses drawn from the industrialised North to understand the Global South.

Ndlovu-Gatsheni is keenly aware of the criticisms levelled against dependency theory, including the charge that it is old scholarship that fails to locate the role played by internal factors towards Africa's underdevelopment. He references his counterparts, particularly in West Africa, who point to the rampant corruption in their region as clear evidence that African problems are engineered by Africans themselves. This position can probably be explained by the fact that many of these countries were never settler colonies and also got their political independence relatively early. Settler colonies were significantly more integrated in the orbit of the metropole and so the core-periphery relationship was much more pronounced during and after independence. The non-settler colonies' earlier independence from colonialism also gives these scholars an erroneous impression that these countries have had time to sever, or at the very least significantly reduce, their ties with former colonisers. Ndlovu-Gatsheni insists that accusing African elites of being corrupt and therefore responsible for Africa's challenges, without examining the global nature and source of corruption, is at best a partial analysis, if not an entirely misguided one. Dependence by its very nature breeds corruption. The global capitalist system is a grand corrupt economic formation. Colonialism was a very corrupt venture. Apartheid was a giant corrupt machine. African leaders emerge within this context. When the African elite came to power after independence, they used the state for their accumulation because colonialism had

dispossessed them and reduced them into simple sources of cheap labour. The colonialist had similarly used the state for primitive accumulation. The corrupt African elite, better termed the parasitic bourgeoisie, has only been made possible by the structural processes created and perpetuated by the colonial system and global world order. It would thus be naïve to treat the corruption in African countries in isolation from global capital and as a purely local phenomenon. The corrupt officials associate themselves with global capital, so their corruption should also be appreciated within the context of global structural relations. Corruption is thus not a cause, but a symptom of a problem that in fact is structural and global. Such an analysis is only possible through the lenses of dependency theory.

On Asia and Africa

Ndlovu-Gatsheni also comments on the Asian presence in Africa, particularly China. He responds to a question on how these relations can be interpreted and if the explanatory framework of dependency theory can help make sense of these emerging developments. Using the Zimbabwean case, Ndlovu-Gatsheni notes that the government's Look East Policy was in search for a better patron/donor. This move is an admission by the government that they are still dependent and cannot stand on their own feet. What has simply happened by going East is to change the character and form of dependency from that of the past to a new one, without shifting the logic. The terms of dependency are certainly different as the Chinese have learnt from how the West operated, specifically how the latter had created resistance in the periphery as result of interference in internal politics. Thus the Chinese have resorted to offering financial aid without interference with internal politics or attaching funding to questions of democracy and human rights that became fashionable after the collapse of the Berlin Wall. The Chinese are not concerned with the nature of rule in African states: it matters little whether or not their governments are democratic. One of the Chinese methods of extending its presence in Africa has been through the Confucius Institutes – which are Chinese centres of language and cultural learning. These have been established in different African countries. Like the old imperialists, the Chinese seek to spread their hegemony not only economically but also through cultural penetration. A closer analysis of this situation suggests that dependency theory remains important as a starting point in understanding the structural dependency on the East. The dependency that Zimbabwe and other African countries have on Chinese loans and financial assistance in general is very telling.

The greatest beggar, remarks Ndlovu-Gatsheni, is the African president who has to travel from one country to the other with a begging bowl. If the African president is not begging in Britain he is begging in China and Japan, "and if your president is too

arrogant to beg you suffer the consequences". For Ndlovu-Gatsheni, we can thus not throw away dependency theory in a world where de-imperialisation has not been achieved and where political decolonisation has not led to economic emancipation. As long as Africa continues to leap from one patron to another for financial crumbs, the premises of dependency theory remain critical in understanding the structures that define and allow such financial dependency.

Dependency theory, Decoloniality and Solutions to the African Situation

Early thinkers in the 1960s came up with varied solutions to the African scenario. Some suggested speeding up African decolonisation and others pointed to socialism or capitalism as the best ideological paths to adopt. The Bandung Conference of 1955 was important as African and Asian leaders openly rejected the paths of capitalism and socialism and chose to continue with the decolonization project. The decolonization they were forging had to result in a New International Economic Order (NIEO). To escape 'Cold War coloniality' the leaders of most of the countries of the Global South embraced the principles of 'non-alignment' which was concretely put down through the formation of the Non-aligned Movement (NAM). Economic emancipation topped the agendas of the 1960s and 1970s. However, it is important that we acknowledge the structural limitation imposed by a particular world order from the outset if sustainable solutions are to be achieved. The post-1945 world order remained hierarchical. Moreover, Africa occupied the lowest position as supplier of raw materials and consumer of finished products. Unless there is a de-structuring and subsequent re-orientation of this global structure, it would be difficult for Africa to develop.

At the political level, there is a need to achieve what Ndlovu-Gatsheni terms de-imperialisation, a position where no one country dictates to another what to do or not to do. Countries like the USA still dictate how other countries should be governed. Such a situation is not healthy but simply entrenches global coloniality. Epistemologically, we cannot succeed in breaking away from knowledge dependency on the West if we do not come up with new epistemologies whose centres are in Africa. Ndlovu-Gatsheni believes that we have an opportune moment now for Africa to produce knowledge. He perceives that an epistemological break in the West has been induced by crisis after crisis, which has seen the waning of confidence in the current theoretical frameworks. The world is still Euro-North American centric despite the rise of the Asian tigers, and this status quo must change.

Ndlovu-Gatsheni also comments on the concept of delinking as a solution proposed by some dependency theorists, particularly Samir Amin. For him, the concept of delinking must not be taken literally. Delinking must be interpreted as a proposal to emphasise

the development and expansion of internal economic capacities, as opposed to emphasising economic ties with the West. Expansion and emphasis on internal capacities would enable Africa to engage on equal footing with the rest of the world. The process of internal capacitation should include allowing economies within Africa to connect to the African people and not necessarily the outside world. This is the context within which delinking must be appreciated.

For Sabelo Ndlovu-Gatsheni, the solutions to the plight of the Global South lie in its ability to succeed in de-imperialising and decolonising the modern world system and its shifting world orders. Epistemologically, there is a need for scholarship from the Global South to shift geographically from dependence on the Global North and rise from the asymmetrical division of intellectual labour in which those in the Global South are reduced to 'hunter-gathering mode' of raw data and the West arrogates itself the power of processing this data into theories that are then consumed in Africa. Home-grown critical thinking is urgently needed if the Global South is to begin contributing meaningfully to the challenges it faces. Ndlovu-Gatsheni bemoans what he calls an epistemological drought found in the African nations particularly in institutions of higher learning, which should be churning out knowledge on and about the region. A consumer culture has also hit Africa, and people think more about the stomach and less about the mind.

Conclusion

A number of talking points emerge in the discussion with Ndlovu-Gatsheni. He demonstrates the explanatory power of dependency theory and how it continues to be relevant especially as a point of departure for theory on coloniality/decoloniality. For Ndlovu-Gatsheni, dependency theory has not withered but simply expanded its lenses of analysis beyond a Marxist framing that entrenched economic determinism. Ndlovu-Gatsheni maintains that, to a certain extent, the Asian presence in Africa can be explained by dependency theory, given Africa's dependence on Chinese financial assistance and the nature of Chinese presence in the continent. Ndlovu-Gatsheni admits that dependency theory is not watertight. It is silent on variables such as gender for instance. The emergence of decoloniality brought in an alternative way of understanding and contextualising Africa's experience. To use Ngugi wa Thiong'o's terminology, decoloniality takes into account the fact that twentieth century anti-colonial struggles only expelled the physical empire, but not the metaphysical empire.

5. The Caribbean Plantation Economy and Dependency Theory

Rex McKenzie
Lecturer in Economics, Kingston University

By Maria Dyveke Styve

I meet Rex McKenzie in Sutton, a town on the outskirts of South London not too far from Kingston, where he lectures in Economics. We had met earlier in the year, and we had gone from discussing the lack of radical thinking in the economics discipline to the intertwined nature of racism and capitalist exploitation. We start off the interview with the question of how he got into dependency theory.

Gunder Frank is probably where I started and that had tremendous resonance, the obvious things were of course foreign direct investment, imperialism, the whole Latin American malaise. I came across a book by a guy called Beckford, George Beckford. The book was called *Persistent Poverty*.[22] Beckford was a Jamaican scholar at the University of the West Indies, and he, along with Kari Polanyi, Levitt and Lloyd Best were the chief architects of something called the "plantation economy." You know, that really kicked me off. So I got involved in plantation economy studies. I always remember this quote about the plantation economy, which I am trying to apply to South Africa to this day. It says "the plantation economy is a total institution." The term "total institution" itself was taken from Goffman, who did studies on mental asylums. It was a way in which a small group of people organised a very large group of people to basically do as they are told. And that was the aspect that I was interested in, because I was interested in what I observed in the Caribbean behaviour, and why this behaviour emulates the master. Why do we emulate the master in behaving in a particular way? So, apart from economic dependency, there was this whole thing about a cultural dependency that fascinates me. There is an untold story about Jamaica. And the untold story is, there is racism in Jamaica today, there is racism where lighter skin black people look down on darker skin

[22] George L. Beckford, *Persistent Poverty: Underdevelopment in Plantation Economies of the Third World* (Kingston: University of the West Indies Press, 1972).

black people, and darker skin black people look up with a kind of grudging respect at lighter skinned ones. And then, I would notice that the way that we operate is in a colonial manner. So in Jamaica's culture, there is a very kind of Victorian way of doing things, with relations of class, so that is where I entered into it.

What concerns me particularly is violence. The Latin American and Caribbean contexts are the most violent, and if you look at the most violent cities in the world, they are all in Latin America and the Caribbean, except South Africa. And again, there is this total institution, and violence is very much the basis of the system. It was the way the system was created, the way it was maintained. I think the violence has something to do with this plantation, it is part of its origins, and I think the behaviour is rooted in the plantation. The Rastafarians, who were, and maybe still are, the very conscience of the Caribbean in many ways, would say: they removed the chains, but we are still enslaved. And within their kind of depiction of the world, Jamaica and the rest of the Caribbean is just a big plantation. The analysis resonates with me, because I am seeing in the 21st Century instances, which smack of this kind of behaviour. So apart from the economic aspects, there are very real patterns of behaviour, which I think were established a long time ago, and that are very difficult to break, which are connected with race, and which are connected with class.

To an extent, there is no model of our own. The choice in the Caribbean is the choice between the neoliberal model, and in the case of Cuba, what was a Soviet model. Without that model, Cuba flounders. The reason that we cannot devise our own model is because we are locked into the conditions of our founding. For instance, in Jamaica, there were, and to some extent still are, these garrisons, they call them garrison politics, where there is a strong man. Do you remember the case of Coke? There was a case several years ago, of a guy, who was the chief man, he would control life. There was a partnership between political leaders and criminals, and they worked together to control the people and the economy. Of course the complicating factor is the drug culture, which makes life very difficult. But, it is remarkable how certain facets of that organisation speak to the plantation. It is remarkable, and I would like to see more work in this area. There´s a guy called Harriot, he´s done a lot of work on violence in Jamaica, mostly linked to drug culture, but also the way that politics is organised. Then there is Amanda Sives, she has done a fair bit of work on patrons and clients, and that is how she thinks Jamaica is organised, as a patron-client country. Now that comes directly out of plantation studies, because in the plantation, the only way for the slave to move forward was if he got the patronage of the overseer. Again, in the modern day, in the contemporary context, people are looking for a big man to support them and further their interests. So Sives is right when she picks up the whole thing as a patron-client

relation, but if you look at South Africa, if you look at the African continent, you see a lot of patron-client relations.

Now first of all, what is the plantation? The plantation is a modern, historical and institutional model, with different layers. There is plantation 1, plantation 2, plantation 3. Beckford started to do the initial work and then Polanyi Levitt and Lloyd Best were the people who did plantation 2, and plantation 3. Plantation 1 would be where you organised around say sugar, one crop, and you produce sugar on the plantation, and the plantation is its own society. If you think of Marikana in South Africa, you are seeing the same thing, you are seeing the same kind of organisation. You have your mine and you have your town, and everything in the town has to do with Lonmin. Everything. This is how the plantation is put forward. And then, as time moved on, resources like bauxite, and oil were discovered, but again, it is one commodity, one primary commodity. I think perhaps we are at fools dawn somewhere, because for example in the case of Trinidad, who were fortunate, well, I do not know if they were fortunate, but who discovered oil in their jurisdiction, have been able to move beyond oil into oil and gas related production. So that is if you like, the exception to the general rule. But the other countries are still locked into this kind of plantation mode.

That´s the short story about where my interest comes from and where I think the relevance of dependency theory comes in. Of course, the arguments about foreign direct investments are important, of course they are. And of course, the whole way that the countries were inserted into world capitalism has been established, and of course those traditional relationships still matter today. But there are cultural, psychological, behavioural elements, which I see as being a kind of dependent behaviour.

Do you think that there was a shortcoming of dependency theory in the 1960s and 1970s, or maybe not a shortcoming, but a need for expansion?
Oh, I think a need for expansion, perhaps because it falls out of the ambit of the economist. Because I suppose at the end of the day, when you start to talk about behaviour, you are in the realms of psychology. I am just rereading Fanon's *Wretched of the Earth,*[23] and the chapter on national consciousness is a great dependency theme. In fact, I am reading it because I am writing about South African elites, and I think, what more is there to say than this? Again it is an underexplored area, but I think partly because dependency was economic issue, and the aspect of it that fascinates me, or my emphasis is more on the political economy. I think if that could be expanded, deepened, I think it would be really useful. One of the ways of doing this is to do like Morales, who

[23] Frantz Fanon, *The Wretched of the Earth*, trans. Constance Farrington (New York Grove Press, 1963).

set up a school for Bolivians, where the Bolivians can learn to critique American foreign policy. So it is a question of reorienting people´s world view. That is what it takes.

If you look at South Africa the big question is; during the struggle, what kind of struggle did they have? Were they anti-imperialist or were they anti-capitalist? You have to come down and say they were anti-imperialist and not anti-capitalist. Because what you see now is the sense that there is nothing wrong with capitalism. That is the group that has won out, that is the elite in the ANC that has won out. So the group, the Chris Hani inspired group, has given way to this neoliberal group, Ramaphosa for instance, that predominates.

What do you see as the political possibilities for breaking with patterns of dependency?

I am an optimist, and I think what we have is an unsustainable system, and I think if there could be a mobilization of resources, both human and material, in the interest of the people, then it is on. But the thing is, who is going to lead that mobilization? Because we do not have the CLR James´s, we don´t have the Walter Rodney´s, (who provided intellectual leadership) at least not as far as I know. We do not have that breed of leader. The question is, where is the leadership going to come from? Because now, and I think rightly so, there is an anti-intellectualism, because so many intellectuals are so far removed from the masses, and like it that way. So, the question of mobilization is a big issue, because it relies on leadership, and I am not sure about where that leadership will come from. Now, I maintain that the Rastafarians in Jamaica are the conscience of society, and have always been so, but even that group is somewhat in retreat, and caught up, again because the lack of leadership.

So, although I am an optimist, I am not under any illusions. I find it very difficult to see where the leadership is going to come from. You need a cadre of people who will articulate the position on behalf of the people. And to be fair, what makes South Africa exciting is that people still talk that language.

What part of dependency theory, what strands, or what elements pertain most to plantation economies?

I think it is the total institution notion that comes from Beckford, which is the one that pertains most. Obviously the essential facets of the economy remain the same, we have probably now moved to tourism, but even if you think about tourism, it is a highly dependent industry that is a personification of dependency is it not? I think the total institution notion is useful, maybe because the places are small, but you get the sense that there is very little room for dissent. The small of size of the population, is it an

advantage or a disadvantage? I think on the one hand, it is an advantage, but on the other hand, I think it is a disadvantage, because everything has the sense of being so all-encompassing. One of the problems that we have is that history is not really taught. We know about English history, but Caribbean history. If I ask most kids today about a great figure from the past, I'm not sure a lot of them would be able to say much. If you ask kids, who was Walter Rodney, and what did he do, a lot of people would not know. So my sense is that there is not enough emphasis on the thought of the past, the political and economic thought of our theoreticians that were somehow swept to the side. You just become embroiled in a big neoliberal project, and what you would consider your brother or sister island is now your enemy, because you stand in toe-to-toe competition with them, and that works its way all the way down into society. So you have a society seemingly at war with itself. All this talk of unity, that is not on the cards unfortunately.

So the position of several Caribbean countries as tax havens, would you say that that´s kind of a novel form of dependency?

It is new, it is newer, is it really novel? Not really, it is new. It is just the newest form of it. And I mean, the kind of model that suggests that we all become tax havens. Not everybody can be a tax haven, it is ridiculous. I saw an interview with Ha-Joon Chang, where he says, that would be the easiest thing to break, if there were the will to do it, of course there is none. In Barbados, the Caymans, all of these places, you know, living on this one activity, where the whole place becomes a tax haven. I am not sure it would be a good thing. I mean, it borders criminality, and in some cases it is outright criminal, and we have enough problems with drugs and money-laundering, so to add another one I think is just more madness.

I´m trying to understand more about Samir Amin´s notion of delinking, and what that actually means in practice?

I said I was an optimist, but I have not heard or read anything that fills me with any kind of optimism on delinking. I am more and more leaning towards Patrick Bond´s interpretation, where he talks about BRIC-countries and their orientation. The thesis on sub-imperialism is more correct than wrong. It has taken me a long time to make up my mind, but I am beginning to see that. So, I do not think it is going to come from there, which is what a number of theorists have been saying. In the case of the African continent, it is clear that the Africans prefer to do business with the Chinese. What I see as the best thing that they could do is almost a return to an East-West bipolarity, where you play one side against the other side, instead of a unipolar world where all you have is the US and Western Europe. So I see that perhaps as a way, since the Chinese are not going to go away. But Chinese investments in Africa and Latin America are patchy. It really depends on where it is, and how they go about their business. The Chinese seem

to be extremely pragmatic, you know, what works best, and whatever works best, that is what we are going to do. And if we don't have to do anything, then we won't do anything. So it is not like they have a mission other than to serve their own ends, that is their mission. I mean, Malaysia has emerged as a bigger player than it was in Africa, India, Brazil, but you know, are these countries really qualitatively different in their operations? It would be a brave man who would say that they are.

And you are not even going back to the issues of land grabs. If you look at who is involved in that, it does not fill you with confidence. I would be interested to hear and see what Amin is saying on delinking, because I do not know how that can be done. I have problems with nationalism taken to the extreme, I think it is counter-productive. I think I am probably influenced by what I am reading at the moment, which is Fanon, and I do have problems with nationalism.

In the Caribbean, there is the economics of it, and there are the social relations of it. The social relations in the Caribbean context are permeated by race. And race in a funny way, with all spectrums involved, with everybody fulfilling their historical mission. So you have the Chinese and the Syrians as a business class, you have blacks providing the labour for it, and you have whites as the kind of captains of industry, and then you have Indians in the rural areas. So it remains a melting pot for all these various groups, and I am not sure that the traditional relations of it have changed in any significant manner. That is the thing that needs to change. There is very little done on this, I can name the people. There is Lou Anne Barclay, who wrote *Sharks and Sardines*[24], which is a book on business in Trinidad. There is very little done on race of a meaningful kind, and the uninformed see a homogeneous group, although it certainly pulls in all directions. What I do think though, is that the racism we will see here is a bit different in the Caribbean. To my mind, there is an anti-blackness kind of racialism, we are generally quite welcoming to the outsider, that is not an issue. But internally there is a stigma connected with black skin, and that is highly problematic, given that a lot of the population is black. The higher up you go, the paler the complexions.

So very classic Fanon?

Very much so. But nobody is going to teach Fanon in schools, which is unfortunate. Again it is the education system. We need to teach people, disseminate these ideas, the only way that happens is an inquiring mind, to learn, but he or she will not find it in school, only if one devotes some time and effort to it. It is a sad situation. You know, I

[24] Selwyn and Lou Anne Barclay Ryan, *Sharks and Sardines: Blacks in Business in Trinidad and Tobago* (Kingston: I.S.E.R University of the West Indies, 1992).

said I am an optimist, rather I want to be an optimist. I am a little frightened by a whole region that has been left behind. Here is the thing. They say that what the region lacks is innovation. When I am there, there is plenty of innovation, but it is repressed. You are not going to get a loan for a business idea if you are not well-connected. The Jamaican case is probably the most interesting. Apparently, there were 21 notable families in Jamaica in the 1960s, 1970s. If we were to do an analysis today, we would find that 17 or 18 would be the same names.

When I was in Jamaica I worked as a banker, and a few things happened to me that I just found uncanny. I remember going to a party, and in Kingston, Jamaica, I was the only black person. I remember going to a party in Johannesburg and I was the only black person. What on earth? And I was only there, in both cases, because in inverted commas I was English. So I was not exactly like everybody else, I had a funny accent. Insane. So it is more that I would like to be an optimist, more than being an optimist now, because it is a pretty dark place. I am not sure how we are going to come out of it, given the vacuum of leadership.

In the realm of dependency theory, on the one hand, the argument is that development in the West has always actively created underdevelopment in the South. On the other hand, there seems to be a certain strand of dependency theory that argues that you need industrialisation and to move up the value-chain. But those two might be in contradiction, since you are still basing development on a capitalist system?

That is the question, every book and paper I have read discusses the need for industrialisation. I have now just accepted it, I do not think you can skip through stages, you need to build through industrialising. Does one have to industrialize along capitalist lines? That is the question. I think the answer is that you do not. I still believe that there is room for state-directed industrialisation, I still believe that, to a certain point, yes. I suppose what we are talking about here is industrial policy and how the industrial policy is framed and how the balance of power works among those institutions. It is for instance the case that I think if Chris Hani had lived, he would have had a very different style, he would have had a very different style in South Africa. So that would be the issue. I think because it always has been this way, it does not mean that it always will be, it is not immutable. I do not think you necessarily have to develop along capitalism´s lines.

6. A Theoretical Revolution in Time and Space

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By Maria Dyveke Styve

With more than eight hours and thousands of miles separating us, I connect with Ramón Grosfoguel in California over Skype, where he is an associate professor at UC Berkeley. Eager to understand more about his critique of dependency theory through the lens of decoloniality, we nevertheless start from the beginning with Grosfoguel explaining how dependency theory emerged in Latin America.

Dependency theory is one of the original paradigms produced by the global South as a response to the Western-centric white social sciences of the global North. The global North at the time was working along the lines of modernisation theory, which basically amounted to blaming the victim. They were trying to understand wealth and poverty in the world in relation to either cultural features of countries, or the policies of the nation state. The culturalist version of modernisation theory said that the reason why people around the world were living under poverty was because they were stuck in traditional culture and that they needed to become modern. What they meant by modern is to become assimilated to Western values, and that if you did not; you would be living under poverty for the rest of your life.

Modernisation theory came about after World War II, when the US was confronting the challenge of providing a model of development that would somehow compete with the Soviet model. As the Soviet Union was accusing the US of being imperialist, the response of the US and the Truman administration in particular, was to say that "we are not imperialists"; our aim is "to help poor underdeveloped countries become developed", and that what we want to provide is "technical assistance" as well as a "scientific theory of development". One version of modernisation theory was this culturalist version and the other version was the Rostow version, the famous Anti-

Communist Manifesto from 1960 where Rostow claims that the problem is policies at the level of the nation-state. What is shared by both theories is that they both ground the explanation of wealth or poverty inside the boundaries of the nation-state. They do not consider global structures of inequality or anything similar, or long-term historical structures. They wanted a tabula rasa, overlooking the questions of colonialism and imperialism.

After World War II, the colonial administrations, which had been the primary way through which the North interacted with the global South for over 450 years, entered a terminal crisis. Why? Because during the war, while the First World countries fought against each other, national liberation movements struggled against colonialism in India (British), Indonesia (Dutch), Vietnam (Japanese and French) and China (Japanese). If you just sum up their populations, we are talking about close to half the population of the world at the time. The impact of the end of colonial administrations in China, India, Vietnam and Indonesia by the end of the forties of the last century was huge. It was crucial for the national liberation movements in the fifties, sixties and seventies in Africa, Asia and the Caribbean, where colonialism finally ended its role as a primary vehicle of political relations between North and South. We are speaking here of a major planetary move away from colonial administrations.

The end of colonial administrations was a challenge to the imperialist system. The Truman Administration faced this challenge and produced new innovations attempting to relate with the periphery of the world-economy once colonialism was over. The question Truman faced: How to do business as usual with peripheral countries in a context where colonial administrations are over, that is, where they cannot send "Mister Smith" to run the colony anymore? After 1945, you have the emergence of newly independent national elites coming to power in many of the ex-colonies, now formally independent. So, this challenge of trying to co-opt these elites on the side of the West vis-à-vis the Soviets, was what produced the Truman administration developmentalist package composed of three strategies: foreign aid, military aid and finally the invention of a pseudo-scientific theory to justify what they were doing.

What they were doing was basically opening the doors for foreign capital investments from the West, especially from the USA, in manufacturing industries, but also in agriculture and mining. In exchange, the peripheral State would have to provide tax-free incentives, investments in infrastructure and so on, so that these costs would not be borne by the transnational corporations. This was more or less the model they were trying to sell to the world, and they needed a theory to justify this. That theory was modernisation theory. They were putting forward many different showcases for this,

especially the case of Puerto Rico. At the time, the Puerto Rican model was described by the euphemistic term, "industrialisation by invitation". This model was extended all over the world through the Point Four program of the State Department in 1950. What they did was to bring elites from all over the Third World to Puerto Rico. The idea was not just that they were supposed to learn technical skills to become industrialised, as the rhetoric suggested. But in addition, it was a kind of propaganda program, as people were brainwashed into the US model of development for the Third World. This meant Maquiladoras, labour intensive industries that open doors for US capital investments, tax-free incentives to foreign capital investments, free infrastructural incentives (free roads, water and electricity subsidized by the peripheral State), offers of cheap labour, and so on. Countries around the world started to imitate the Puerto Rican model, including the Mexican maquiladora program that began in 1964.

In the long term, the Puerto Rican model failed due to its own success. The model was imitated in other parts of the world and industries that first settled in Puerto Rico left to countries that offered cheaper costs of production. After 25 years of maquiladoras, Puerto Rico suffered an economic collapse and mass unemployment due to the deindustrialisation of the Island. After several decades of Maquiladoras being exported to various regions around the world, today we can corroborate that none of the countries that followed this model of development ever became a so-called advanced industrial economy. The "industrialisation by invitation" or "maquiladora program" was equivalent to peripheral industrialisation, which means your country is industrialised by being super-exploited by transnational capital. The gains for the country are very marginal, as wages and taxes are low and profits are sent abroad.

This introduction explains the context in which we have to understand Latin American dependency theory. Part of what modernisation theory was trying to do was to ignore the consequences of the history of colonialism that preceded the Second World War and the structures of imperialism after that conflict. For example, in India, they would say people are living under poverty because they are stuck in tradition. So, no talk about the two hundred years of British colonialism in India, no talk about the fact that India was the number one manufacturing exporting economy of the world in the 18th century, no talk about how the British destroyed the industrial base of India when they colonised India in the mid-18th century, subsequently stealing technology from India, and starting the industrial revolution in 19th century in England. No talk of this, no talk of British colonialism making the local economy of India an export agrarian economy supplying the need for raw materials, agrarian items and consumption in England. This is what Andre Gunder Frank and other people have called the "development of underdevelopment." You had a colonial policy that underdeveloped India.

Comparatively, India was an advanced economy by any standards of the West in the 18th century, and then became one of the poorest countries of the world two hundred years later.

Challenging the unit of analysis of both time and space

Then came the dependency theorists who said wait a minute; you cannot understand wealth and poverty in the world without having a longue dureé perspective and a global scope. That means, you need to understand the present situation of wealth and poverty on the planet in relation to the structures of power, violence, domination and exploitation, between core powers and peripheral regions within a capitalist international division of labour that has lasted several centuries. So, the critique by dependency theory is a critique of the unit of analysis in terms of time and space. We need to use a global unit of analysis, rather than focusing on the nation-state in order to understand the present inequalities of the world. Moreover, we need to have a notion of time that is longer than the temporalities of nation-states.

This doesn´t mean, and this is part of the stereotyping and misunderstanding of dependency theory, that you shouldn't look at the national level. They are saying you need to articulate the national within the global, and the global with the local. You need to put the two together to make sense of what is going on, and you cannot merely rely on a nation-state boundary to attempt to understand poverty and wealth in the world today. They talk about the international division of labour, core – periphery, as the central structure that is constitutive of capital accumulation on a global scale. Dependency theorists articulate the location of the countries within that structure. It does not just operate beyond the boundaries of the nation-state, but also serves as a logic that is constitutive of and reorganises the local. They are saying that once countries achieve independence, they cannot just erase two, three, four hundred years of colonialism.

If you have been under the colonial structure of mono-export economies, exporting sugar, or coffee, or oil, your economy is already organised and structured along those lines. This you cannot erase a day after independence. You become formally independent, but your economy is still subordinated in the international division of labour. This is what creates the structures of neo-colonialism, as you are still in the periphery, producing for the needs of the global North. In order to provide for the other commodities that you do not produce and that you need for survival, you are forced to import them from the global North. You are dependent on the metropolitan core powers to purchase from you what you produce and to buy from them what you do not produce. This is where the word “dependency” comes in, but they are really talking about

relations of domination and exploitation by the metropolis of the periphery.

It is not just about economic exploitation: it is also and above all about political domination. If a country tries to modify its location in the international division of labour, the response of the global North is a CIA coup d'état, military dictatorships promoted and organised from the global North, military invasions, or commercial blockades. If the periphery attempts to question its role in the international division of labour, they get hell.

This is what dependency theorists were trying to fight and to theorize. The theory was a critique of the concept of space in modernization theory that privileged nation-state units, and it was also a critique of the concept of time, as modernization theory is ahistorical and operates with an episodic notion of time. The concept of time in dependency theory is what Fernand Braudel would call the longue durée. Even though dependency theorists were not reading Braudel, they were already doing the longue durée. By the way, Braudel has said in interviews, before he passed, that he learnt the longue durée approach from Brazilian historians in the 1930s. So the idea of the longue durée is something that has been in Latin America for a long time.

The dependency theorists were creating a theoretical revolution with concepts of time and space that was a direct challenge to what white Western-centric social sciences were using at the time. Although there was a strong school of dependency theory in Latin America, it was not the only place where dependency theory took hold. You have intellectuals in Africa and Asia who were developing analysis within the paradigm of what we call dependency theory. After that came world-systems theory and other paradigms that take for granted that the unit of analysis is the global scale and that we need to take long-term structural views of global processes. But nobody says where that came from. In fact, the most influential school, moving everybody forward in this sense, was the dependency school.

Can we talk a bit about your critique in terms of how the dependency school reproduces certain types of developmentalist thinking, in terms of it being teleological?

There are several problems with dependency theory. One is that there is a contradiction between saying that the problem is globalisation, but the solution is the nation-state. They fell into the trap of what I would say is the modern project; modernity. This idea that when a country takes over the nation-state, and insulates itself from the global economy, it can then become fully independent and build a new society, beyond capitalism and imperialism. This utopian idea comes from Western-centric modernity,

the idea that countries develop, and that the development has to pass through a process of self-determination where you insulate yourself from other forces around you and eventually become a mature society. While dependency theorists were questioning this narrative of progress in their critique of modernization theory's diagnosis of the problem, when it came to solutions, they fell back into that. There was a contradiction between their diagnosis and solution. If the problem is in the global system, you cannot radically transform the system by making a change in a particular nation-state. You can push boundaries of nation-states to a certain extent, but there are going to be constraints and limits as to how far you can go. You need to have, in a sense, a multi-local struggle, that challenges the system and that has consequences on a global scale, because an isolated local struggle is not going to go far enough.

But what about what you say about Cardoso, that in a sense, at least his brand of dependency theory is still trapped within this framework of linear progress, a teleological way of viewing development. Were there dependency theorists who broke more fundamentally with this European denial of coevalness?

There were two versions of dependency theory, one version was the version of Andre Gunder Frank, Theotonio dos Santos, Vânia Bambirra, and Rui Mauro Marini – mostly Brazilians. They were the school known as the development of underdevelopment. They were the more radical school within dependency theory, and that is the school of dependency theory that I identify with the most. They were the ones challenging the unit of analysis, in terms of time and space. On the other hand, you have the version of dependency theory à la Cardoso and Falleto. Their famous book "Dependency and Development in Latin America," was a classic of dependency theory.[25] For them, the international is a weak context under which nation-states operate, but it was not constitutive of the national economies. They put more emphasis on the explanation of wealth and poverty in relation to the power structures and struggles between local actors inside nation-states. In a sense, they shared the premise of modernization theory in that they took the nation-state as the unit of analysis. For them development was equivalent to becoming industrialised. The term dependent development was a term that they coined to talk about the possibility of industrialisation in the periphery. But the other, more radical school argued that peripheral industrialisation doesn't mean you are developed. You are still subordinated because peripheral industrialisation is not going to release you from underdevelopment.

[25] Cardoso, Fernando Henrique and Enzo Falleto, *Dependency and Development in Latin America (*Berkeley: University of California Press, 1979).

It is not an accident that all the people who followed Cardoso and Faletto became part of a state developmentalist school in the 1980s and 1990s. They went back into developmentalism, together with some people in modernisation theory. Peter Evans and Theda Skocpol[26] were among the dependent development theorists that followed Cardoso and Faletto and became a part of the state developmentalist school. Cardoso himself later became a neoliberal when he became president of Brazil. These were different theoretical and political projects, completely.

The denial of coevalness is much more accentuated in the dependent development school, because they were in a sense defining development in terms of industrialisation, and then analysing some of these economic structures as if they were in different time-space frameworks. The moment you take the nation-state as the unit of analysis, and you just narrow it down to independent units, and then you speak of some countries as advanced and some as backward, you are falling into the trap of the denial of coevalness and modernisation theory. In fact, what the "development of underdevelopment" radical dependency school was trying to do was precisely, a denial of the denial of coevalness. If you consider core-periphery in a relational way, as a global structure, you do not consider poverty in the periphery as something that predates in time the wealth in the core countries; core-periphery, wealth and poverty are mutually constitutive. It´s a zero-sum game. The moment a country becomes developed; it becomes developed at the cost of some other country that is being underdeveloped.

What are your thoughts on why dependency theory failed to take into account the historical patterns of oppression based on race and gender?

There were some exceptions. One exception you can find in André Gunder Frank, where he entangled core-periphery with racial hierarchies, when he talked about internal colonialisms. Internal colonialism was a concept used in Latin America to call attention to racial issues, that is, the entanglement of race and class in the political economy. In addition to core-periphery relations between the global North and the Global South, they conceived of core-periphery happening also inside the North and inside the Global South itself. For example, the relation between the Northeast and Southeast of Brazil is a core-periphery relationship. The South is the dominant part and the Northeast is the subordinate part. What Gunder Frank is trying to show is how the process of extraction of wealth goes from the local to the global, and it passes from a rural area to a city, then from that city to another region in Brazil, and then to São Paulo or Rio. From there it goes to England, USA or France. He shows this core-periphery relationship in a dynamic

[26] See Peter Evans, Dietrich Rueschemeyer and Theda Skocpol, *Bringing the State Back In* (Cambridge: Cambridge University Press, 1985). Also see Peter Evans, *Dependent Development: The Alliance of Multinational, State, and Local Capital in Brazil (*Princeton: Princeton University Press, 1979).

way as a nested hierarchy, but he also entangles it with questions of race, as he points out that areas of Brazil that have large black populations are super-exploited compared to other regions.

But most of dependency theorists were focussing on the question of class. I think it is because they had a very strong Marxist formation, and in Marxism, especially in those times, class was the last instance, it determined almost everything in that paradigm. So, they lost sight of the entanglement of class, race, gender and other issues. 90% of the world proletariat today are women of colour in the Third World, so that entanglement of class, race, and gender is not an accident because it is constitutive to the production of a cheap labour force. Usually the Marxists think about racism and sexism as superstructures, and what determines all of that is the infrastructure that is class, or the economy. What we are trying to do in the decoloniality perspective is to decolonise those paradigms, and bring in gender, racism and sexism as organising principles of the political economy. That is, the international division of labour is organised from within, by questions of gender and race. Gender and race are not superstructures, but are infrastructures that are constitutive of the political economy. What you do in terms of labour, and how much you earn for what you do is organised from within, by questions of gender and race.

In your paper[27] you also spoke about how Quijano´s notion of decoloniality of power accounts for the racial hierarchies.

Dependency theorists were mostly focused on class, and they were in a sense class reductionists, which is another critique of mine. What Quijano is doing, is basically bringing in what he calls the coloniality of power. This idea precedes Quijano, as you can see it in the work of people like Frantz Fanon. Fanon argued that in the colonies, racism is infrastructure, not superstructure, so he was challenging the Marxists on that point. You could find the same thing in Cedric Robinson, as he was talking about racial capitalism before Quijano. He was an African-American scholar that wrote a book entitled Black Marxism and he talks about racial capitalism, way before Quijano. You can see other people in the Americas talking about the concept of internal colonialism, again with the same idea as coloniality where the idea of race becomes an organising principle of the international division of labour. You could see that in a sense with Andre Gunder Frank and other people. You could see also the idea and the same phrase in Immanuel Wallerstein's work when he says that racism and sexism are organising principles of political economy. In a sense you can see this in Angela Davis's work when

[27] Ramón Grosfoguel, "Developmentalism, Modernity, and Dependency Theory in Latin America," *Nepantla: Views from South* 1, no. 2 (2000): 349.

she was looking at the question of gender in relation to black women; she was saying that gender is a privilege of white women, because black women were not perceived as women. They were perceived by the masters, not as women but as female; that is, as animals, particularly during slavery. As a critique of the white feminist, she was challenging the idea that gender is universal. She shows how race is an organising principle of political economy and an organising principle of gender domination. So, you could find a variety of people, especially among black thinkers, but also among indigenous thinkers before Quijano, articulating these ideas.

These ideas of the coloniality of power bring more complexity to the picture painted by the dependency theorists that were working within the Marxist paradigm and focusing on capital accumulation and class struggle. They are not throwing away the contribution of dependency theory, but are making it more complex. It is a corrective.

So what do you think of the possibilities to break with coloniality of power in that more complex framework?

Part of the problem is how we conceptualise the system. While we tend to think of the problem as being economic, and the rest as derivative, it is the other way around. We are living in a civilisation that already has multiple structures of power, not just one, and those structures of power are entangled with one another and are constitutive of the economy. The economy is already organised from within by the civilizational logic of modernity.

Why is capitalism a socially destructive system in terms of life on the planet? The answer given by many Marxists is that capitalism is a system where the aim is to make profit, so capitalists do not care about anything else, they don't care about the environment. In the past, there were many civilisations that existed, but none of them were as destructive of life on the planet as this one. Why is that so? It is not enough to say that it is because there is a profit aim here. There is something else, and it has to do with the cosmology. We are living under a Western dualistic Cartesian cosmology that thinks of nature as exterior to the human, and nature is conceived as inferior to the human. So, nature is always a means towards an end, which means you can destroy it to achieve another end and it will not affect human life, because it is dualistically and ontologically independent from human life. Any technology you build along that dualistic rationality has the rationality of the destruction of life. We have been building technology along that rationality at least since the 1600s with the European colonial expansion, and the emergence of this dualistic way of thinking, particularly in the mid-17th century. Technology is not neutral to cosmology; technology always has cosmological principles embedded in it. What about building technology with a different

cosmology? What about building technology with the holistic cosmology of Pachamama in the Andes, of Ubuntu in Africa, or of Tawhid in Islam? They don´t think about the nature versus the human ontological dualism, those are Western categories. They think about a cosmos with multiple, coexisting forms of life. With such holistic cosmological principles you can produce technology that has the rationality of the reproduction of life.

Over the past five hundred years, especially, when this system started expanding after 1492, the European colonial expansion that created world capitalism destroyed all the other civilisations. There are no more civilisations outside of this one, so today we are in a planetary capitalist, patriarchal, modern colonial, Western-centric, Christian-centric world system. I prefer to use a long phrase like that to name the system we are in, rather than the short phrase, world capitalism or global capitalism or the capitalist mode of production. If you name it with a long phrase like this, you put on the table everything that is at stake. We are talking not about an economic system, but about a civilisation that has an economic system, and that the current capitalist economic system is already organised from within with civilizational logics. You cannot disentangle the way capitalism operates today from Western cosmology and from Christian patriarchy, so all of these are already organising principles for the way that capitalism works. It could have been otherwise of course. But that´s the way it evolved because the upper hand of the formation of this global system was the European colonial expansion and Western Europeans carried these multiple structures of domination all over the world. So we need to be very precise about what happened historically. The epistemology that was carried over was Western epistemology, Western world-views and cosmology. The European colonial expansion globalized the Cartesian paradigm with the scientific project. Positivism was globalized. And now, because they destroyed all the other civilisations, there is no outside to this one planetary civilisation. Then we are in a sense at a dead-end, because this system is not producing anything good, it is just accelerating the destruction of life on the planet. This has political consequences.

To transform the system, we need to think about becoming viruses of intersectionality. What I mean by that is that we need to struggle against the multiplicity of oppressions that are embedded in this civilisation. We cannot think of the transformation of this system by just thinking of it as an economic system, where you just transform it by pursuing class struggle, and then produce a new utopian world. That approach did not work in the 20th century and it is not going to work in the future. If you organize against capital, reproducing all of the civilizational logic of modernity such as racism, patriarchy, eurocentrism, cartesianism, ecologicide, epistemicide, etc., then the outcome of the struggle against capital is going to reproduce all of the oppressions you are fighting against. The means produce the ends. The struggle against capital got corrupted

the moment you reproduced the civilizational logic of modernity. This is why it is not an accident that 20th century socialism ended up reproducing colonialism, imperialism, state capitalism, sexism, heterosexism, eurocentrism, ecologicide, racism, etc. We need to think in terms of a civilizational crisis, and in terms of a struggle towards the formation of a new civilisation. We need to move beyond the civilisation of Western-centric modernity. That new civilisation has to be pluriversal, not universal, it has to transcend modernity and not reproduce modernity. The goal we are moving towards should be like the Zapatistas say: A world where many worlds are possible, beyond the current world where only one world is possible.

7. The Informal Empire of London

Andy Higginbottom
Associate Professor of Politics and Human Rights, Kingston University

By Maria Dyveke Styve

I meet Andy Higginbottom at a café at the South Bank Centre in London, where people normally come to enjoy art, festivals and plays. But we are not here to talk about the delights of the bustling city, we are here to talk about its dark underbelly of neo-colonial relations with the Global South, and whether dependency theory is still relevant for understanding London's position today. After explaining how he came to do work on multinational corporations in the extractive industries in Colombia, first as an activist and later as an associate professor at Kingston University, I ask why he decided to ground his work on violent extractivism in dependency theory.

I would say on the Colombian left, and the left more generally in Latin America, the main tenets of dependency theory are taken as given. What are those main tenets? The first is that colonialism was the beginning of the process of Latin American underdevelopment. There is an ongoing relationship where Western Europe and then the United States became rich at the expense of Latin American countries. This is the mainstream position of the Latin American left. Then, of course with some important exceptions, Latin America in general received its formal independence in the 19th century, so you had the early incidence of free trade and informal empire with supposedly independent states. But in this period, rather than being under the direct control of Spain and Portugal, Latin America passed into the sphere of influence of Britain. So this informal empire was continuing the exploitation, but through different mechanisms. There was the mechanism of debt in particular, which started very early in the case of Colombia, and then later the cheap export-oriented model started in the 19th century. Then a bit later on, there was the incursion of foreign capital. These mechanisms of wealth extraction are quite familiar to most theoreticians in Latin America. With the high point of the left in the 1960s and the 1970s, these imperatives of history went beyond the left and were really popular narratives. And of course, this is part of what had to be destroyed in the process of the coups supported by the US

throughout the region. They needed to destroy this popular resistance against continued imperialism.

The dependency thesis in more narrow academic terms revolves around two key points, in my view. The first is that there is a transfer of wealth, in Marxist terms, of surplus value, from the Global South to the Global North. There is a second, and in my view, important development of that by a Brazilian writer by the name of Ruy Mauro Marini, who rooted this transfer of wealth in class experience in Latin America. He argued that Britain benefited from the export of cheap foodstuffs and raw materials from Latin America during the mid-19th century, which was the period of informal empire. These were supplied by a new capitalist class that was emerging from landowners in Latin America, who were able to make profits from the supply of these commodities only because they could super-exploit labour in Latin America.

With this, Marini meant that there was not only exploitation of the working class, which Marx identified in *Das Kapital* and other works, but also super-exploitation of the working class in Latin America. He gave three main characteristics of this: the exhaustion of the working class through long hours, low pay, and very exhausting and poor conditions at work. What these all point to is an increasingly different experience of world capitalism from workers in the Global South to an emerging layer of workers in the Global North. This is very important in terms of the consequences of the dependency thesis for international solidarity and the politics of finding unity on a world scale.

Dependency theory comes from a theorization of the social conditions of the working class in Latin America, through those who are able to articulate it in a systematic and intellectualised way. Dependency theory really has its precursors in thinkers like Jose Martí and Mariátegui. Jose Martí says "Our America," we are not going to ape the West, or the North, we have our own experience, and we will find our own road. Mariátegui more consciously uses historical materialism to analyse the realities of Peru and finds himself in contradiction with the official communist parties of his time because he insists that the realities are not the same in Peru as in Western Europe and in Russia. So there is a very long intellectual tradition that dependency theory is following: of critical social theory generated from within Latin America, rather than simply aping the latest mode of thought from the North.

What is the relevance of dependency theory today?

Is it still true that the Global South is poor because wealth is being extracted from it? Within dependency theory itself, I have spoken about the left wing of dependency theory, which is personified by Marini. But there is also a right wing of dependency

theory, which is personified by Fernando Henrique Cardoso. Cardoso in a sense just attached himself to the fashion of the time, but his basic thesis is quite different to Marini's. They are completely opposed and they had very sharp debates. The debates between Cardoso and Marini are to this day fundamentally important. Basically, Cardoso's thesis when he was a Marxist sociologist, before he became president, was that the problem was that there was no entrepreneurial class in Brazil. If only they had the institutional process which would help generate their own entrepreneurial class, then Brazil would no longer be dependent. So the assumption that he has about where the agency for change comes from is in the formation of a genuinely independent national bourgeoisie. This is a very specific class perspective, it is not just an issue of individual will, it is a class position.

With the structural debt crisis of the 1980s, the national bourgeoisie in control of the state across the Third World accepted the neoliberal program, and the question is why? They found that they were prepared to enter into an alliance with the big powers of the world system in a common project of the exploitation of their own people because it conformed to their class interests. This alliance between local elites and the power of international capital, as a general condition, is neo-colonialism. Neoliberalism is not sufficient to explain this. Rather neoliberalism is the product of this relation and this needs to be named and analysed, in and of its own right. So I think the importance of the dependency thesis today is to explain the repeated patterns of neo-colonialism around the world.

So how would you place Venezuela, Bolivia, Ecuador and the ALBA project in terms of breaking with patterns of dependency?

I think sadly we are coming to the end of a chapter. The break from neoliberal policies, in Venezuela especially and less so in Ecuador, did have a sort of subjective and objective meaning to it. The subjective will that they had to break with anti-poor government policies was very real. The Caracazo uprising in 1989 was the basis for the popular support for Chavez, and Chavez was a genuine, if highly mediated, expression of the popular will. I have visited Venezuela twice, so I am not an expert; But you can see that there was a real process of grass-root organisation that predated Chavez and post-dates him. In a sense he was able to magnify and achieve a real mass resonance. Ever since he passed away, the project has really struggled, and it looks like there is a probability that it will be defeated. That is because the structural conditions have not really changed.

What would you say those structural conditions were?

There is still a huge capitalist class in Venezuela. Last time I looked, the billionaire

Cisneros was worth about $5 billion. The rich that had left Cuba merged with the Venezuelan rich and created a new, highly criminal capitalist class. They are using every trick in the book to isolate the government because they still, unfortunately, control most of the levers of the economy, particularly food production. Although Venezuela is very biodiverse, with varied types of topography, it is importing food. We know that this is the obverse of the so-called 'Dutch disease', as it is cheaper to import food than to produce it at home. I visited Yaracuy where peasant farmers and agricultural workers took over production and where they drove the landlord class out for a period, but they did not control the whole of the commodity chain. Then the government, to its credit, set up production plants to process the food. But then all the chains of control up to the consumer in the city. I think that is one huge area of class struggle: about who controls the food chain. You can see that story repeated time and time again.

In Bolivia, the government has made hugely progressive moves against the power of multinational capital. At one stage, I would say that Britain and the United States were seriously considering intervention. They were not actually drawing active plans, but they were looking at the possibility. Bolivia did not nationalise oil and gas, but they increased the taxes that the state took in oil and gas. If it had gone that extra step, I am pretty sure that British Gas would have had enough say in the ruling class here in Britain to push for active military intervention. I am quite serious. I attended a seminar discussing the situation in Bolivia, and three very highly placed figures from the Ministry of Defence (MOD) were present at this academic seminar because they wanted to know what type of movement was taking shape in Bolivia. The conclusion from the seminar was that this was a rebellion, rather than a revolution. In other words, they could ride the storm.

Morales has a strong sense of needing to be accountable to the social movement, and it resulted in a small country standing up to the power of imperialism. We witnessed the imperialist power to intervene and isolate that country through a whole range of different mechanisms. One of the mechanisms used against Bolivia was the European Union process of negotiating free trade agreements with the Andean region. Peter Mandelson, the ex-Labour minister, then European Commissioner, was in charge of Euro-imperialism on a global scale for a while. He very pointedly tried to isolate Bolivia from the rest of the Andean countries as a militant regime that had to be separated from the moderates. And they succeeded in splitting the Andean community on the free trade agreements, so you had Venezuela and Bolivia on the one side, Colombia on the other side, and then Ecuador somewhere in the middle. So what I am saying is that these processes have been forcing dependency. It is not just an economic process. It is an active, strategic dependency created by the United States and Europe, and in the case of Latin America, Britain and Spain.

In one of your articles[28] you describe how the EU investments, especially the British and Spanish investments in Latin America, have increased massively. In what ways does it change power dynamics?

The effect of the rise of China on Latin America is interesting. China and India generate huge demands for commodities. The commodity boom is the objective basis of the survival of the ALBA countries pushing for social reforms. Although they may be on the way towards socialism, they were buoyed up by the commodities boom and therefore still dependent on the volatility of that boom. The economy goes well when the prices are high and badly when the prices are low. They have not escaped that dependency.

In order to understand who benefits from the boom, we cannot just look at the value chain. We must also look at the surplus-value chain and simply follow the money. We know the commodities end up in China, but we need to study where the money goes. In the neoliberal period, Spain and Britain took advantage of the boom through oil and mineral multinationals. They also took advantage of privatisation: telecoms and, especially in Spain, the banks were privatised.

London is the international centre of big mining, so there is this new geometry of imperialism emerging. The former South African companies, or *apartheid*-enriched capital, move to London in order to set up a platform for international operations, as well as to have access to lower rates of interest to finance their rapid expansion. Where does this money go? Well, one of the prime targets, but not the only one, was the Andean region. From the 1990s onwards, or rather the 1980s in some cases, there was a huge inflow of foreign direct investment in enclave extraction. If we follow the money, we see that an awful lot returns to London. A surprisingly large amount of FDI from Europe was channelled through the Netherlands, which is an onshore tax haven, so it is not quite known where the investment through Holland comes from.

So would you say that, even with the rise of China and India, European multinationals still find a way to benefit from this? How do they tap into that?

It is quite a complicated pattern. For the case of Latin America, British multinationals and, to some degree, Spanish multinationals took advantage of the commodities boom. They did so in order to gain what Samir Amin quite rightly calls imperialist rents, which is huge super-profits from natural resource extraction. With that came a wave of

[28] Andy Higginbottom, "The Political Economy of Foreign Investment in Latin America: Dependency Revisited," *Latin American Perspectives* 40, no. 3 (2016).

destruction of local communities, a wave of destruction of the environment, and a wave of criminalisation of protests against these huge extractive projects. This pattern is not so different when we look at Africa today. The configuration is slightly different, but not as different as you might suppose. There was an excellent report done by David Fig on the new scramble for Africa.[29] You would think from the popular press, and from what much of the left says, that China is the biggest investor in Africa. Far from it. The biggest investor in Africa today is the US and Britain, with China about ninth or tenth on the list. Of course, China does have a growing and important influence in Africa, but we have to compare it to the invisible centre: the continued presence of Britain, the US and France as imperialist powers. This is the part of the story that always gets left out, or is pushed to the background and left unsaid.

The relevance of dependency today is to draw attention back to the persistent role of economic, political and military imperialism in the world today.

Would you say that the reason that neoliberalism is pushed to the fore is also that it is somehow more comfortable for Western leftists to deal with the notion of neoliberalism rather than with imperialism?

I completely agree with you; I think that is the reason. There is one part of the world, certainly in Britain, which is accustomed to welfare-state capitalism. What is welfare-state capitalism based on? Where does the money come from? It is not just made by the struggle of the British working class; it is to a large degree paid for by the extraction of surplus value from other parts of the world. This is the other side of dependency. My very conservative estimate for Latin America is that 3-4% of GDP leaves every year in profits from direct investment and portfolio investment. Where does this money end up? It ends up here. And what does it pay for? It pays for the City of London and it pays for a degree of class peace. It does not eradicate class struggle, but it softens the severity of the struggle and the contradictions here. The relevance of dependency theory today speaks to the character of my country. When we talk about anti-neoliberalism, are we saying that we will defend the National Health Service welfare state in Britain on the backs of continued exploitation of people in Guyana, Pakistan, and the Philippines? This is not in any sense equitable.

Take extractive industries as an example. The industry is the second most important sector of the British economy, second only to the City of London. British involvement in the decolonisation process during the post-war period was geared towards ensuring that

[29] David Fig, "State of Extraction: The New Scramble for Africa," (Transnational Institute, 2014). Accessible at www.tni.org/sites/www.tni.org/files/download/state_of_extraction_chapter.pdf

a neo-colonial state would be left behind. Several African leaders trying to break free of the neo-colonial relation were assassinated. Leaders like Patrice Lumumba and Samora Machel became the targets because they had the position and the will to try to break free from these neo-colonial relations of domination. The British state was involved. It appeared in the *Guardian*[30] recently that the hit squad that got rid of Lumumba in a CIA-directed operation was made up of British agents in the Congo. With this capacity to intervene, if there is a potential of breaking free from the neo-colonial relation, it will be stopped through military means.

If you look at every aspect of the British state, you will find that we are the other side of neo-colonialism. The British economy, the British state, British society, even the culture. Britain, perhaps more than any other country in the world, punches above its weight on the world stage because of imperialism. The division of the world is not only by classes, but by North and South as well. And unfortunately the British left does not realise that, and the framing of being anti-neoliberal denies this differentiated reality. It is itself an expression of privilege within that reality. So in other words, this question of dependency from the position of Britain is that British capital and British society at large systematically benefit from this transfer of wealth. That is the reality that we have to change to become genuine citizens of the world. It will be a fight, but an honourable and necessary one. It is easier for a camel to pass through the eye of the needle than a rich man to enter the kingdom of heaven.

[30] https://www.theguardian.com/world/2013/apr/02/mi6-patrice-lumumba-assassination

8. The Political Economy of Africa and Dependency Theory

Patrick Bond
Professor of Political Economy, Wits University

By Ushehwedu Kufakurinani

This chapter is based on a fascinating discussion I had with Patrick Bond over Skype on the 12th of August 2016. In the discussion, Bond gives his own understanding of dependency theory and its explanatory power, and explains some of the limitations of the theory. Patrick Bond is based in South Africa and is professor of political economy at the Wits School of Governance. He also holds a position as Director of the University of KwaZulu-Natal Centre for Civil Society in South Africa. He is a prolific writer whose areas of interest cover a range of subjects that largely explore the political economy of Africa.

Interpreting and Contextualising Dependency Theory

For Patrick Bond, the simplest explanation of dependency theory is that the North gets richer the more it exchanges with the South, which in turn gets poorer because of a value transfer. This value transfer happens as African countries import capital and consumer goods with high surplus value while they export local products with low value. A more complex version of dependency theory, which was worked out in Brazil among other places, articulates the problems related to dependent and weak economies without the ability to form backward-forward linkages.

For Bond, the 1980s brought in new ways of understanding uneven development that contributed with interesting insights about extreme inequalities in Africa, among other things. A core understanding on dependency theory has also been developed based on an examination of colonial power relations in Africa, dating from King Leopold's Congo, the plantation systems, and settler colonial taxes, to exploitation related to multinationals of this day. Samir Amin picked up these ideas and improved on dependency theory. Bond believes the theory remains relevant even more so today because the North-South system of extraction is more extreme and complex, for

example due to international trade.

Explanatory Power of Dependency Theory

The explanatory power and the relevance of dependency theory lie in its ability to show and explain power relations. A number of examples can demonstrate how the theory remains relevant. Bond referred to HIV/AIDS which he considers to be one of the biggest threats to Africa. he noted that drugs for AIDS, which were developed in the North, were heavily priced in the 1980s and 1990s at 15 000 USD per person per year. African countries depended on the North for HIV/AIDS medication and this syphoned off their financial resources. Today, however, most African governments have facilities with the United Nations that allow for access to AIDS medicines for free after some heavy advocacy.

Bond also drew on other examples to which dependency theory can be applied. He referred to the Zimbabwean migrant labour system. Northern capitalist systems with sophisticated extraction systems like mining houses or big plantations can find ways of attracting African labour that is ultra-cheap, and they usually depend on women who are reproducing labour power and subsidising the capitalist system through their social production. Dependency continues to manifest itself in a variety of forms, including the manner in which medical and pension systems are developed and executed, with greater benefits accruing to big multinationals rather than to workers. For Bond, such cases underscore the continued relevance of dependency theory.

Dependency theory is even more relevant if we are to understand the relationship of Africa with the BRICS countries (Brazil, Russia, India, China and South Africa). Bond notes that this relationship can be contextualised within dependency theory in two ways. Firstly, the systems of exploitation are more amplified because when the Chinese, Brazilians, Indians, Russians and South Africans work in Africa they are more extreme and exploitative than Western countries. The latter have systems of accountability, shareholders, corporate responsibility and there are even groups that campaign against systems seen as unjust which are imposed by the World Bank and other international institutions. Such involvement is limited when it comes to BRICS and their relations with Africa. It seems BRICS countries' main objective is simply extraction and maximum exploitation.

Bond gives the example of a manager of an Indian company based in Zambia who is on YouTube at a publicised event boasting that they bought a copper company for 25 million and now they were making 500 to 1000 million dollars a year. Bond also referred to the case of Zimbabwean diamond production which was dominated by

Chinese capital and operated under shady deals and connections between the Chinese and corrupt government ministers. The country lost some $15 billion and was only able to account for $2 billion. Bond is of the opinion that the exploitation of Africa and her resources by the BRICS is much more amplified by the companies from these countries which are desperate because the rate of poverty is worsening in their countries of origin and in some cases their dependency on raw materials is much higher.

The second way in which dependency theory can be contextualised is by the manner in which the BRICS have operated in relation to both the North and South. According to Bond, the BRICS have become "sub-imperial deputy sheriffs for world imperialism," through their role in the World Trade Organisation, the IMF, and the Paris Club. For Bond, this is clearly articulated in the manner in which the BRICS have been helping to propel multilateral imperialism as sub-imperialists with a regional accumulation agenda. South Africa, for example, has helped legitimise multilateral institutions in the region that reflect the interests of the North.

Another aspect of the dependency theory that Walter Rodney and other scholars refer to is the aspect of the petit bourgeoisie in Africa. Dependency analysts observed that there was a problem in the corporate world when the African elite made alliances with the Global North. Bond referred to South Africa's former president Thabo Mbeki as one extreme case because of his New Partnership for Africa's Economic Development (NEPAD), which is a brainchild of the West seeking to promote and legitimise neo-liberalism. For Bond, Mbeki is not critical of the nature of the relationship between the West and Africa and sees nothing illicit in the trade relations. What Mbeki advocates is a fairer trade relationship between the Global North and the South without attention to structural relations that make the latter poorer and poorer.

As such, dependency theory has its greatest strength in the effort it makes in understanding the material conditions of the Africans. This is in contrast to post-coloniality theories, for example, which make little effort to understand these material conditions in which the reproduction of African poverty occur. Such theories are satisfied with simple descriptions of some other contingencies associated with development without getting to the root of the causes of Africa's underdevelopment.

Limitations of Dependency Theory

Despite its explanatory power in understanding the operations of multinationals, there has been a very low subscription to the theory by scholars over the years. This can be attributed, explains Bond, to how mainstream economics conceptualizes theory. For him, the discipline of economics is so censorious that it is impossible to have a healthy

discussion on issues of global power relations and their impact on African economic development. Usually, Bond explains, these issues are discussed on the side-lines and not in mainstream economics discussions. To increase interest among economists in dependency theory, Bond proposes that the theory should be discussed in relationship to structural inequalities as well as the concept of uneven and combined development. In this way, dependency theory would be more robust to changing trends.

Nevertheless, dependency theory is not without its own challenges. Bond observes that dependency theory tends to emphasise the material aspects of understanding development at the expense of social aspects or elements of post-colonial theory by scholars such as Achille Mbembe. Dependency theory, and the political economy tradition at large, focuses only on those aspects that are deemed necessary for the reproduction of the system and for Bond, "usually culture and identity are not necessary but are contingent, they change from place to place." For example, race and racism is different in North America, Zimbabwe or South Africa. Race is contingent and not structural in the way capitalism is. Gender, race, and ethnicity can be brought in to understand specific ways in which capitalism plays out. In this way, Bond therefore rejects the perceived neglect by dependency theory of cultural/social and ideological issues. Indeed, Bond's explanations suggest that these issues are not neglected, but are brought in to explain very specific issues in our understanding of the workings of capitalism. Gender can, for example, be brought in to understand the colonial labour migrant system in which the women reproduce labour for capital and thereby subsidise the capitalist system.

To a certain extent, Bond recognizes that dependency theory is still epistemologically trapped within a framework that favours modernist notions of progress that are still Eurocentric. Notions of GDP or labour theory of value and how it is applied in Africa, for example, are very much entrenched in Western notions of progress. Dependency theory does not deviate in its perceptions of progress as it embraces ideas of 'modern' infrastructure, roads, schools and modern lifestyles that involve access to electricity and other facilities. For dependency theory, these modern attributes can be achieved by a non-capitalist system. Nevertheless, Bond cautions against the use of the term Eurocentric and the attributes associated with it. For example, to say that Africans should have clean air or water is not necessarily Eurocentric. Africans pursued clean water even before their contact with Europeans.

Bond notes that some scholars are of the view that dependency theory died in the 1970s. This death was partly because of the failure of dependency theory, for example, to explain the rise of the Asian tigers, namely Hong Kong, Korea, Singapore and Taiwan.

Dependency theory assumed that if you were a poor country and depended on the capitalist West, you could only become poorer. Yet the Asian examples demonstrated the possibility of dependent development in spite of their integration in the capitalist western world. For Bond, this is why the theory of uneven development becomes a better alternative as it helps to understand why some countries remain poor because of their ties to the West and its capitalist system while others manage to make it in spite of their ties, because they master the conditions for accumulation.

Conclusion

This chapter has captured several observations made by Patrick Bond on dependency theory, its explanatory power and some of its limitations. Bond has demonstrated how the theory remains relevant in understanding the structural problems faced by many African countries. He, however, believes that a remodelled dependency theory in the form of the concept of uneven and combined development is much more relevant to explain emerging trends in the region. As shown, though dependency theory has been accused of failing to address issues such as race and gender, Bond feels that this is not fair because these issues are contingent as they take various forms from one space to another. The dependency theory, argues Bond, deals with the constant variables whose expressions can be in various contingent forms.

9. Dependency Theory Today

Miguel Angel Centeno
Professor of Sociology, Princeton University

By Frutuoso Santana

Born in Cuba, sociologist Miguel Centeno first encountered dependency theory in his first year of college in 1976. Although he does not see himself as a dependency theorist, he acknowledges the theory's vast influence in the studies of international economic history. He also points out that much of dependency's contribution has been silently incorporated into schools of thought that have aimed at explaining global capitalism.

How does your research agenda intersect with dependency theory?
I was first exposed to dependency theory in 1976, as a freshman in college. Reading Cardoso and Faletto, the theory seemed obvious and made so much sense to me. Of course, there are many different schools and strands of the theory, with competing arguments floating around. However, it seems logical that a country's position in trade helps determine all sorts of dynamics.

In my work, I have referenced some of the pillars of dependency theory, which unfortunately are still overlooked in some corners of academia. First, history matters. If we want to explain contemporary phenomena, it is critical that we account for historical factors. If you are trying to explain conditions in the present, you cannot simply begin at some random contemporary point, as the historical legacy of colonialism still matters.

Second, a country's position in the world matters. Regardless of the language you use, periphery, metropole, etc., a country's placement in the global network is relevant. In fact, dependency theory preceded a lot of the analysis in network theory in this regard, as it articulated how one is defined by relationships and not just by what one is.

Dependency theory informed my work on technocrats as it provided a framework to understand how knowledge was exported. It also helped shaped my views on war and geopolitics as mutually influential phenomena, and it influenced my understanding of

neoliberalism. In short, Cardoso and Faletto's theory offered me an epistemological set of assumptions from where to conduct my own work.

What do you think is the explanatory power of the theory?
It depends. On one hand, we need to be careful about historical over-determinism, and sometimes dependency has been misused in this way. In this context, the theory has been misinterpreted as a claim that the conditions determined in the past are inescapable. Unfortunately, this view produced a legacy characterised by fatalism.

On the other hand, the theory opens the door to an analysis of how history matters. This is its biggest insight. Now, it also translates into a particular set of policy challenges, which may not be obvious without those lenses. Particularly in the case of Latin America, the theory shows that a specific kind of economic growth is not going to get you very far. For example, although Peru is considered one of the great successes of the last 20 years, if you look at its export structure you will see that it has remained unchanged in the last 100 years or so. That structure means that there are very limited possibilities for organic growth.

What are the key variables one should look at to understand relations of dependency?
There are three. First, the structure of the relationships. Consider the case of imports and exports. Where does one fit within the structure of network flows? Second, within this structure, what does one produce and for whom? Third, how does the international market affect a country's domestic market?

In my view, these variables characterise the first order of analysis. From there, one moves into the second order, which entails the study of how history has helped define domestic relationships. Thus, even if your external relationships begin to shift, to what extent does it leave a legacy inside your domestic economy?

According to ECLAC, there was a net outflow of $72 billion from Latin America between 2002 and 2008. How does this fact fit in contemporary narratives of dependency theory?
Well, this point needs to be treated on a case-by-case basis. Prior to the last two or three years, there was not a lot of capital flight out of Brazil. Conversely, a huge amount of capital left Argentina. These cases deal with net flows of capital for investment, for instance. I am more interested in the extent to which the domestic economy and domestic capital have to fulfil the expectations of international capital, and is dependent on that international capital. For example, in the last twenty years, scholars have

studied how fast money unbalances many of these economies simply because the domestic players always have to be worried about the bond market. Therefore, it is not the preoccupation that someone has invested in a given country, but rather that someone has not really committed investment to the country, which allows his or her capital to leave quickly. This lack of commitment creates a set of behavioural norms and expectations that can twist the outcome in a specific way.

In what ways do you think that dependency theory is relevant today?
In the specific case of Latin America, you simply cannot understand the continent without some basic reference to tenets of dependency theory. Although the theory was developed with Britain and the United States in mind, the drastic increase of commodity trade with China perpetuates its relevance. The Chinese demand for commodities has created a bubble in some of these countries. Chinese imports have destroyed some of the domestic industries in Latin American economies, particularly textiles, and Chinese investors have taken over critical elements of the economy. Therefore, the collapse of the Chinese bubble in the last three or four years is the perfect example of why dependency theory is still relevant. You cannot understand the collapse of Brazil's economy in the last few years without understanding to what extent Brazil depended on these commodity exports to China, and the economic dynamics that were created by this relationship.

Another example is El Salvador. The American immigration policy has a tremendous impact on the Salvadorian economy because of remittances of expatriates from that country. I believe they may be the country's biggest source of foreign currency. Haiti is another instance of dependency's relevance. The country is highly dependent on both remittances and global charity.

Thus, you can have dependency all the way from a giant like Brazil, which created a particular economic model far too dependent on commodity flows, to a minor country such as Haiti, fully dependent on remittances and charity.

Do you think that dependency is more relevant in some areas, say, Latin America, than in others?
I do think that dependency is driven by the specific historical model of Latin America. The commodity terms of trade between Latin America and the developed world were established five hundred years ago. Contrast this fact with the case of Africa, whose commodity trading with the global market is about 130 years old—although it is obvious that the slave trade had horrific impact in that continent. Latin America, as I argued, has been particularly marked by this long-standing relationship.

However, I believe that some principles can be applied to different contexts. Some of the theory's tenets can be applied to Africa, to the Middle East, and you can even talk about dependency in the case of China. One of that country's biggest problems right now is that it is trying to shift from an export-driven economy, albeit one of manufacturing rather than commodities, to a domestically driven economy. The growth of China was oriented more towards outside sales and less towards domestic consumption. Thus, reorienting this aspect of the economy has been a challenge to the Chinese because such a shift is difficult to achieve. However, a move towards a larger degree of domestic production and consumption driving your economy is important as a source of stability. It is difficult to say if China will remain an export-driven economy in the twenty-first century, but it was certainly the model of the end of the twentieth century.

What aspects of dependency theory need updating?
Methodologically, network analysis offers a very useful tool for dependency. We now have an abundance of data on flows of people, goods, and capital. Thus, if we used this richness of resources with network analysis, I believe that a much more sophisticated version of dependency could emerge.

We should also update the "comparador" mentality. In the nineteenth century, it was easy to make fun of Buenos Aires or Mexico City for wanting to look like Paris. This was part of the critique of Belle Époque in Latin America: the constant effort to emulate Europe. What does this emulation look like nowadays? I have done some work on the obsession with the American Ph.D.'s. The policy elite in Latin America often gets its education outside. These aspects can be used to update the theory.

What are the policy implications of dependency theory? Do institutions, such as social movements, have the power to make changes?
I am not a fan of the Bolivarian so-called revolution. A perfect example of the Venezuelan failure of the last 15 years to create a stable welfare state is that it never got off the oil tick. What changes did Chavez bring to the Venezuelan position in the global economy? He supported Cuba and made incendiary arguments against the United States, but in the end the oil kept flowing from Maracaibo to the refineries in the orient.

I think that a developmental state would be important to break with dependence, and the creation of a truly national bourgeoisie. Latin America has lacked a nationalist elite that can reject the global economy, which does not promote autarchy, but does promote national development. Many thought that the Brazilian elite was heading in that direction, but corruption prevented this process.

I do not think that a social movement will suffice. It is very hard to change a country's relationship to the rest of the world. Such transformation requires both state action and help from domestic capital.

But, is this not a paradox? Can the elite that fetishizes and emulates the core be trusted to advocate and advance national development?

I agree. This is the sense in which Latin America is trapped, both in terms of material connections and cultural assumptions. If I had an answer to how to circumvent this problem, I would be a lot more famous than I am. I do not know. Latin America is my despair. I have lived in South Korea for a couple of summers. If you take Seoul's subway, and compare that experience to the one you have in Mexico City or São Paulo, you notice that there is a difference both in the economic model and in the attitude.

Brazil is the heartbreak of all heartbreaks! Petrobras, which was seen as a centre of excellence turned out to be cesspool of corruption. What happened to the Brazilian national psyche was epitomized by the contrast between the famous Economist cover of the early 2000s, with the Christ statue taking off like a rocket, and the realisation that Petrobras was not all that it had been propped up to be. It is difficult to articulate how this is directly related to dependency, but Latin America needs a good shrink. A lot of it is material and structural, but a lot of it is also a result of a set of attitudes. I am very impatient with some aspects of the Latin American left, and the fact that it let Chavez do what he has done and it still lets Ortega do what he does. I think we certainly need an alternative to the right, but also an alternative to the left in Latin America. It should not be fighting battles from the 1960s.

Are there unanswered questions in dependency theory that you would like to see addressed?

Yes! How does one get out of all this? The classical example for Latin America is Japan in the 1880s. However, this example rejects what we might call dependent geopolitical relationships. So, since we did not follow that model, and since Latin America is stuck with a 200-year history, how do you fight that, but without the silly Chavez' solutions. While admitting this past and the structural challenges, how do we get around them? You see, while some people deny the dependent relationship, others see it as an inescapable trap, or treat it as the left did in the 1960s, blaming the United States for the current scenario. This is just silly. We need to get over this mentality. The constraints of historical dependency, which have clearly shaped the continent, will require a much more sophisticated analysis than that provided by the left or the right.

Why do you think there are so few dependency theorists today?
I think in some ways the theory was a victim of its own success. It has been absorbed into many other theories. For instance, a lot of dependency has been appropriated by the mainstream International Relations discipline, which looks at domestic political structures and global positions. In addition, dependency is so important to the study of Latin America, and relevant to all parts of the world, that it has become almost second nature. It is like being a biologist and having Evolution as your main theoretical approach.

Latin American political economy has never taken dependency theory to its next stage. There is a lot of simple internal recycling of old ideas, overplaying dependency, while the theory does not explain everything. Frankly, the intellectual spark that created dependency theory is now fifty years old. Nothing has really replaced it as a central intellectual idea, whether in Latin American Studies in the United States, or in Latin American Political Economy in Latin America.

What do you believe could be done to expand the application of dependency theory to policy?
That is a tough one. I believe all of us, not only Latin America, but also the United States and the rest of the world, have to understand how we have become dependent on this global machine. Some of us are getting high quality products from this machine. Some of us are getting low quality products from it. If you think of the Trump phenomenon, it is incomprehensible without an understanding of what happened to manufacturing in the U.S. Part of the sector's decline stems from the fact that the country's relationship to the global economy is no longer one of dominance. It has to accept, very much like Peru in the nineteenth century, the logic of this global market, over which it has no control. Ironically, in some ways, we are all dependency theorists now.

I would like to see a more explicit reference to dependency. The logic of dependency theory is present in a lot of analyses, but many do not acknowledge it because they see it as an old-school approach.

It seems that many scholars see dependency as a theory whose implosion was clear and quick. What guides this kind of view?
The academy is a market, and dependency theory does not produce the product that the academy likes. It does not produce statistical analysis to the same degree that many other theories do. It is almost a humanist approach to political and economic development. It is about history, subtleties and nuances, while American social sciences move beyond that, into the realm of Physics emulation. Dependency theory will have a

hard time surviving in a market in which rational choice theory or quantitative models are ubiquitous. It is a historical approach that is not particularly popular in the social sciences.

The theory is often criticised for being static, and for depriving Southern policy makers of agency. What is your response to that critique?
I think it is true. I think that the inability to move beyond the 1960s, and the insistence on still fighting Pinochet, has deprived the theory from developing new possibilities and fighting new battles, and finding new challenges. The theory can be over-deterministic and oversimplified, which is not good for any theory.

How is dependency an improvement on orthodox theory?
I do not think it can be placed in the same box as orthodox economics. It is not an economic theory. Instead, it is a theory of historical economic and political development. So, I do not think that there is a mutually exclusive set of options here. One is not forced to choose either Samuelson or Cardoso and Faletto.

[Orthodox] economics starts from the present onwards and discounts the history of institutions. I think that the biggest favour dependency theory did for economics, and you can see this in the work of people like Douglas North, was to bring historical patterns into focus. I suspect that you can trace North's recent awareness of historical patterns to the building of institutions in part to dependency theory. It is possible that the last thirty or forty years of more historically oriented economics may have been born in some seminar on dependency theory.

10. The More Things Change, the More They Stay the Same

Ian Taylor
Professor in International Relations and African Political Economy, University of St Andrews

By Maria Dyveke Styve

A professor in International Relations at St. Andrews in Scotland, Ian Taylor is passionate about dependency theory and the need for alternative theories to be taught within the Economics discipline. His research interests include the political economy of sub-Saharan Africa, the history of Afro-Asian diplomacy and the notion of "rising powers." He has written extensively on dependency theory, so I am curious to know how he got involved with research on dependency in the first place.

Well, with regard to dependency, I think the entry point was the study of Africa and Africa's political economy. I realised that many of the orthodox theories didn't really hold water. They did not explain very well why it was that countries in Africa, first of all, were so underdeveloped. Secondly, that African countries were was so structurally weak in the global economy, and thirdly so dependent on commodities for exports. The structures of many of these economies were largely introduced during colonisation. I think that only when one understands these kinds of issues, then one can start to also understand why politics in the African context works in a certain way, why it is that since 1960 very few African countries can really be said to have developed successfully, and why the development that has occurred has been relatively dependent on external factors.

I´ve been looking at China's relationship with African economies for a long time, since I was a student at the University of Hong Kong actually. The more I studied the economic profile of China's relationship with Africa, the more I realised that it was in many respects replicating a kind of colonial model of exchange - and it wasn't really that different from how the French or the British traded with African colonies. This kind of

understanding also fits with the dependency theory explanation of, why it is that post-colonial countries are structured in a certain way, and why their relationship with the global economy is structured in a certain way. The more I was reading this literature, a lot of it from the late 1960s and 1970s, it became quite apparent to me that it was still highly relevant, and that the situation hasn't really changed that much. I just then began thinking, why it is that this literature is not discussed or treated seriously these days. I don't think it's because it is intellectually bankrupt or has no worth. I think it´s simply because the hegemony of mainstream economic thinking, modernisation theory and just neoliberalism in general, has shunted aside this alternative approach to economic development. So that is why I became, and have become more and more, interested in looking at this and going back to the old sources. Some situations have changed and need to be updated and of course we have to look at things in the contemporary context, but it is quite striking how a lot of the stuff that these people were talking about is still very much pertinent to today's situation.

So what would you say are the key issues that are more or less similar, and what are the core areas that would need updating in terms of the theory?

The world that the dependency scholars were writing about in the 1960s and 1970s has changed. There is no Cold War, there's no division between the East and West, there is no ideological opponent to capitalism in terms of state formation. Of course, advances in technology mean that certain things can be leapfrogged in some respects, and technology does open up new opportunities for countries that didn't exist back then. However, I still think that the overall international division of labour has stayed pretty much the same. Africa's structural position in the global economy has not really changed at all, and in some ways it has gotten worse. The commodities terms of trade have declined massively, and overall, if one were to look at the literature from when dependency theory was popular and think about how it applies today, one would find that it does in many ways. For example, the structural position of African countries, the way comprador elites facilitate exploitation, and the way in which commodities totally dominate African economies' export profiles. Things are starting to change slightly with the Chinese building new railways and infrastructure, which may open up some new possibilities. But even just basic things, like if you look at a map of the African railways, they all lead to the coast as they were built in the 1960s. Therefore, there are some things that have changed, but a lot has stayed the same. I think these issues need to be analysed carefully, because otherwise you end up going down the modernisation route, or the liberal approach, which essentially blames Africans for "moral failure" or lack of something to explain why the continent hasn't developed. This is quite a dangerous position to take, because first of all it's blaming the victims in some respects and secondly, it's quite dangerous if you say it's something culturally inherent, there is

something “wrong” with Africa or Africans that explains why development has not been successful. When you objectively look at the situation, you see that the structural barriers and obstacles for African development remain very strong.

So what would you say are the political possibilities of breaking with patterns of dependency?

Well, I quite like Samir Amin’s arguments, and not just him, but also others, who argue that what African countries need to do is to prioritise development that benefits their own economies and their own societies. He calls it delinking, but delinking is not a call for autarky or putting the walls up and not dealing with the rest of the world. It's simply about prioritising the social, economic and political needs of each country, trying to guide investment and trying to control the activities of foreign investors and engagement in a way that benefits society as a whole. This doesn't necessarily mean a return to import substitution policies for example, but it does mean that each country and each government has to take control of its own destiny and not simply rely on the magic of the market. Rather, to focus inwardly and also expand and utilise the linkages that each country has with the outside world, and regionally with each other, to try to promote development. I think one of the interesting things about African economics, is that if you look at when African countries trade with each other, the quality of the trade, the quality of the economic activity, is much better than when they generally export to the outside world.

This is because they are not simply exporting commodities, and the terms of trade are not necessarily going down in perpetual decline. The countries trade with each other in a way so that backward and forward linkages to the economies are developed, where you have spillover effects from trade in terms of transport and services. All of these things are added when African countries trade with each other, whereas when they simply export their products to Europe, the United States or to China, then there is very little value-added. Money is made outside of the continent, and there is no real addition to developmental goals. So in that sense I think regional trade will also help. I think the fundamental thing is that African governments have to prioritise and manage the process so that development is central and everything is done to promote domestic capacity, building up industries, diversification, and so on. Because if you leave it to the multinationals or if you leave it to the external actors, then I think the exploitative relationships just carry on and nothing will change.

What are challenges when it comes to industrialisation? On the one hand, the WTO and bilateral trade agreements bar you from using a range of industrial policies, and on the other hand, if you diversify and upgrade, it

also means you have to compete with China. On top of that, there is the challenge of promoting a green path of development?
The African Economic Outlook for this year is entirely about the green economy, and how the environment needs to be prioritised in any development initiative, because in terms of global climate change, you don't want an Africa that is industrialising by contributing to climate change, because that will create further problems for the continent. But also in terms of ethical development, we have to be aware of the environment.

Concerning China, they are now domestically restructuring their economy, so that does provide some opportunities for Africa. Wages have gone up across China, and because of that, China is not going to be the workshop of the world. So, already we are seeing investors moving to other parts of the world, Ethiopia is one example. We however don't want a race to the bottom where they are only going to Africa because of cheap labour. You then need a strong host state, as the investors are obviously going there to make money. What you need is the state to control and guide these investments to try to promote backward and forward linkages. I was in Ethiopia a couple of weeks ago visiting some of these workshops, these industrial parks I should say, and it's quite impressive actually. The government has provided a lot of resources to build the facilities for these investors, and there's thousands and thousands of Ethiopians working at these factories now, including managers and accountants. The plan is to build a network of industrial parks across Ethiopia, the government is supporting this and the hope is that there will be spillover effects and skills transfers.

In terms of tax evasion and financialization, where do you see that within a dependency framework? Obviously, it's a clear example of resources being siphoned off, but in terms of being able to delink or being able to control those flows, it would take a lot of regional cooperation, am I right?
I think yes, all of this is possible, I think one of the problems is that up until now, the African Union and other regional organisations have not reformed as much as they can and should, and political commitment to develop and strengthen these institutions has been lacking. We are starting to see that changing, with Economic Community Of West African States (ECOWAS) and also in East Africa, with the East African Community becoming stronger. I would hope that the Southern African Development Community (SADC) moves in that direction, there are certainly some very keen governments there. Because once these regional organisations and even continental organisations decide on policies, and these policies are implemented, then the kind of wholesale capital flight from Africa can at least be addressed. The other side to this story is the role of particularly the British, their crown dependencies and their different islands in the West

Indies, the Isle of Man and elsewhere, which benefit the City of London, the financial system, and the global capitalist system. They make it very easy, despite all their rhetoric, for crooks to send their money overseas. Switzerland as well, of course. Tax evasion is not only an African problem, it is a global problem, and it's a problem of bankers essentially running the system in some respects, having immense political influence and power, and continuing this kind of system that extracts capital from Africa and other parts of the developing world and sends it to the North. Therefore, there is a lot of double standards when it comes to the developed world criticising corruption, because yes it is wrong, we know that, and we know that much of the political elites in Africa are corrupt. But they are like this because they are facilitated and helped by a financial system that allows this to happen. That needs to be addressed.

Do you think there is a greater space for opening up more radical politics today than there was during the Cold War? I'm thinking about Sankara in Burkina Faso, where there were many examples of real radical politics that took place but the leaders were literally shot.

Yes. I think Bob Marley said something back then that they shoot all the heroes. It is certainly the case if you look at the history of Africa, that every time you had an African leader who has tried to challenge the on-going system, going right back to Patrice Lumumba, Amilcar Cabral, Sankara, Nkrumah, of course, all of these were either overthrown in military coups or literally murdered, so it is a very dangerous thing for political elites in Africa to challenge the system. I think, nowadays, at least with the diffusion of technology and information, it would be more difficult for the CIA or whoever to get away with this type of behaviour. I think there are probably more opportunities now to challenge the system, but people still have to be very careful. You know, when you look at someone like Gaddafi (I was never a fan of Gaddafi by the way and I would never defend him), but it was very interesting how the West very quickly moved against him and simply got rid of him. So these things can still happen. And the French, of course, still play a very dirty role in Africa. Despite all the claims that they wanted to get rid of Françafrique, it is still very much there. I think if I was in French-speaking Africa and I was an African leader who wanted to challenge the system, I would be more nervous than in a Portuguese or English-speaking country. The French don't seem to mind getting rid of people they oppose. But as I say, perhaps with the technology, the news and just access to information, it might be harder than it was in the past. But of course, what you need is for these leaders to emerge. If you look at the levels of democratisation in Africa now, there is certainly a long way to go, but it is much better than it was in the past, political leaders are held to account more now than they were in the past. In the old days, presidents could change constitutions and nothing would be done, or they would be presidents for life and that would be accepted. Now

across the continent, whoever tries to extend their tenure and try to stay in power, they generally fail because there is a big civil society mobilisation. So that's a big change from when the dependency theorists were writing in the 60s and 70s.

So I have a set of questions that go back to more about the theory and some of the critiques. We spoke about this already, but why do you think that there are so few dependency theorists today?

I think academia follows fashions, and students will not normally be exposed to this type of literature. I think the hegemony of neoliberalism, and the neoliberal economic thought over the last 20-30 years, has acted like an intellectual straightjacket. As a result, if you go across many economics departments in America and also in Britain, they are totally dominated by mainstream, orthodox people just doing micro studies, using regressions, etc. No wonder it is called the dismal science.

I think the other explanation is that there has been a feeling that perhaps the success of the East Asian Tigers has killed dependency theory. That was certainly the argument put forward in the 1980s, and it coincided with the rise of neoliberalism of course, so people were able to point to countries like Singapore or Taiwan and say look, these previously colonial territories were able to develop and therefore dependency theory is wrong. I think the problem with thinking about dependency theory like that is that dependency theory is a tradition, it is not really a single theory. It is an intellectual tradition that is asking why it is that most of the underdeveloped world is made up of ex-colonial countries. That is a fundamental question, why is it that over time, they remain in this structural position in the global economy? Andre Gunder Frank said that development was impossible. In some of his writings, he changed his approach somewhat, but he did originally say that essentially development in the periphery was absolutely impossible. Of course that is wrong, you had dependent development in East Asia, but it is still very much reliant upon external demands. Furthermore, China, for example, is still very much reliant on the American economy, it hasn't really experienced independent development. Nonetheless, I think the East Asian Tigers are a reason why dependency theory went out of fashion for a while. That in combination with the domination of neoliberalism can explain why dependency theory hasn't really come back yet, although I think it is starting to.

What do you think of the critique that dependency theory is too static and deprives Southern states of agency?

No, I think of course it is very easy to caricature dependency theory as this static theory, but as I said: it is not a theory, it is an intellectual tradition, and dependency is dynamic and it is dialectical so I don't see it as being a static, fixed thing, where there is no

agency. You have to look at the agency and see what kind of agency is being exercised by elites in African countries and other parts of the world. A comparison can explain why they make certain political choices and decisions. Nevertheless, it is a dynamic process, it changes over time, and countries have evolved and have moved up the international division of labour. But I think the point of dependency theory is to argue that the structure of the world economy and the way that the world economy expanded from the 16th and 17th Century onwards, has meant that the challenges for late developers are absolutely immense, and that obstacles in the way of economies' ability to move out of this kind of corner, as it were, are still strong and profound. I think that is what dependency theory is really saying: it is saying that you have got to look at the historical structural conditions of postcolonial states, why it is that they have remained underdeveloped, and accept that there are certain factors, structural explanations, as well as of course, bad political choices and decisions. As such, dependency theory is not a static thing as far as I am concerned.

One of the real weaknesses of academia and the study of Africa, is that many scholars fail to look at the deep historical roots and structures that underlie and underpin the contemporary situation. It is almost like African countries became independent last week and now we're going to discuss the way forward. We can't do that, we have to take the long view to look at the way in which societies and economies developed and were inserted into the global economy, in some ways very violently, and the way in which societies were distorted and in some countries destroyed, or at least radically restructured.

11. Dependency Theory Is Alive in Different Guises

Matías Vernengo
Professor of Economics, Bucknell University

By Ingrid Harvold Kvangraven

Matías Vernengo is one of few modern economists to apply concepts of dependency in his academic work, particularly to his study of Latin American economies. Vernengo encountered variations of dependency theory while conducting his studies in Brazil. He completed both his Bachelor's and Master's degrees at the Federal University of Rio de Janeiro, where heterodox economics is still taught. In those days, dependency pioneers such as Theotonio dos Santos and Maria da Conceição Tavares were frequent guest speakers at the university. Vernengo's teachers belonged to the so-called structuralist tradition of dependency theory. In line with the environment in which dependency was discussed in Brazilian universities, Vernengo recalls that he did not think of it as a separate, or autonomous, approach from his overall analytical framework, unlike most American academics, and even some development scholars, who treat dependency as a separate intellectual tradition. Instead, dependency was a part of the discussions on structuralism and the issues of development. It was a natural part of the curriculum.

To start with the most basic question, what is dependency theory?
There is no straightforward answer to this question, Vernengo notes. Although there are many studies that try to split the dependency tradition into specific schools,[31] Vernengo tends not to regard these theoretical traditions as actual schools of thought. He prefers to broadly split them into Marxists and structuralists, and he believes that these traditions could be further split into four or five different approaches. However, Vernengo argues that also this categorisation is insufficient because even structuralists have roots in classical political economy, including Marx.

[31] For example Gabriel Palma, "Dependency: A Formal Theory of Underdevelopment or a Methodology for the Analysis of Concrete Situations of Underdevelopment," *World Development* 6 (1978).

For Vernengo, dependency means understanding historical elements of development in the developing world. In his case, the object of study is Latin American economies, but he argues that the theory could as easily be applied to Asia or Africa. Vernengo admits that he might think of dependency in a slightly different way than most - as he works within a Sraffian theoretical framework. Vernengo praises the Italian economist for reviving classical political economy in a way that is both consistent and logical. To Vernengo, Sraffian economics includes the surplus approach, as well as effective demand in the long run. Within this framework, one can introduce elements of dependency in an analysis without necessarily being classified as a dependency scholar.

Thinking of himself as a Sraffian, Vernengo believes he is a classical economist with a touch of radical Keynesianism. One could say that the discussion of dependency tends to be missing among many Sraffians, but it is still perfectly compatible with the ideas of a surplus approach. Classical economics is a good starting point for understanding dependency because distribution is at the centre of the approach. Moreover, it allows for the recognition that there are extra-economic elements that impact the economy.

Is dependency theory dead?

Thinking of dependency as a self-contained school of thought is tantamount to rendering it a dead tradition. Instead, Vernengo argues that dependency analysis still exists in many different forms if one thinks of it as a study of certain issues. He references Kenneth Pomeranz's *The Great Divergence*[32] and even Jared Diamond's works as examples of this point. Both of these authors use elements that are essential for dependency theory, although they might be unaware of it, and neglect to even cite dependency literature. Sven Beckert's *Empire of Cotton* is another example, as the author studies how industrial capitalism was dependent on colonialism and slavery, and on extraction of surplus from developing countries[33]. These issues were essential for dependency theorists. Some mainstream scholars such as Acemoglu and Robinson have also incorporated elements of dependency theory into their work. Vernengo points out that he would be critical of the way that they apply dependency concepts, but their approach unmistakably incorporates elements of the dependency school.

Another related strand is the literature on the middle-income trap. Although not explicitly linked to dependency theory, this literature is remarkably similar to it. It studies countries that have reached a limited level of development. They have achieved a

[32] Kenneth Pomeranz, *The Great Divergence: China, Europe, and the Making of the Modern World Economy* (Princeton: Princeton University Press, 2000).

[33] Sven Beckert, *Empire of Cotton: A Global History* (New York: Knopf, 2014).

moderate degree of industrialisation and structural transformation, experienced demographic transition, urbanisation, and have achieved improved education levels. However, despite these improvements, these nations remain far from becoming core countries. In fact, only one or two of these economies have actually made the full transition from periphery to core since the second industrial revolution. While this scenario illustrates the middle-income trap, economists working within this tradition do not acknowledge its relationship to dependency.

How is dependency theory relevant today?

Vernengo argues that dependency theory is crucial for explaining development processes, and for understanding relationships between centre and periphery. For example, Latin American countries are underdeveloped in part because they rely on dependent development. The work of Franklin Serrano and Carlos Medeiros on the Asian periphery also illustrate the theory's continued importance.[34] Upon studying the South Korean economy, these two authors articulated the concept of 'development by invitation': how the US opened up markets for South Korea while refusing market access to other developing countries. This type of work is fully informed by ideas of the dependency school, although Medeiros and Serrano do not themselves identify as dependency scholars.

Vernengo has also studied a strand known as "new dependency." [35]It is based on what Tavares and her co-authors developed in the 1980s: a critique of traditional dependency theory for focusing too much on the problem of technology and the diversification of exports in order to break with the balance of payments constraints. Both the structuralists and the Marxists considered technology to be a key issue. However, Tavares and other authors working on international political economy, such as Susan Strange, argued that it was not technology that constrained development. Instead, they proposed that the key constraint on development was finance. According to these scholars, England, the Netherlands, and the US were able to move ahead whenever they respectively issued the world reserve currency. Thus, the argument goes, having the dollar as the world currency has allowed the US to accumulate exorbitant amounts of public debt, freeing the state to promote growth through large investments in the development of technology. In the US, development has been, directly or indirectly,

[34] For example Franklin and Carlos Medeiros Serrano, "O Desenvolvimento Econômico E a Retomada Da Abordagem Clássica Do Excedente," *Revista de Economia Política* 24, no. 2 (2004); and Carlos Medeiros, "The Political Economy of U.S. – Led Internationalization: Germany, Japan and China," *IE-UFR Discussion paper* (2004).

[35] Matías Vernengo, "Technology, Finance, and Dependency: Latin American Radical Political Economy in Retrospect," *Review of Radical Political Economics* 38, no. 4 (2006).

largely funded by the state. Similarly, the growth of the cotton industry in England would not have been possible without investments by the state. In this reading of history, technology itself is somewhat less relevant than finance.

Acknowledging situations of dependency makes the assumption of the possibility of autonomous development inherent in a lot of mainstream theory less realistic. Consider Argentina – Vernengo's home country, which has recurrent balance of payment problems, and remains at the mercy of the hegemonic power of the US. Vernengo warns that development is much more complicated than people tend to think. It is not purely a technical issue. It is also a political issue. While some parts of Asia have been blessed by this 'development by invitation,' the invitation comes at a high price. South Korean development was only possible because of North Korea.

Vernengo offers a tragicomic hypothetical to drive his point home. If you want to develop Argentina, he states, you should divide the country in two and give one of the parts a bomb. Then you tell the Americans that the part that holds the bomb is also communist! This scenario would solve some problems for the capitalist half of the country, but would create a lot of suffering for the other, 'communist,' part. If you put the two Koreas together, Korea looks less developed, as one third of the population is in sheer poverty. Although South Korea's success would not have been possible without the North Korean threat, many people fail to see the link between them.

Vernengo claims that development is not just about import substitution either, although import substitution can definitely play a constructive role in development, as it usually leads developing countries to diversify their exports. In Latin America, Vernengo explains, the countries are still largely tied to primary commodities. While Brazil does export manufacturing goods, it does so mostly to the countries in the region. To the rest of the world, it exports raw materials. The problems of development are therefore to a large degree the same old problems that the dependency scholars were observing half a century ago.

According to Vernengo, there is room to improve people's lives within a framework of dependent development. Countries just need to avoid the prescriptions of the International Monetary Fund (IMF) and build institutions that matter, such as development banks, export banks, public research agencies, and public universities. Vernengo accuses mainstream development scholars of largely ignoring the importance of these institutions, despite them being vital for development.

Is it possible for a periphery country to move into the core?
Vernengo notes that we have already seen a country move from periphery to core. The US, for example, was an exporter of cotton, but managed to industrialise and become a core economy. He points to the work by one of his students, Nathaniel Cline, who studied the 19th century crises in the US. In his thesis, he finds that as cotton prices collapsed, several states had to default on their debt since they had been borrowing with the expectation that the prices of the commodity would remain high. The story illustrates how the nation faced systematic balance of payments problems in that period. In this context, how did the US make the transition from periphery to core? While having a significantly large domestic market contributed to this transition, a more important factor was the emergence of the dollar as the international reserve currency. This historical process extended from the Civil War to the creation of the Federal Reserve System in 1913, but particularly after World War I, when England began to accumulate debt in US dollars.

Based on this precedent, you could imagine that China could eventually become a core country, although it does not look like it is on that path at the moment. If China transitions into a development model in which the domestic market is central, such transition could have positive implications for development and create increasing returns. If it manages to develop in a way in which the Yuan is not subordinated to the US dollar, and eventually reaches a stage where it threatens the dollar's position as the reserve currency, China could indeed become a new core country. Vernengo does not believe that the dollar will be the world currency forever. However, he states that we have not yet seen a power shift from Western to non-Western countries in modern capitalism. How that would happen and if it would happen in a peaceful manner is uncertain. Vernengo adds that he does not think that we are near that moment, since China is by most measures a relatively poor country. Income per capita is not high and most innovations come from the US for the Chinese workers to assemble.

For Vernengo, the state is a very important agent of change. He points out that developmental states have been central for successful development experiences. However, like any other institution, the state can be co-opted by interest groups. Notably, interest groups, political parties, and activist groups matter for development alliances. In this light, one way of thinking about the transformation of the American economy is the rise of the robber barons. The robber barons took over a large, growing market in the US, first to provide oil (Rockefeller), steel (Carnegie), cars, etc. Subsequently, they took on the American state with the goal of reaching global dominance. These groups had immense influence on the building of American institutions, such as the Fed, the banks, and the internationalisation of the dollar,

Vernengo explains. He adds that the US has had a very unconventional developmental state, as it is frequently led by people who oppose the state, but who still spend lots of money through the military industrial complex and other avenues. Traditionally, in modern capitalism, the state is the institution through which powerful interests tend to channel their actions.

Unfortunately, Vernengo notes, most developing countries are not building developmental states. Instead, they are intent on minimising problems with their external accounts. There is policy space to do more than what is currently being done, and to develop more internal economic activity. However, the World Bank and the IMF tend to advocate export promotion and the need to integrate into the world market, rather than the development of domestic capabilities.

When asked about weaknesses of dependency theory, Vernengo does acknowledge that the dependency school of thought has its limitations. For example, he points to the Marxist story of Baran and Frank, which tends to be overly optimistic about the possibility of breaking the chains of dependence, as if autonomous development and revolutions were just around the corner. On the other hand, he points out that the structuralists might have gone too far in the other direction, by assuming that development is possible within the global capitalist system, and that the Japanese development trajectory could be replicated in Latin America.

How is dependency theory covered in modern academic curricula? How can we bring it back?

Despite the various guises in which dependency appears in modern academic work, Vernengo cautions that it is not adequately addressed in the literature. He points out that history has also vanished from economics curricula. Students do not read the debate on the transition from feudalism to capitalism. The discussion on the great divergence is only marginally related to economics; in fact, it has become mostly a conversation between historians. Vernengo recently wrote an article arguing that although these important historical debates are illuminating, they miss important economic issues. Moreover, the historians involved in these debates lack the expertise of economists and mistakenly believe that only neoclassical economics is actual economics.[36] Thus, they use concepts and tools that are actually inimical to their own ideas. These historians do not have training in the surplus approach, radical Keynesianism, or the dependency framework. It is rare that students today get training

[36] Matías Vernengo and David Fields, "Disorient: Money, Technological Development and the Rise of the West," ibid.48 (2016).

in the originals of Rosenstein-Rodan, Myrdal, or Prebisch. Instead, work by the likes of Paul Romer dominates the field. This lack of pluralism is not only a problem when it comes to the teaching of economics, but also for other social sciences that are presented with only one view of what economics is about.

Vernengo believes that through institutions it is possible to change this dire state of the economics discipline. Graduate programs that train Ph.D.'s in a broader perspective must be protected. For example, by producing heterodox economists by means of heterodox economists (as Sraffa might have said), The New School is essential to the existence of pluralism in economics. Journals also play an important role in this process – Vernengo, for example, recently helped create the Review of Keynesian Economics (ROKE). He also supports the idea of editing books, publishing broadly, and trying to engage a broader audience. Moreover, heterodox economics has extended its presence to the policy arena. For example, heterodox economists advise American presidential candidates (both Bernie Sanders and Hillary Clinton), and economists trained at the New School work in the Brazilian government. Vernengo himself was at the Central Bank in Argentina. While he does not think that there are enough incentives in the US academic structure to change economics teaching, Vernengo nevertheless argues that there is enough space for critical scholars to make a difference.

12. Dependency Theory and Chinese Special Economic Zones in Africa

Honita Cowaloosur
Manager of the Africa Division at Enterprise Mauritius

By Maria Dyveke Styve

While dependency theory might be marginalized in today's academia, Honita Cowaloosur wrote her PhD thesis employing precisely dependency theory to understand how China operates its special economic zones in Africa. She was a Phandulwazi Nge China scholar at the Centre for Chinese Studies at Stellenbosch University and her research interest covers a wide variety of topics, including Chinese investments in African economies, land acquisitions, and the economies of the small island states of the Indian Ocean. She is currently the manager of the Africa Division at Enterprise Mauritius, the trade promotion agency of the Government of Mauritius.

How did you get involved in research on dependency theory?
Honita Cowaloosur: It was while doing my PhD that I explored dependency theory properly. My PhD was on understanding if the seven pilot Chinese Special Economic Zones in Africa presented a potential model of development. One of these is in Ethiopia, there are two in Nigeria, two in Zambia, one in Egypt, and one in Mauritius. As I continuously identified dynamics that indicated an unintended exploitation, I leaned towards a dependency theory reading of the phenomenon.

What is your interpretation of dependency theory?
I am more of a subscriber to Andre Gunder Frank's version of dependency theory, whereby the global capitalist system is described as a single network made up of alternating metropolises and satellites. The relationship between the two is characterised by exploitation and subordination. In this liaison of dependency, its immediate metropolitan superior claims the economic surplus generated by the subordinate satellite. In doing so, the surplus snowballs across levels to reach the ultimate world metropolis. Therefore, the interaction between the metropolis and satellite carries out development and underdevelopment simultaneously—whereby the

former develops at the expense of the latter. What I like about Frank is that he does not grant the status of metropolis and satellite only to nations. This categorisation is valid within nations as well—where similar patterns of domination, subordination and surplus appropriation prevail among different classes and communities.

In addition, to understanding dependency, one also has to move out of the static categorisation of states/actors idea—by this I mean, we have to abandon the idea that, for example, the UK is a developed country and Botswana is a developing country. In some ways, dependency theory can only be understood if we accept that any actor (state or non-state) plays different roles at different points of time, depending upon with whom they are interacting. If we go by an understanding of the world in terms of set developing and developed countries' categories, we will not realize the duality of experience that an actor undergoes when operating in the global capitalist system.

How would you say your current work relates to the original strands of dependency theory from the 1960s and 1970s?

The original ideas are most definitely the starting point for my analysis. For me, Frank's explanation about the duality of development and underdevelopment in a single stretch is the foundational rationale of global interaction in present times. It allows for an understanding that it is not necessarily a premeditated strategy aimed specifically at underdeveloping the other, which makes it possible for, for example, the West or China to exploit lesser developed countries. It is the basic fact that in the modern capitalist system, each seeks its own development and that it is in this process that others are underdeveloped that is acknowledged by dependency theory. Starting from this basic understanding, which gives the benefit of doubt to post-colonising countries, I adapted the dependency theory lenses to suit the complicated relationship shared by China and Africa.

What elements do you think are useful to continue using and what elements do you think need updating or changing?

I find dependency theory itself relevant at all times. For me, dependency theory still reigns through neoliberalism, mainly because all accept the logic that 'There is no alternative'. I see neoliberalism as having a function to ensure continued dependency. According to neoliberalism, the prerequisites that need to be fulfilled to enable growth and development are privatisation of state enterprises, tax reforms, trade liberalisation, cuts in subsidies, and deregulation. Though implemented at the domestic level, these arrangements are a mere contextual conditioning in order to fully integrate economies and push them to participate actively in global trade transactions. The belief in the universality of this approach to development is evident through its endorsement and

enforcement by the regulatory Bretton Woods institutions. Nonetheless, in this process, countries, and entities internal to those countries, are further tied to the externally occurring political and economic activities. It would therefore not be wrong to surmise that dependency is now institutionalised in the form of WTO, IMF, the World Bank, and the debt allocation/repayment system.

In light of my study of Chinese Special Economic Zones in Africa—which is basically a spatial formation by one country (China), into another host country (the African country)— it became apparent that there are certain elements to Frank's dependency theory which need to be updated.

In his key works, Frank lists a number of global dynamics the metropolis-satellite relations exist within. These are economic, political and social structures, as well as local rural–urban hierarchies, which nonetheless, remain economically and socially laden. One dynamic through which dependency relations are performed in the case of Chinese Special Economic Zones in Africa, that Frank does not take into consideration in his analysis, is the 'geographic' structure, which also mediates relationships of exploitation and subordination. In this case, we are talking about foreign economic zone spaces in other countries.

When Frank coined the notions of 'metropolis' and 'satellite' in order to describe interactions within the capitalist system, it was understood that, as per the functions of the segments, interactions across the world platform will take place in duality: if there is a metropolis, then a satellite must follow; if there is the exploiter, then the exploited must follow. But for the Chinese SEZs in Africa, the situation is somewhat different. China, the metropolis, is followed by the SEZ in Africa, the metropolis. Again, it is by dint of the zone's geographic separation that despite the latter's umbilical link to the host African state, China interacts directly with the zone by altogether bypassing the need to immediately and directly underdevelop the host African state.

Within traditional dependency theory, the exploitation of a satellite can only end if the satellite distances itself from the metropolis. However, the relationship shared by China and the African host of the SEZ, suggests otherwise. There is no direct interaction between the two, post establishment of the zone. But contrary to Frank's idea, this does not entail a termination of Africa's underdevelopment. The reason being that Frank does not account for the possibility that though it acts distantly, through appropriately structured foreign direct investment (from now on FDI), the metropolis can create a local metropolis within the target national satellite.

In his works, Frank does not provide space for much deliberation about what an upgrade of financial instruments within the capitalist system might mean for the alternating, yet overlapping, metropolis/development- satellite/underdevelopment dichotomies. Touted as one of the major sources of capital in the capitalist system, there is a high degree of competition among states in order to attract FDI. Not only does FDI mean a capital inflow, but can also be a source of immediate development through backward linkages such as local job creation, infrastructure, export income, and so on. Hence, in order to secure FDI, countries are forced to provide incentives and preferences. These preferences are usually to the detriment of their own economic objectives, and also at the expense of local producers and businesses. Consequently, by welcoming FDI, economies within the capitalist system willingly subscribe themselves to the status of satellites. They even go to the extent of underdeveloping themselves and their subordinate local entities in order to serve the FDI-exporting metropolis that they perceive as a messiah of development. Therefore, along with the creation of a separate geographic space of metropolitan nature within the satellite (in the form of the Chinese SEZ), Africa's unbalanced reliance on FDI makes it a self-underdeveloping satellite par excellence.

How relevant would you say dependency theory is for understanding North-South relations today?

A division as this, the North and the South, is what should be avoided. According to my reading of dependency, there is nothing specific to the North and South interaction that can only be enlightened via the dependency theory perspective. Dependency theory can go deep into an analysis of the different circles of interactions that happen between the North and the South and thereby tell us how the different levels involved in these interactions exercise expropriation of each other. It is not necessary that the North is expropriating the South.

To what extent has the emergence of China as a key economic actor influenced Sub-Saharan Africa's position in the world economy?

The influence of China in Sub-Saharan Africa has its merits as well as its shortfalls therefore, there is no categorical answer to this. However, if we talk about the position of Sub-Saharan Africa in the world economy, then it will be fair to say that China is responsible for empowering the consumer from Sub-Saharan Africa (short SSA) and for making him/her a participant in the global economy. By making cheap goods accessible to SSA consumers, China enables them to live their basic dreams of having a phone, a laptop, nice dresses and little luxuries. Similarly, cheap technology from China encourages the emergence of SSA entrepreneurs. On the other hand, we also have situations where China's economic influence has created tough competition for SSA

exports.

What have been the impacts of the Chinese special economic zones in Mauritius?

Launched as a mega project in 2006, the Chinese Special Economic Zone in Mauritius has still not taken off. In the process, over 100 farmers have been displaced from the land and they lost their livelihoods. Today, the zone has only two blocks of flats and two buildings. It is more often used as a spot for car rallies. However, plans of re-launching it under another concept is on the way.

Why are there so few dependency theorists today?

In a day and age when you have students moan "not again" when you mention the term globalisation—,which is itself considered as passé today, dependency theory obviously lacks lustre. The main problem of dependency theory is that the tradition of dependency theory does not lend itself to optimism and therefore to recommendations on how to improve the global situation. There is a sense of fatality to it. Automatically, such a theory finds no takers among policy-makers. We have to accept that it is eventually the popularity of a line of thought among policy makers that determine the fate of theoretical perspectives. As they focus on how development is hindered, dependency theorists should also consider proposing how development can be brought about.

Dependency theory is often criticised for being static and for depriving Southern policy-makers of agency. What is your response to these two critiques?

I would agree. Dependency theory has not been a dynamic theory. As I explained earlier, the lack of recommendations that comes out of dependency reading stops it from having takers—but not only in the South. It is similarly applicable to the North as well—and to any actor internal to the state, operating in the global capitalist time.

Other critiques includes that dependency theory has been too much focused on economics and hence failed to address how epistemology has not been de-colonised. Can dependency theory also be criticised for having a similar teleological thinking where industrialisation and moving up the value-chain is seen as the only way to develop?

The colonial experience is certainly one of the strong influences of the entire development of dependency theory, and it would be right to say that dependency theory as it is has not really moved beyond that perspective. The different versions of dependency theory see the remedy to a situation of dependency differently. While some see industrialisation and moving up the value chain as one way to develop, others may

see a socialist revolution as a solution. However, I would say that the focus of critics should not be how to remedy the global capitalist system, because the global capitalist system has proved its relative worth as a peaceful system of global governance that has its merits. Furthermore, after having known a world with a liberal market economy, there is little chance of the global community going back to terms of austerity and economic containment. Development is a natural cycle — we have to understand what lies central to the claim and understanding of dependency theory — as long as there is development, there will definitely be underdevelopment, though in a relative capacity at every point of time.

13. Varieties of Dependence in Europe

László Bruszt
Professor of Political Science, Central European University (CEU)

By Ingrid Harvold Kvangraven

Although dependence is often studied in a Latin American context, László Bruszt has shown that it is also possible to apply a dependency approach to the study of inter-European dynamics. László Bruszt is a Professor in the Political Science Department at the Central European University and I had the pleasure of interviewing him over Skype in 2016.

How did you get involved with dependency theory as a European scholar?
Bruszt explains that he first got involved with dependency theory after 1989 when he started studying post-socialist economic development. With David Stark and some other colleagues from economic sociology, he was studying the possible choices these countries had and what potential future pathways could be. At the time, the literature dealing with these post-socialist societies were of two types. On the one side, you had mainstream economic literature, which advocated open, capitalist markets, and on the other side were the orthodox Marxists that argued that there were no possibilities for development for these countries within a capitalist system. Bruszt became interested in exploring what kinds of choices these countries had, as he did not agree with either of the two extremes. It, therefore, became useful to consider the literature of Cardoso and Faletto to understand the possibilities of development for the periphery countries.[37]

Bruszt considers his use of the dependency framework to be more of an overall approach to development, inequality, vulnerabilities, and unequal distribution of opportunities. He was largely influenced by Albert Hirschman and Peter Evans, in addition to Cardoso and Faletto. Evans was important to Bruszt because of his seminal thinking about developmental states and how different coalitions are formed and develop, and what the

[37] Cardoso, F. and Faletto, E., Dependency and Development in Latin America (Los Angeles: University of California Press, 1979).

various constraints to development are[38]. Furthermore, Bruszt was inspired by Hirschman, Cardoso and Faletto's search for possibilities. Instead of being deterministic, they would recognise the need to identify the relevant constraints to development.

How do you use dependency theory in your work today?

Bruszt prefers to use the term *dependency approach* rather than *dependency theory* because a theory implies a more refined relationship and certain rules for how an economy will behave. However, economic conditions and institutions are factors that are contested and various political alliances can be built around them, which in turn can allow for different kinds of development paths. Based on the work of Cardoso and Faletto, for Bruszt, dependency is about *situations* of dependency, not dependent structures. This is important because situations can be altered by political actions. Of course, it is also important to analyse dominant economic institutional structures, but Bruszt believes they should be studied as potentially alterable factors and not as deterministic limitations.

As it is difficult to find one answer to underdevelopment, Bruszt points out that it is fruitful to study various situations of dependency and look for the specific sources of the uneven distribution of vulnerabilities and for the opportunities that exist in a transnationalised economy. When Eastern European countries became a part of the European transnational production chain, they entered at the lower end. Their competitive advantage is based on cheap and unskilled labour, while the multinationals – the managers of the global production chains – control the transfer of technology and thereby also the opportunities for development. In Bruszt's work, he explores how deep this dependence is and whether there are extant structures that open opportunities for development. For example, there are differences between the transnational sectors. While in some Eastern European countries multinationals enter to engage workers in the assembly-based, unskilled and semi-skilled sectors, in other countries you might have domestic producers that employ high-skilled labour and produce higher value-added goods. One can therefore not assume that Eastern Europe is one uniform bloc, as there are variations in the situations of dependency in the different countries. Some are less exposed to the power of the transnational firms based in the core and some countries have much more diverse economic structures. By exploring such differences among cases with similar starting positions, one can detect differences in domestic and transnational developmental agency. In some of these countries, states have specialised

[38] Evans, P., Dependent Development: the Alliance of Multinational, State and Local Capital in Brazil (Princeton, New Jersey: Princeton University Press, 1979).

units exploring developmental opportunities and supporting institutions that help economic players to survive insertion in transnational markets and improve their positions within these markets. In other countries one has atomised and unorganised private actors side-by-side with weak and inefficient states. In addition, transnational integration regimes like the EU can alter both the room for domestic developmental agency and the capacities of domestic actors.

Where do the initial differences in degree of dependence come from?

Bruszt explains that the differences between degrees of dependence come from early choices that were made post-socialism, particularly when it comes to institutional changes. Notably, the legacies of the economic and political structures of these countries were very similar. Almost all of them were mis-industrialised – not under-industrialised. By mis-industrialised, Bruszt means that the countries inherited industrial structures that had very low levels of competitiveness. In some cases, the assets that were inherited from the old regime were depleted and destroyed. Furthermore, some countries deindustrialised, thereby undermining the existing assets and skill formation that had taken place. Democratisation also failed in several countries, and some countries had to deal with oligarchs. Meanwhile, other countries were more successful. Bruszt recommends a book by Dorotheee Bohle and Bela Greskovits on this topic for a deeper understanding of early policy choices and how different kinds of political alliances were formed, and the difference this made.[39]

Another important issue is that countries are linked to different integration regimes. Every country is to a greater or lesser degree integrated into either the European regime or the Russian regime. Those that are solely integrated into the latter, such as Moldova and Belarus, tend to be much more linked to primary commodity exports, dominated by oligarchic institutions, and therefore they tend to have more limited opportunities for development. The European Union (EU), on the other hand, has two regimes for the Eastern European countries.[40] First, you have the regime for the central European and Baltic countries that are members of the EU. Those countries are included into the EU open regional market, but the countries are given some form of compensation for this because of the dependency that they are exposed to. Secondly, you have the countries that are on the Eastern periphery, such as Ukraine. They have to take on a lot of EU rules and regulations without much compensation. This is also an important factor in accounting for the differences in situations of dependency.

[39] D. Bohle and B. Greskovits, *Capitalist Diversity on Europe's Periphery* (Ithaca, NY: Cornell University Press, 2012).

[40] L. Bruszt and J. Langbein, "Varieties of Dis-Embedded Liberalism. EU Integration Strategies in the Eastern Peripheries of Europe," *Journal of European Public Policy* 27, no. 2 (2017).

One might wonder why the European periphery countries implement EU rules and regulations when they do not get any compensation for this. Bruszt explains that this is because they expected the EU to want to include them in the union at some point. However, the EU never actually intended to include these countries. This is unfortunate, as the experimentation with weak integration has created enormous domestic political struggles in these countries and it has been a large source of contestation.

What are the key variables to consider when studying situations of dependence in Europe?

Bruszt considers both domestic economic and political structures, as well as European and global market structures to be important to study in order to understand these countries' situations of dependence. Bruszt and his colleagues have mapped these countries as per how sophisticated their exports are and the type of market integration regimes they are part of.[41] Furthermore, it is also important to consider the capacities of the domestic states and the domestic alliances within them.

Outside of Europe, in other parts of the world, economic integration used to mean limited market integration involving partial liberalisation of trade and capital. The room for domestic actors to set the rules of economy with a view of specific national developmental needs is larger. For example, the Asian countries had local content requirements to support domestic firms. They had strong means of controlling several aspects of their national development. However, European integration is much, much deeper. It takes away almost all those possibilities that were still taken for granted at the time of Faletto, Cardoso, and Evans.

EU membership means a complete liberalisation of the movement of goods, the abolition of all types of tariffs and other forms of discrimination, and removal of all forms of control over capital movements. To a lesser degree, services and labour movements are also liberalised. Members have to take over common regulations in nearly 40 different policy fields. This means that large part of the traditional development tools that were available in Latin America and East Asia in the 1960s and 1970s are absent in Eastern Europe. Furthermore, this means that the transnational dependence is closely linked to European politics as well as domestic politics. Bruszt imagines that perhaps the Eastern and Central European countries may be showing the future of some of the economies in the Global South that are liberalising and opening up now. Many, but not all, of the countries in the Global South, are rule-takers, and for

[41] L. Bruszt and V. Vukov, "Making States for the Single Market: European Integration and the Reshaping of Economic States in the Southern and Eastern Peripheries of Europe," *West European Politics Volume* 40, no. 4 (2017).

them, therefore, the integration of Central and Eastern Europe has some lessons.

A key problem for European dependent states is that while the EU has very powerful tools to impose uniform rules on countries at very different levels of development, it has very weak capacities to deal with the diverse local developmental consequences of applying these uniform rules. Notably, when the EU integrated the Eastern/Central European countries, at least in the first decade before they became member states, it tried to anticipate *ex-ante* what the developmental consequences would be of imposing tens of thousands of EU regulations in these countries. The core countries were genuinely fearful that these peripheral countries would collapse like a house of cards once they were welcomed into the European market and that these costs would have to be paid by Brussels. Therefore, the EU spent a decade anticipating these problems and discussing how they could potentially be alleviated. For example, specific studies were done in Romania on what would happen to their peasants and their steel industry and what possible strategies could help assist these sectors or at least partially compensate them, when exposing these sectors to competition with the strongest economies in Europe. Consequently, different assistance programs were created to try to at least partially remedy the harmful consequences. These studies and programs were important, but as soon as these countries actually became EU members, these kinds of studies and considerations were completely halted. Once these countries were members they were meant to play by the same rules as Germany and France, and fulfil the same obligations. In fact, the EU now only has a weak capacity to see what is happening in the periphery and no longer tries to anticipate the developmental consequences of the rules they are promoting.

When Bruszt studies the situations of dependence in Eastern and Central European countries, he therefore studies the possibilities of changing the political alliances and coalitions. The major problem is how politics is organised at the EU level, which makes it difficult to create new cross-national developmental alliances. If you use a dependency approach, you can consider the constraints and study which coalitions are forming. By doing this, you can also see why the easier route for many of the periphery countries is to form nationalist alliances.

What kind of lessons can be drawn from the Eastern European experience?

Bruszt argues that one important lesson is that countries should not accept trade integration without transnational development cooperation. In fact, Bruszt has found in his research that the deeper the economic integration of lesser developed countries, the more support they need to deal with elementary state capacities, not just to implement

the rules, but also to live by them.[42] The EU experience shows that the market will not take care of everything on its own and that vulnerabilities, inequality, and poverty will increase with increased integration. The developmental consequences of market integration must be managed – other developing countries have to demand creations of transnational capacities to anticipate and alleviate these problems. Another lesson to be learnt from Central and Eastern Europe is how issues of development in integration regimes can be politicised. The policies of integration of the common market increase the issues of dependency for the Central and Eastern European countries, as politics are weakly developed at the supranational level.

The problems stem from the fact that the EU does not have its own transnational development policy, Bruszt explains. This creates a situation in which all the countries try to express their national interests, but the common interests of Eastern Europeans and Western Europeans are weakly represented. Since the EU as a polity is based on inter-governmental agreements and treaties, each country participating in joint decision-making has to defend whatever decisions they take at home. This means that when there is a problem in the Eastern or Southern periphery, the German or French policymakers in Brussels have limited incentives to internalise them. Competing solely with other German parties to get political positions in EU level decision making, they have strong incentives to externalise the problems of the peripheries and defend the policies they promote in their domestic spheres. Because of this situation, you have growing nationalism in a lot of European countries, including Britain, Hungary, and Poland. In these countries, the economic nationalists claim with some validity that they cannot regulate the multinational production chains, but that they can declare a war of independence against the 'colonialists'.

While there are core, periphery, and semi-periphery countries, all regulations apply equally to every member in the EU. Thereby, even countries that have less competitive economic structures and that are less endowed with resources have to play by the common rules, although this puts them in a situation of seemingly perpetual dependence. Perhaps the best example is the common rules in agriculture, which pits large high-tech farms in Western Europe against Romanian and Polish peasants who might only have one or two cows per household. The outcomes of such a policy are quite predictable, Bruszt notes.

[42] Laszlo Bruszt and Gerald A. McDermott, *Leveling the Playing Field –Transnational Regulatory Integration and Development* (Oxford: Oxford University Press, 2014). See also Laszlo Bruszt and Stefano Palestini, "Regional Development Governance," in *The Oxford Handbook of Comparative Regionalism*, ed. Tanja A. and Risse Börzel, Thomas (Oxford: Oxford University Press, 2016).

Is It possible for European periphery countries to break out of dependence?
Again, Bruszt points out that the problems are different according to which country you are studying. For the countries that already have good positions in the European production chain, there is room for change. They can invest more in skill formation and they can use the existing assistance money from the EU for better alliances with multinationals. For example, Romania made a very good deal with a French car manufacturer that allowed them to upgrade and produce more value added.[43] Other countries, such as the Western Balkan countries are facing much tougher situations. These countries are facing long-term dependency that it will be difficult for them to get out of without major external help in restructuring. In the long run, it is not possible for the weakest of the periphery countries to converge to the core, without changing the Europe-wide integration capacities.

Unfortunately, for some of these countries, some of the best opportunities are seen by the more conservative nationalist forces as opportunities for creating anti-European alliances.[44] Hungary and Poland, for example, have the potential to create new developmental alliances, which are nationalist and exclusionary. What's more, the problems of the periphery of increased radicalisation are also now also in the core, as we see with Brexit for example.

Bruszt points out that many scholars today have forgotten the concept of dependency and those that have not forgotten are scattered. To increase our understanding of dependency, it would be useful to increase the dialogue between different parts of the world. Students of Africa, Latin America, and Europe should be speaking with each other through conferences, workshops, and projects. Even in Europe, most of the literature on dependence is geographically fragmented, as there is little dialogue between students in the Southern peripheries and Eastern peripheries. Hopefully, this e-book project can be a part of a movement towards increased collaboration across borders and institutions.

[43] L. Bruszt, Langbein, J., Vukov, V., Bayram, E. and Markiewicz, O., "The Developmental Impact of the EU Integration Regime: Insights from the Automotive Industry in Europe's Peripheries," *MAXCAP Working Paper* 16 (2015).
[44] László Bruszt, "Regional Normalization and National Deviations: EU Integration and Transformations in Europe's Eastern Periphery," *Global Policy* 6 (2015).

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