

*Review*

# Dependency approach: Chances of survival in the 21<sup>st</sup> century

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Accepted 12 May, 2011

Since the end of the Cold War, Dependency Approach has been facing a number of changes in the international system and had to deal with several theoretical challenges. But, whilst many academic writings emphasized the demise of Dependency Approach, this paper has endeavored to breathe life into Dependency thoughts by exploring what chances Dependency Approach has in order to remain effective and competitive. Deep analysis of current facts and events in the international, regional and sub-regional settings has sustained the main theoretical assumptions of Dependency Approach and illustrated that several thoughts and concepts from the Dependency Approach are still systematic and applicable.

**Key words:** Dependency approach, dependence, north, south, core, periphery, dominant, development, underdevelopment, The Third World.

## INTRODUCTION

Since the end of the Cold War, Dependency Approach has been facing a number of changes in the international system and had to deal with several theoretical challenges. Throughout this period, Dependency Approach seemed unable to cope with these main changes and challenges.

Following the collapse of the Second World (the Soviet bloc) and the emergence of the post-Cold War era, patterns such as globalization in the context of privatization and free markets, regionalization and democratization, became world-wide. Against this background, the classification of the international system on a North-South basis and the soundness of dependency became both questionable. Development theories were obviously in crisis because they were powerless to cope with the dramatic changes in the international system and shortcomings in the Dependency Approach were evident.

In his book *Beyond the Impasse: New Directions in Development Theory*, Frans J. Schuurman (1993) outlined "the impasse in development theory". "Many developing countries will remember the 1980s as the lost decade. The same judgment could perhaps be applied of development theory" (Schuurman 1993). In his book *Mal-development: Anatomy of a Global Failure*, Samir Amin (1990) also referred to the political and theoretical crises of development processes and studies. "If the 1960s

were characterized by the great hope of seeing an irreversible process of development launched throughout what came to be called the Third World...the present age is one of disillusionment. Development has broken down; its theory is in crisis, its ideology the subject of doubt....Socialism is itself in crisis in the countries of the East and the Third World countries who look to them for inspiration are obliged to yield to a harrowing revisionism and are seeking reintegration in the expansion of a world economy" (Amin, 1990). The hope of separating the peripheries from the capitalist centers through the launch of development strategies and the adoption of socialism in order to counter the monopoly of the accumulation process by the bourgeoisies of the centers reached an impasse during the late 1980s and early 1990s. The international system of the post-Cold War era was working in favor of further integration of peripheries in the world system rather than separation, which legitimately affirmed the demise of Dependency Approach and turned it into an array of outdated thoughts and perceptions.

Dependency as a topic of study was not trendy during the post-Cold War era. This dramatically reduced the volume of works that mainly focus on the subject of dependency. During this period, dependency was generally discussed as part of an overall discussion on development theories and pro-dependency works were few.

Alvin (1990) provided a review of three major theories of development (modernization, dependency and the new world-system school) in a book entitled *Social Change and Development, Modernization, Dependency and World System Theories* (So, 1990). The book was generally balanced and theoretically neutral as the author did not demonstrate any theoretical sympathy or preference towards one theory at the expense of another. This left dependency without a genuine advocate. Contrary to Alvin Y. So, who discussed dependency in a neutral account along with other development theories, Robert Pakenham portrayed dependentista as a dishonest and unwise intellectual trend in his book: *The Dependency Movement: Scholarship and Politics in Development Studies* (1998).

In their book: *Theories of Development*, Richard Peet and Elaine Hartwick skillfully offered an overview of various development paradigms, but without an exclusive emphasis on dependency (Hartwick and Peet, 1999).

B. N. Ghosh's book on *Dependency Theory Revisited* (2001) could be considered as one of the few contributions which focused solely on dependency. Even though the book presented a critical overview of dependency thoughts, it failed to bring life into dependency which remained seen as an outdated theoretical framework.

Some academic circles considered pro-South intellectual philosophy as a regionally restricted thinking. For instance, whilst the anti-Sweatshop movement is struggling to promote worker exploitation's discourse and to destroy all forms of laborers exploitation in the South, the sweatshop philosophy has been criticized for turning the "Orient/South" into the bastion of exploitation. Kenan Erçel developed this argument in a Marxian class analysis entitled "Orientalization of Exploitation: A Class-Analytical Critique of the Sweatshop Discourse" (Erçel, 2006).

According to Erçel, Sweatshop discourse tends to orientalize exploitation by seeing it as confined to the Orient-undeveloped/developing countries (Erçel, 2006). Certainly, abusive labor practices exist in both the North and South, but worker exploitation in the South is more devastating and needs more attention, simply because living conditions in the South are more dreadful at all levels.

What is paradoxical is whilst Dependency Approach is considered a thing of the past; its legacy is very much with us and its key arguments and terminology are employed by numerous currently established scholars. The world systems approach, which has been pioneered thirty years ago to understanding the history and development of the modern world, is highly influenced by the Dependency Approach and is very much alive today.

Immanuel Wallerstein, the pioneer and the leading advocate of the approach, has expanded dependency terminology. Along with other conceptual contributions, Wallerstein's approach added the concept of "semi periphery" to dependency's bimodal system of only "core"

and "periphery", as according to Wallerstein and his proponents, the world-economy manifests a tripartite division of labor with (i) core, (ii) semi-peripheral, and (iii) peripheral zones (Wallerstein, 1974, 1980, 1989, 2004).

Wallerstein's main research collaborator, Giovanni Arrighi, has attempted in his recent works to contradict the widely made claim that the significance of the North-South divide is losing ground. In many of his articles, Giovanni Arrighi seemed very sympathetic with some dependency's thoughts, notably on the classification of the international system on a North-South basis. Nevertheless, Giovanni's arguments were classified within the world systems approach and not within the dependency trend (Arrighi, 2001; Arrighi et al., 2003).

In his analysis of the overt and brutal imperial U.S project following September 2001 in his book, "Naked Imperialism: The U.S. Pursuit of Global Dominance (2006)", the editor of *Monthly Review*, John Bellamy Foster, has investigated one of the main issues of the Marxist and *dependista* literature, that is, imperialism.

Certainly, the global financial crisis which became highly evident in September 2008 proved the immaturity of the global capitalist system and questioned the strength of the neoliberal economic philosophy. The global economy of easy money and excessive consumerism financed partially by credit generated the "subprime mortgage crisis" in the US in late 2007. Since then, the Group of Seven Industrialized countries (G7) has been facing a multi-dimensional financial crisis, notably in the fields of banking and automotive industry. The outcomes propagated throughout the world affecting every country engaged in the global financial markets.

According to some radical Marxist thinking, the global financial crisis which hit the world in 2008 should be to neoliberalism and the proponents of free market economy what the fall of the Berlin Wall was to communism and Marxists. Opponents to neoliberalism might call for a new international financial framework within a restructured global economic system.

Foster and Magdoff have proficiently explored the roots of the current financial crisis and the radical changes that might be undertaken in order to deal with it. Nevertheless, their account ignored the impact of the global financial crisis on the underdeveloped countries and their analysis was not devoted to support *dependista* arguments (Foster et al., 2009).

Against this background, this article endeavors to breathe life into Dependency Approach by exploring what chances Dependency Approach has in order to remain effective and competitive. The paper will attempt to challenge the widely made claim that Dependency Approach is an array of outdated thoughts. However, unlike the above-mentioned works which employed *dependista* arguments within a different theoretical outlook (for instance: the world systems approach), the article will attempt to demonstrate that *dependista* arguments are robust-independent theoretical thoughts that deserve to

disserve to be within the dependency trend and not elsewhere.

In an attempt to carry out this investigation in a systematic manner, the article would initially commence by looking at the birth of "Dependency School".

Afterwards, it will define "dependence" and then it will discuss the main principles of the Dependency Approach. The discussion of the main principles will end with a range of criticisms. Following this assessment, the article will attempt to explore what cards Dependency Approach can play in order to survive and circumvent disappearance.

## THE BIRTH OF DEPENDENCY SCHOOL

After the Second World War, in addition to the emergence of the two major power blocs of East and West, a further bloc was created through the decolonization process. It was comprised of three continents: Africa, Latin America and Asia. Together they occupied 51% of the earth's surface area, were inhabited by 75% of the world's population and constituted the majority of United Nations (UN) members. A new dependency "approach" (or as known among others "theory", "school" and/or "paradigm") evolved to study the processes of development and underdevelopment and their implications within the international system.

Playing down the importance of the East-West division of the Cold War international system, the proponents of the new approach operated within a North-South paradigm. In this usage, the North-South terminology was essentially conceptual rather than geographical. Marxist economists such as Theotonio Dos Santos, Oswaldo Sunkel and Enzo Faletto, non-Marxist 'structuralist' economists and sociologists such as Celso Furtado, Fernando Henrique Cardoso and Raúl Prebisch, and neo-Marxists such as S. Bodenheimer, James Petras, H. Magdoff and André Gunder Frank are considered to be among the major contributors to the Dependency Approach. They all emphasized the gap between the "North", which enjoyed high wages, high investment and industrialization, and the "South", which suffered from low wages, low investment and a rural/agricultural orientation. The Economic Commission for Latin America (ECLA) was founded in 1948 and headquartered in Santiago. It played a major role in examining development problems and became an important think-tank on Latin America's economic development during the 1950s. ECLA's Executive Secretary, the Argentine economist Raúl Prebisch, carried out many studies on Latin America's economic problems, including the unequal terms of trade between the North and South. Prebisch repeatedly called for the elaboration and adoption of more sophisticated industrialization strategies for Latin America.

The first phase of the Dependency Approach was a critique of the structural underdevelopment in Latin America. The pattern of exporting primary commodities in

exchange for manufactured goods had led to continuous dependency in Latin American countries. It was argued that an "import substitution strategy", that is, industrialization, was the way to reduce dependency. However, the failure of import-substitution strategies to overcome dependence, combined with a number of political events, including: the Cuban revolution of 1959 (which required a theoretical explanation); the coup d'état of 1964 in Brazil (which led exiled Brazilian intellectuals to criticize the open economic models adopted by their government); and the US invasion of the Dominican Republic in 1965 (which provoked feeling of anti-imperialism), all prepared the ground for further research on the division of labor within the international system.

One of the leading theorists of dependency in the late 1960s and the 1970s, André Gunder Frank, endeavored to explain the lack of success of industrialization and import-substitution strategies, notably in Brazil and Chile, in his book, *Capitalism and Underdevelopment in Latin America* (Frank, 1967). His main contribution was the paradigm of the developed countries, the North, "under-developing" the South. Frank also accounted for the impact of foreign investment in both Brazil and Chile by the "centre-periphery" model (Frank, 1967).

Unlike Frank who looked at dependency in Latin America within the context of the historical development of the capitalist world system, Fernando Henrique Cardoso and Enzo Faletto focused on domestic experiences of dependency in their book entitled, *Dependency and Development in Latin America* (Cardoso and Faletto, 1979). This book was originally written during the 1960s in Chile, where Cardoso (who later became president in Brazil) was living in exile, but it was not translated into English until 1979. Cardoso and Faletto endeavored to move away from the previous determinist and largely economic interpretations of dependency. Their revised theory derived from their beliefs that the export sectors in Latin America were mainly owned by nationals of the state in question, that choices were available and that independent development was possible. Thus, a systematic explanation of dependency should, according to them, focus on the role of the state and the social classes in sustaining this phenomenon.

In 1977, the World Bank announced the creation of an autonomous commission on international development issues. The commission comprised esteemed politicians and economists from both the North and South and was presided and named after Willy Brandt, a German politician who served as Chancellor of West Germany from 1969 to 1974. The two major Brandt Reports, *North-South: A Programme for Survival* (1980) and *Common Crisis: North-South Co-operation for World Recovery* (1983) investigated the unequal terms of trade between the North and South and called for a greater cooperation between North and South. What is exceptional about these two works is that they were not limited to the Latin American experience but looked at the South in general.

Similar to, or probably worse than, Latin America, Africa was powerless to launch an independent-effective economic strategy following the decolonization process. This required a theoretical explanation which served as an endorsement to the Latin American *dependistas*. One of the prominent African economists, Samir Amin, has devoted most of his work to discussing development problems in Africa. This may be due to his North African origin (born in Cairo in 1931), his educational background (doctorate in economics in Paris in 1957) and his professional career (adviser to the government of Mali and a teacher in several African universities including Mali, Ghana, Ivory Coast, Guinea, Senegal and Congo). Amin is one of the major theorists who have studied development in the Maghreb (Morocco, Algeria and Tunisia) (Amin, 1970). He has argued that “peripheries” are the regions that were integrated into the international system without turning into “centers” or “cores”. They are the regions where the external powers determine the extent and the orientation of their local accumulation process (Chelbi, 2002). In his Article ‘Ataba’iyya wa tawasu’ Al-A1am Al-rasmal’ (‘Dependency and the Expansion of World Capitalism’), Amin noted that both the centres and peripheries are ruled by a “capitalist economic regulation...Local associations (at the national level) do not work independently, but work under the regulations of the structure of the capitalist world system...There are local social forces in the ‘centre’ that control the accumulation of capital. Relations at the internal level are subject to this control, but the accumulation process in the ‘peripheries’ is just an outcome of the accumulation process in the ‘centers’” (Amin, 1986).

Along with Amin’s theoretical enlightenment, certain African countries attempted to overcome dependency and create full independence by pursuing an anti-colonialist/imperialist economic strategy. One of the leading examples in this framework is Algeria, a country long known for its struggle against dependency. The Algerian President Houari Boumediene emphasized that Algeria is determined to eradicate all forms of neo-colonialism by erasing all forms of dependency. In order to achieve this aim, Algeria of 1960s and 1970s pursued a political, economic and cultural agenda based on socialism versus capitalism, nationalization versus foreign ownership, industrialization versus agriculture, and Arabization versus Francophony. However, most of Algeria’s anti-dependence endeavors were subject to failure.

The limitations of the predominant approaches for studying the international system contributed to the success of dependency. Both idealism and realism had concentrated on the analysis of the international system in Europe and were not convenient to explaining Third World dilemmas. In explaining world politics, Idealists focused upon moral principles. However, Idealists have mainly called for how relations between strong powers should be and their thinking did not assess the immoral North-South relations which have always been based on exploitation

and unfairness.

The philosophy of realism, sometimes referred to as “*realpolitik*”, explained international politics as a struggle for power and argued that a nation’s external relations should rest on a foundation of military and economic strength. This fits with Frank’s paradigm of the developed countries, the North, “under-developing” the South. The ends justify the means, that is, in order to reach and sustain its economic strength the North exploits the South. However, the realist thoughts of the post-World War II, notably those of Hans Morgenthau, were mainly devoted to maintain a balance of power between the world’s big powers and had nothing to offer to Third World states (Morgenthau, 1948).

Despite that neo-realism, led by Kenneth Waltz, placed a strong emphasis on the international level of analysis, neo-realists did, to a certain extent, no more than expanding Morgenthau’s writings by giving importance to state power and national interests in explaining relations among strong nations, leaving Third World politics without a specific theoretical account (Waltz, 1979).

The behavioralist approach had brought new tools to examine the international system and had focused on interactions and correlations between domestic and external policy, but they had downplayed the ideological aspects of international relations, because their purpose and priority was to make the field more scientific and objective, by focusing on tools and techniques. Pluralists had stressed the existence of mixed actors in the international system and the interaction between the domestic and external policy, but their analysis was extremely “West-centric” or even “Euro-centric”.

The limitations of the dominant non-Marxist approaches contributed to the success of the Marxist approach, which focused on the mix of actors on the international scene, stressed the ideological aspects of the international system, and acknowledged the correlation between domestic and external policy by emphasizing the importance of class divisions domestically and internationally. However, the Marxist focus on the proletariat as a class and on the Western experience as a model was somewhat inappropriate and incongruous in the poor and largely agrarian Third World.

The Dependency Approach made use of the qualitative analyses of behaviouralism and drew upon the controversial ideological aspects of Marxist analysis. Unlike the idealists, realists and neo-realists who focused their analyses on the interaction between the great powers, the Dependency Approach gave importance to the great powers as well as small nations within a North-South paradigm.

This new account of the world system was considered as a theoretical and ideological revolution in the Third World.

Many Third World leaders and nationals looked to the birth of Dependency School as the beginning of the Enlightenment in the underdeveloped world. This moti-

vates us to know more about dependency. Thus, the article will now define “dependence” and list the main principles of the Dependency Approach.

## **THE DEFINITION OF DEPENDENCE**

Dependence refers to a condition in which element “A” is highly reliant on element “B”. Even if both elements are involved in an interdependent correlation, element “B” is only weakly reliant on “A” and is not severely constrained by this interdependence, whereas element “A” is powerless to surmount this asymmetrical situation, as it is more helplessly dependent. According to Dos Santos, dependence is “a situation in which the economy of certain countries is conditioned by the development and expansion of another economy to which the former is subjected.

The relation of interdependence between two or more economies, and between these and world trade, assumes the form of dependence when some countries (the dominant ones) can expand and can be self-sustaining, while other countries (the dependent ones) can do this only as a reflection of that expansion, which can have either a positive or a negative effect on their immediate development” (Dos Santos, 1970). Kwame Nkrumah described the situation where a state is theoretically independent and sovereign, yet its economic system and consequently its political theory are subject to a neo-colonial power (Nkrumah, 1968). B.C. Smith noted that “dependency theory adds the idea of peripherality or satellite status to the concept of neo-colonialism” (Smith, 1996).

This scenario reflects the reality of relations between underdeveloped countries and the developed world in which the expansion of dominant countries had mainly negative effects on the economies and development of underdeveloped countries (the dependent ones). André Gunder Frank saw development and underdevelopment as “opposite sides of the same coin: the development of the industrialized world was and is made possible only by the corresponding underdevelopment of the Third World” (Randall and Theobald, 1985). Furthermore, he commented that “no country which has been firmly tied to the metropolis as a satellite through incorporation into the world capitalist system has achieved the rank of an economically developed country” (Frank, 1969). Dos Santos postulated that the most important obstacle facing Third World economies was the unequal way in which they had been brought into the international system (Wilber, 1973).

The historical context of these unequal relations began during the colonial era when the development and enrichment of the colonial empires contributed to the impoverishment of the colonies. The economic policies adopted in the colonies were dedicated to serving the needs and interests of metropolitan consumption. After independence, the former colonies became asymmetrically de-

pendent on the industrial economies, mainly exchanging semi-finished and finished products, capital, and technology for exports of fuels and raw materials.

Even though the Western industrialized economies depended on the underdeveloped countries for specific strategic imports (the latter countries have 65% of world oil reserves, 45% of world gas reserves, and huge world reserves of phosphates and gold), in practice, interdependence, which implies mutual dependence, meant a heavy dependence by underdeveloped countries on Industrialized countries, particularly on Western capital, technology, aid and markets.

The problem was exacerbated by the restrictive trade policies of the industrialized world toward the underdeveloped states. Dependence extended to the need to export surplus labor to the Western countries. This gap between the North and South led to the concept of dividing the international system into a “core” (the dominant developed states) and “periphery” (the underdeveloped states). Moreover, the South became known as the “Third World”. During the Cold War, this term had been used to differentiate the less developed countries from the “First World” (the capitalist West) and the “Second World” (the Soviet bloc).

The Third World generally comprises countries with shared colonial legacies including the underdeveloped countries of Latin America, Africa and Asia, which have received fewer benefits from their relationships with the core and are easy for the core countries to penetrate through trade, foreign capital, technology transfer, aid and direct foreign investment.

Briefly, the Third World comprises the dependent world. The relationships between the core (North) and the periphery (South), however, created gaps not only between South and North, but also between South and South. For instance, the members of the Organization of Petroleum Exporting Countries (OPEC) are in fact dependent on the North in terms of technology, semi-finished and finished products, but many of them benefit from high oil revenues, compared to numerous unprivileged sub-Saharan African countries. This required a distinction being made between “middle income countries” and “least developed countries”, which had very low incomes and were sometimes called the “Fourth World”.

## **MAIN PRINCIPLES OF THE DEPENDENCY APPROACH**

Despite the diversity of elaborations of the Dependency Approach, the main principles can be broadly sketched. First, with the exception of Cardoso and Faletto, who focused on the domestic experiences of dependency, most proponents of the Dependency Approach have adopted the international system or world system as a unit of analysis, with a particular focus on the international capitalist system, for understanding an underdeveloped state’s domestic and external behavior. Vicky Randall and Robin Theobald stated that “the primary focus of

dependency theory is the international economic order. No society can be understood in isolation from this order and in fact the condition of underdevelopment is precisely the result of the incorporation of Third World economies into the world capitalist system which is dominated by the developed North" (Randall and Theobald, 1985).

The underdeveloped world was and still is a tool in the hands of international or Western capitalist bourgeoisies, which have dominated the accumulation processes and operations in the international system and have determined the orientation and extent of accumulation in the underdeveloped world. The international system is divided into the developed core, which dominates the accumulation system and the periphery or satellites, which constitute the underdeveloped world.

Secondly, the Dependency Approach recognizes the impossibility of studying the current problems of the underdeveloped world in isolation from their global historical context. Samir Amin stated that "the emergence of centre-peripheries in the post-colonial international system was an outcome of history which led local bourgeoisies in the centre to control the peripheries of the world international system" (Chelbi, 2002).

In his book: *The Maghreb in the Modern World*, Amin related the main changes in the modern Maghreb to history, that is, the colonial era. "In my view an analysis of the economic consequences of colonial exploitation is fundamental to any understanding of the direction and the extent of the social transformation taking place in the Maghreb today" (Amin, 1970).

The history of underdevelopment is related to the development of the world capitalist system. This historical connection began during the era of colonization, when the enrichment of the capitalist countries entailed the impoverishment and subjugation of what became known as the underdeveloped world. The consequences of colonialism were: growing poverty and misery in the colonies; contraction of indigenous populations; the destruction of social and cultural frameworks; the loss of the best lands to foreigners or their clienteles; and the reckless, wasteful extraction and exploitation of the natural resources of the colonial and quasi-colonial territories. Colonialism favored the colonial capitalist states' ambitions and needs, and slogans such as "civilizing and developing the colonies" were myths or pretexts for action.

Third, after independence, the unequal relationships did not end. Moreover, the sovereignty and borders of underdeveloped countries have had little meaning, due to their ease of penetration: economically, politically and culturally. Economically, dependence can be seen in the global economic relations of impoverishment and resource exploitation. In the absence of any industrial infrastructure inherited from the colonial era, the policy of exchanging primary resources such as raw materials and fuels from the periphery for manufactured goods from the core has characterized the post-independence era. Although some Third World countries inherited limited

industrial infrastructures from their colonizers, maintaining the infrastructures required assistance from the core due to a lack of local experts.

Even in terms of agricultural products, the under-developed countries have to deal with the companies of developed countries in order to find foreign markets. The farmers in the underdeveloped countries receive minimal pay while the developed world's consumers enjoy cheap products. While the developed world is self-sufficient in most of its agricultural needs due to the big Western exporters of agricultural products such as the USA and Canada in the North American Free Trade Agreement (NAFTA) and France, Denmark, Italy and Spain in the European Community/Union (EC/EU), supplemented by supplies of some agricultural products from the South, many underdeveloped countries are dependent on the West for food-stuff imports and food aid. This dependence is combined with restrictions imposed by the West such as those of the EC/EU imposed on imports of agricultural products and "sensitive goods" from third countries.

World economic relations are based on the advanced capitalist countries' monopolistic control of large-scale capital, multinational corporations (MNCs), economic and financial centers such as the International Monetary Fund (IMF) and the World Bank, and technology. Generally, MNCs involve themselves in the peripheries via their relationships with the local bourgeoisies, who benefit from dealings with the MNCs more than or even at the expense of the majority of the population.

This pattern of peripheral bourgeoisie/MNCs relationships is heavily present in Latin American countries such as Brazil. The multinational corporations use advanced technology, which obliges the underdeveloped countries to spend huge amounts of foreign currency importing it. This technology also requires experts of a sort who are generally scarce in the underdeveloped world. Therefore, these experts must be brought from abroad at considerable expense. MNCs may use the local savings of the host country, often to realize their own interests, and subsequently export large amounts of capital out of the host country. When MNCs open branches in poor countries, they employ local laborers cheaply in order to gain more benefits, and transform the host country populations into consumers rather than producers of their goods. They also promote models of consumption which may be unfamiliar or unnecessary in the host countries.

Moreover, while the developed world encourages underdeveloped countries to export more, the MNCs make it difficult for local firms to enter export markets due to restrictions and impediments, backed by sophisticated and advanced technology. The local firms face two options: to be absorbed or to be sold to the multinational corporations.

Because financial institutions such as the IMF and the World Bank face the critical dilemma of choosing between the realization of their fundamental purpose of help-

ing the social and economic growth of undeveloped countries, and the desirability of not creating problems with their capital resources, they present underdeveloped countries with a number of "recommendations" (that is, orders) when negotiating their debt problems, tackling their trade balance deficits or supporting development. The imposition of these conditions makes the financial institutions tools of domestic interference and neo-imperialism.

Politically, dependence is manifested in two ways:

- (i) States act as satellite states which adopt pro-core foreign policies and are in alignment with the core when dealing with issues and crises at the external level.
- (ii) States adopt anti-core foreign policies. In the first instance, external relations are controlled by elites whose financial and material interests are directly linked with those of foreign investors in the core.

In addition to material ties, their economic views and ideologies are similar to those of the core, because in many cases the peripheral elites were educated in the core. This creates the orientation of the periphery towards the core, and the situation is characterized by hegemon-client relationships and a "bargaining chips" foreign policy from the periphery.

The second category of political dependence comprises those states with an anti-core foreign policy. While the term "anti-core foreign policy" carries connotations of independence from the core, this position stems from dependence. Anti-core policies are related to dependence in two ways. The first is counter-dependence, namely the hostile reactions of peripheral elites against the core due to the peripheral elites' feelings of dependence. These reactions are articulated in order to counteract dependence and achieve greater independence. Algeria of the 1960s and 1970s was an example of a country with an anti-core foreign policy. The slogans of anti-imperialism adopted during the early independence era were directed against France.

The nationalization process together with closer economic relations with the U.S.A and the communist world represented a form of anti-French (anti-core) behavior. The second aspect of anti-core foreign policy is as a means of appeasing domestic opposition to dependence and thereby enhancing the legitimacy of the peripheral regimes and ruling elites. The elites mitigate the opposition's rejection of dependence on the core and endeavor to mobilize the masses by conducting an anti-core foreign policy, even when there are significant ties between periphery and core (Neack et al., 1995).

Culturally, dependence started during the era of colonization with the destruction of indigenous social and cultural structures in the colonies and has been perpetuated in the post-colonial era. Cultural relations between the core and periphery involve communication. In this case, the communication process is extremely successful

and beneficial for the core, and has negative consequences in the periphery, making it a subject of cultural conquest. Any attempt to send effective communication from the periphery to the core is not likely to succeed. In order to understand this process, the five levels of the communication approach can be used:

- (i) The sender: Which is in this case the core.
- (ii) The context: Which is the cultural conquest from the core.
- (iii) The means: Which are the advanced technologies of the core.
- (iv) The receiver: Which is the periphery.
- (v) The feedback, which is the communication influence on the receiver as a result of communicating with the core.

Furthermore, cultural conquest and dependence may feed political, economic and financial dependence. For instance, the Francophone elite in the Third World prefers to deal with France, the Francophone entrepreneur favors French companies, and the Francophone citizen feels familiar with French products and consumes the latter.

The fourth and final common tenet of the Dependency Approach concerns how to overcome dependence. The ideal way to break out of asymmetrical dependence is for the periphery and core to separate. This separation is expected to end the unfair international order and accelerate the emergence of a new international economic order based on fairer and more equal relationships.

Certainly, the above discussion of the main Principles of the Dependency Approach has demonstrated the existence of several shortcomings. This is due in large part to deficiencies in the Dependency Approach itself. However, other deficiencies are related to some of the *dependista* thoughts which are powerless to tally with some aspects of the current international system. Following are the major criticisms of the Dependency Approach.

## CRITICISMS OF THE DEPENDENCY APPROACH

1) Frank's elaboration of dependency was subject to the most criticism. Unlike some Latin American *dependistas*, Frank has been very accessible to critics because he wrote in English. Frank's approach offered a largely economic explanation of relationships and ignored the political dimensions of dependency. B.C. Smith wrote that in the Dependency Approach "there is nothing to be explained in terms of the state, social classes and movements, politics and ideology other than as derivatives of the economy and without an independent role of their own. The state is merely a consequence of relationships and power structures that lie elsewhere, namely in the economy" (Smith, 1996). Despite Cardoso and Faletto's attempt at enlarging the analysis of dependency by giving consideration to the state, governments, parties, bureaucracies, militaries and social classes, dependency was

largely seen to be economist in orientation.

2) The tendency of some dependency theorists to treat the underdeveloped world as a monolithic unity does not reflect the reality of the underdeveloped world. It comprises diverse countries, with differing colonial experiences, different political, social and cultural structures, diverse resources, and dissimilar paths of development. The only feature that the underdeveloped world countries have in common is dependency on the North. However, the nature and level of dependency differ from one country to another and from one region to another.

3) Explaining the problems in the South by blaming the North is not always credible. In order to justify the failure of their own economic policies, some Third World rulers have held dependency and "the evil West" responsible for the predicaments and tribulations in the South. In his article on "Domestic Political Explanation in the Analysis of Foreign Policy", Joe D. Hagan discussed the issue of foreign policy domestication and how leaders, notably in the Third World, use foreign policy to mobilize the masses or to legitimize a regime and its policies (Neack et al., 1995). Hagan attested that many Third World leaders seek to enhance the political position of the regime by appealing to nationalism and imperialist themes (Neack et al., 1995).

4) The fourth deficiency is related to the conditions imposed by the world's major financial institutions such as the IMF and the World Bank when negotiating debt problems with Third World countries. As claimed by many *dependistas*, these compulsory conditions might turn these financial organizations into tools of domestic interference and neo-imperialism. Against this background, many Third World countries have raised the issue of canceling or at least alleviating their debts. Writing off the debts of the world's poorest countries is rational, since these countries will never be able to repay their debts.

By contrast, other Third World countries, especially major exporters of fuel and mineral resources, have considerable capabilities to develop their economies and to pay off their debts. Anti-*dependistas* might argue that the IMF and the World Bank are doing no more than their role of guardian of the international monetary and banking order. Moreover, the IMF, the World Bank, the Paris and London Clubs are all bankers and the task of any banker is to pursue financial interests. This leads anti-*dependistas* to suppose that many Third World thinkers and officials have not yet been able to understand the rules of the capitalist system.

5) An intense focus on the Dependency Approach in an academic work could place the latter in a radical theoretical position with a one-sided South-centric vision. Systematic analysis and objectivity are essential to the success of any academic work. In view of that, an extreme emphasis on the Dependency Approach in an academic work may possibly reduce its theoretical and analytical strength.

6) The crucial inadequacy of the most characteristic De-

pendency Approach was its separation of the periphery from the core in order to overcome the dilemma of asymmetrical dependency. In this regard several questions have to be answered:

- (i) What is the nature and form of this separation?
- (ii) Who are the groups capable of leading this change?
- (iii) What are the main mechanisms and strategies to achieve this purpose?

The process of one country (the core) underdeveloping another (the periphery), is not usually valid, since relations between centre and periphery are not zero-sum games. In some cases asymmetrical dependence might appear only during the initial dealings between the core and periphery and later be altered to a complex interdependence. B.J. Cohen noted that "economic relations with the metropolitan centre may act as an enormously powerful engine of growth in the periphery" (Cohen, 1973).

Former EC peripheries such as Greece, Spain, and Portugal were initially asymmetrically dependent on the EC, but instead of setting anti-core policies (separation from the EC), they applied for full-integration with the core. The outcome was a shift from dependency to a flourishing and complex interdependence. Therefore, the EC's southward enlargement (Greece in 1981, Portugal and Spain in 1986) has weakened the credibility of the *dependista* proposals to separate the core from the periphery to overcome asymmetrical dependency. The 2004 and 2007 eastward enlargement of the EU has further validated the immaturity of *dependista* appeals for separation.

Despite the above-mentioned shortcomings, the author believes that Dependency Approach, or at least some of its aspects, remain useful in analyzing the politics of many Third World countries. In the author's view, the so-called impasse in development theories and the above-mentioned deficiencies in Dependency Approach do not mean the demise of *dependista*. The reason behind this judgment is that some concepts from the Dependency Approach are still applicable. Thus, the article will now examine what chances Dependency Approach has in order to remain effective and competitive and what cards can Dependency Approach play in order to survive and circumvent disappearance.

## THE PRACTICAL UTILITY OF THE DEPENDENCY APPROACH

**The practical usefulness of Dependency Approach can be summarized as follows:**

- (i) Employing aspects of the Dependency Approach when analysing the politics of some Third World countries is to a certain extent inevitable as several Third World countries are renowned for their struggle against dependence, both domestically and externally. In order to strengthen

this argument, the article will provide two prominent examples: The first concerns a Latin American country and the second is about an African country.

(a) The analysis of Cuba's politics during the post-1959 era requires the use of dependency paradigm. Fidel Castro's successful revolution of 1959 aimed primarily to break out of asymmetrical dependence on the USA. The chosen path was to separate the periphery (Cuba) from the core (The USA) by overthrowing the US-backed dictatorship of Fulgencio Batista. Up till now, Castro's regime has been distinguished for its anti-core policies.

(b) Similar to Cuba, Algeria of the 1960s and 1970s pursued a radical policy agenda in an attempt to overcome dependence on Algeria's main core (France). Despite that Algeria of nowadays has ceased to be the beacon of hope for the Third World, it is highly important to highlight that along with other factors, dependence on the West was the main reasons behind the demise of Algeria's development programmes. This played, in due course, a significant role in shifting Algeria away from its radical position and pushing the country towards capitulation to the West.

The above-mentioned examples demonstrate that Dependency Approach is still a useful theoretical framework for the study of politics in a number of Third World countries.

(ii) In practice, the globalization of world trade is merely the globalization of consumption mode since it has failed to turn the South into a competitive producer in the world market. The incorporation of the South in the market economy was chaotic. It has given rise to the black market which in some cases represents a bigger share of the economy than the official market. Hopes that Foreign Direct Investment (FDI) could be the key to development in the South have not been realized and the policy of exchanging primary resources such as raw materials and fuels from the periphery for manufactured goods from the core has characterized the North-South economic relations of the post-Cold War era. According to a UN report, African nations are gaining little benefit from FDI which reached no more than \$14bn in 2003 (BBC-News, 01 September 2006).

In his account on the state of FDI in Africa, the current Secretary-General of the UN Conference on Trade and Development (UNCTAD), Supachai Panitchpakdi, indicated that "the expectation for foreign direct investment to create growth, to create diversification, technology spillover and jobs has not really been fully realized according to expectations" (BBC-News, 01 September 2006). According to the same source, the traditional "extractive" industries such as mining and oil were the main pre-occupation of overseas investors (BBC-News, 01 September 2006). On this subject, the same UN report highlighted Tanzania and Ghana as example of countries which have experienced a boom in foreign investment, mainly in their gold industries, but have both received as little as 5% of the value of their gold exports (BBC-News,

01 September 2006).

The above-mentioned UN report has validated some of the main thoughts of the Dependency Approach, notably Dos Santos' emphasis on the unequal way in which Third World economies had been brought into the international system and Frank's emphasis on the paradigm of the developed countries, the North, "under-developing" the South.

(iii) Besides globalization, the current global economy is characterized by an increased integration processes. North-South integration processes such as the Free Trade Area of the Americas (FTAA), the Euro-Med Partnership (EMP), the Union for the Mediterranean (UfM), and the Cotonou Agreement which replaced the Lomé Convention, are all designed by "dominant countries" such as the US and the EU states. "Dependent Southern countries" are part of such processes as a reflection of this trend within the global economic system rather than because they are key, equal and independent actors within it. This fits the Theotonio Dos Santos definition of dependency, that is to say "a situation in which the economy of certain countries is conditioned by the development and expansion of another economy to which the former is subjected.

The relation of interdependence between two or more economies, and between these and world trade, assumes the form of dependence when some countries (the dominant ones) can expand and can be self-sustaining, while other countries (the dependent ones) can do this only as a reflection of that expansion, which can have either a positive or a negative effect on their immediate development".

(iv) The examination of debts problems in the South demonstrates that the proponents of Dependency Approach were not completely erroneous when they raised some concerns on the issue. Debts problems are still a major source of South's economic dilemmas and difficulties. The prominent example is debt service payments which placed the South in a pitiless over-exploitation.

According to Seydina Senghor, co-founder of Jubilee 2000, a worldwide organization calling for international debt relief, "international lending institutions and banks are virtually sucking currency out of indebted countries" (Decker, 2006). Some indebted Third World countries spend more than 20% of their export earning in debt service payment (Grant and Woods, 2006) and many sub-Saharan African countries pay four times as much on debt servicing than they do on health care (statistics of late 1990s) (Grant and Woods, 2006).

Undeniably, the industrialized countries committed themselves to deal with the debt dossiers of the world's poorest countries, but this proposal neglected the less impoverished Third World states which are also in need of debt relief. Accordingly, the external debt of low-income countries in Africa has declined significantly as a result of debt relief initiatives and agreements, including the Heavily Indebted Poor Countries (HIPC) Initiative and the Multi-

lateral Debt Relief Initiative (MDRI). Nevertheless, recent statistics reveal that Africa's debt stock reached the sum of over \$200 billion and some African countries still have to spend almost \$14 billion annually in order to deal with debt stock and services (statistics of 2008) (Africa Action Online, 22 December 2008). This illustrates that the issue of debts is still a dilemma facing Southern states and gives endorsement to the *dependistas* concerns on the subject.

(v) The global financial crisis of 2008 has further validated Dos Santos thesis. Underdeveloped countries have been affected by a crisis that they have had no hand in it. Kofi Annan, Michel Camdessus and Robert Rubin warned the industrialized world about the negative effects of this crisis on the underdeveloped countries as early as October 2008. As they put it "right now, the political focus is on protecting consumers and taxpayers in industrialized countries. But poor people and poor countries could soon end up paying the heaviest price for a mess they have had no hand in creating" (Annan et al., 2008).

Actually, for the last 30 years debt and financial crises have been largely centred in the underdeveloped world. This explains that Third World countries are used to such crises. Since underdeveloped countries are powerless to create their own stabilization funds, they are forced to deal with major financial institutions such as the IMF and the World Bank in order to stabilize their funds. The budgets of such institutions are supplied by the financial centres of the world's leading capitalist countries that means by the financial centres of the countries where the global financial crisis of 2008 initially exploded.

Thus, the financial crisis of the industrialized world is generating shortage in terms of financial aid to the South which will further increase socio-economic problems in a region where millions are already suffering the ravages of a global food crisis. G7 financial plans for Human Immunodeficiency Virus/Acquired Immune Deficiency Virus (HIV/AIDS) and education programs will certainly decline. Additional socio-economic predicaments in the underdeveloped world will inevitably feed political instability and insecurity. This once more demonstrates that the economy of underdeveloped countries is conditioned by the development and expansion of the industrialized world economy to which the former is subjected. Any disturbance in the industrialized world economy will lead automatically to a negative effect on the immediate development of the underdeveloped world.

(vi) Hefty spike in oil prices in recent years, reaching as high as \$147 a barrel in July 2008, have helped some fortunate Third World countries, that is to say major oil-gas exporters such as Algeria, Iran, Nigeria, Venezuela and so on, to build up record foreign exchange reserves and, therefore, to cut down their debts and launch socio-economic development programmes.

Nevertheless, since the hydrocarbons sector is the backbone of national revenues in the above-mentioned

countries, economic growth and social welfare in these oil-producing countries is highly reliant to any change in the external environment, especially in the international oil and gas markets. The sharp decline in the price of crude which has coincided with, and perhaps resulted from, the global financial turmoil of 2008, has proved the accuracy of this assumption.

OPEC's attempts to cut oil production are powerless to boost oil prices, economic recovery in oil-producing countries across the Third World will certainly slow down and development projects may have to await better times. This demonstrates that dependency quandary is facing both impoverished and less impoverished Southern states which strengthen once more the *dependistas* claims.

(vii) The first decade of the Third Millennium is characterized by the rising of an anti-American/imperialism leftist tide in Latin America, which turned the latter into a battleground for leftist ideals championed by Mr. Hugo Chávez of Venezuela and a more free-market approach backed by the US. *Dependista* slogans and anti-American/imperialism discourse strengthened pro-leftist social and political consciousness which led to the election of Rafael Correa as President of Ecuador and Evo Morales as Bolivia's first indigenous president. It is clear that the current Iranian-Venezuelan rapprochement is directed against the so-called US imperialism.

The Iranian President's trip to Latin America in January 2007 and his meeting with the Latin America's leftist leader, Daniel Ortega, demonstrated a new form of anti-American/imperialism Third World alliance. However, such alliance might lose its credibility after the election of President Obama, as the new American administration is calling for reconciliation with the socialist bloc of Latin America and is desperately seeking assistance from Iran and Pakistan in order to reach stability in Afghanistan.

## CONCLUSION

In conclusion, this article has demonstrated that the existence of shortcomings in the Dependency Approach does not mean that Dependency Approach lacks chances to survive and cards to play in order to remain. On the contrary, the article's last section, that is, the section on "the Practical Utility of the Dependency Approach", has illustrated that several thoughts and concepts from the Dependency Approach are still applicable. Dependency dilemma is a distressing reality facing both impoverished and less impoverished Southern states. Moreover, the furtherance of dependency dilemma gave an impetus to an increased anti-American/imperialism leftward trend in Latin America, which has no theoretical explanation than the Dependency Approach.

Anti-*dependista* might say that the article was no more than a recap of weary old arguments that we have read a million times before. The author's answer to those is very simple: It is not an embarrassment to revive old argu-

ments if they greatly match with current facts and events in the international, regional and sub-regional settings.

The question of when the North meets the South was left without answer and the Dependency Approach is still one of the few theoretical frameworks that have adeptly attempted to understand the South dilemmas.

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