

SOCI 423: THEORIES OF SOCIAL DEVELOPMENT

SESSION 7:

**DEPENDENCY THEORY: ANDRE G. FRANK; SAMIR
AMIN; AND FERNANDO H. CARDOSO**

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SESSION OVERVIEW

- This session introduces students to the main dependency approaches put forward by Frank (the development of underdevelopment); Amin (transition to peripheral capitalism); and Cardoso (associated-dependent development in Brazil).
- **Goals /Objectives:** By the end of the session, the student will be able to:
- Explain the core dependency ideas of Andre Gunder Frank
- Describe the main dependency ideas of Samir Amin
- Explain the core contribution by Fernando H. Cardoso to dependency theory



SESSION OUTLINE

- Andre G. Frank— The development of underdevelopment
- Fernando Henrique Cardoso—Associated-Dependent Development in Brazil
- Samir Amin— Transition to Peripheral Capitalism
- Activity
- References



ANDRE GUNDER FRANK: THE DEVELOPMENT OF UNDERDEVELOPMENT

- Dependency theory is often associated with the works of Andre Gunder Frank. But it must be noted that Frank did not invent dependency theory. However, he is one of the major proponents of dependency theory.
- Before presenting the concept of underdevelopment and the model of metropolis-satellite exploitation, Frank (1967, 1969) starts with a critique of the modernization school.
- According to Frank most of the theoretical categories and development policies in the modernization school have been distilled exclusively from the historical experience of European and North American advanced capitalist nations.



ANDRE GUNDER FRANK: THE DEVELOPMENT OF UNDERDEVELOPMENT

- To this extent, these Western theoretical categories are unable to guide our understanding of the problems facing Third World nations.
- First, the modernization school is deficient because it offers an "internal" explanation of Third World development.
- According to Frank, Third World countries could never follow the Western path because they have experienced something the Western countries have not experienced.



ANDRE GUNDER FRANK: THE DEVELOPMENT OF UNDERDEVELOPMENT

- In reaction to the "internal" explanation of the modernization school, Frank offers an "external" explanation for Third World development.
- According to Frank, the backwardness of Third World countries cannot be explained by feudalism or traditionalism.
- In fact, it is wrong to characterize Third World countries as "primitive," "feudal," or "traditional," because many countries—such as China and India—were quite advanced before they encountered colonialism in the eighteenth century.



ANDRE GUNDER FRANK: THE DEVELOPMENT OF UNDERDEVELOPMENT

- Instead, the historical experience of colonialism and foreign domination have reversed the development of many "advanced" Third World countries and forced them to move along the path of economic backwardness.
- In trying to capture this historical experience of the degeneration of Third World countries, Frank formulates the concept of "*the development of underdevelopment*" to denote that underdevelopment is not a natural condition but an artifact created by the long history of colonial domination in Third World countries.



ANDRE GUNDER FRANK: THE DEVELOPMENT OF UNDERDEVELOPMENT

- In addition, Frank has formulated a "metropolis-satellite" model to explain how the mechanisms of underdevelopment work.
- This metropolis-satellite relationship has its origins in the colonial
- Period, when the conqueror implanted new cities in the Third World with the aim of facilitating the transfer of economic surplus to Western countries.



ANDRE GUNDER FRANK: THE DEVELOPMENT OF UNDERDEVELOPMENT

- According to Frank, the national cities then became the satellites of the Western metropolis. This metropolis-satellite relation, however, is not limited to the international level—it penetrates to the regional and local levels of Third World countries as well.
- Therefore, just as the national cities have become satellites of the Western metropolises, so these satellites immediately become the colonial metropolises with respect to the provincial cities, which in turn have local cities as satellites surrounding them.
- A whole chain of constellations of metropolises and satellites is established to extract economic surplus (in the forms of raw materials, minerals, commodities, profits) from Third World villages to local capitals, to regional capitals, to national capitals, and finally to the cities of Western countries.



ANDRE GUNDER FRANK: THE DEVELOPMENT OF UNDERDEVELOPMENT

- Frank argues that this national transfer of economic surplus has produced underdevelopment in Third World countries and development in Western countries.
- The historical process that generates development in the Western metropolises also simultaneously generates underdevelopment in Third World satellites.
- Based on this metropolis-satellite model, Frank has proposed several interesting hypotheses concerning Third World development:



ANDRE GUNDER FRANK: THE DEVELOPMENT OF UNDERDEVELOPMENT

- Hypothesis 1: In contrast to the development of the world metropolis, which is no one's satellite, the development of national and other subordinate metropolises is limited by their satellite statuses.
- Hypothesis 2: The satellites experience their greatest economic development when their ties to the metropolis are weakest.
- Hypothesis 3: When the metropolis recovers from its crisis and reestablishes the trade and investment ties that then fully rein corpora the satellites into the system, the previous industrialization of the regions is choked off.



ANDRE GUNDER FRANK: THE DEVELOPMENT OF UNDERDEVELOPMENT

- Hypothesis 3: When the metropolis recovers from its crisis and reestablishes the trade and investment ties that then fully reincorporate the satellites into the system, the previous industrialization of the regions is choked off.
- Hypothesis 4: The regions that are the most underdeveloped a feudal today are those that had the closest ties to the metropolises the past.



ANDRE GUNDER FRANK: THE DEVELOPMENT OF UNDERDEVELOPMENT

- According to Frank, the contradictions of capitalism have generated structural underdevelopment in the Third World ever since it began to participate in the development of this world-embracing system.
- Underdevelopment, as he notes in the case of Chile and elsewhere, is not “an original or traditional state of affairs; nor is it a historical stage of economic growth, which is passed through by the now developed capitalist countries” (Frank, 1969:3).
- Instead, capitalist contradictions and the historical development of the capitalist system have generated underdevelopment in peripheral satellites whose economic surplus is expropriated.



ANDRE GUNDER FRANK: THE DEVELOPMENT OF UNDERDEVELOPMENT

- He, therefore, rejects Rostow's Stages of Growth approach and states that:
- It is fruitless to expect the underdeveloped countries of today to repeat the stages of economic growth passed through by modern developed societies, whose classical capitalist development arose out of pre-capitalist and feudal society (Frank, 1969: xvi).
- Frank argues that for development to follow the stage schema, the now "underdeveloped countries would have to find still other peoples to exploit into underdevelopment, as the now developed countries did before them" (Frank, 1969:46).



SAMIR AMIN: TRANSITION TO PERIPHERAL CAPITALISM

- Amin's (1976) theory of the transition to peripheral capitalism has the following key assertions.
- First, transition to peripheral capitalism is fundamentally different from transition to central capitalism
- Second, peripheral capitalism is characterized by extraversion—the distortion toward export activities
- Third, another form of distortion is the hypertrophy of the tertiary sector at the periphery



SAMIR AMIN: TRANSITION TO PERIPHERAL CAPITALISM

- Fourth, the theory of the multiplier effects of investment cannot be extended in a mechanical way to the periphery.
- Fifth, Amin warns that researchers should not confuse underdeveloped countries with now-advanced countries as they were at earlier stages of their development.
- This is because underdeveloped countries possess the following distinctive structural features:



SAMIR AMIN: TRANSITION TO PERIPHERAL CAPITALISM

- a. The extreme unevenness that is typical of the distribution of productivity at the periphery
- b. Disarticulation due to the adjustment of the orientation of production at the periphery to the needs of the centre, and
- c. Economic domination by the centre, which is expressed in the forms of trade and financial dependence



SAMIR AMIN: TRANSITION TO PERIPHERAL CAPITALISM

- Sixth, as a result of the above structural features of underdevelopment, it necessarily leads to the blocking of the growth of the peripheral countries.
- Finally, the specific form of underdevelopment assumed by these peripheral formations depends upon:
 1. the nature of the pre-capitalist formation that was there previously, and
 2. the forms and the periods in which the peripheries were integrated into the capitalist world-system



FERNANDO HENRIQUE CARDOSO: ASSOCIATED-DEPENDENT DEVELOPMENT IN BRAZIL

- Cardoso deliberately uses the phrase associated-dependent development because it combines two notions that generally have appeared as separate and contradictory—dependency and development.
- Classical modernization theories focus only on modernization and development, while classical dependency theories and imperialism view the basic relationship between a dependent capitalist country and an underdeveloped country as one of extractive exploitation that perpetuates stagnation.



FERNANDO HENRIQUE CARDOSO: ASSOCIATED-DEPENDENT DEVELOPMENT IN BRAZIL

- Cardoso asserts that a new phase has emerged as a result of the rise of multinational corporations, the immersion of industrial capital into peripheral economies, and a new international division of labour
- Cardoso argues that “to some extent, the interests of the foreign corporations become compatible with the internal prosperity of the dependent countries. In this sense, they help to promote development” (1973, p. 149).



FERNANDO HENRIQUE CARDOSO: ASSOCIATED-DEPENDENT DEVELOPMENT IN BRAZIL

- Unlike the classical dependency model, associated-dependent development is not without dynamism in the industrial sector.
- Cardoso points to the objective limitations of this type of dependent development. Dependent development is crippled because it lacks “autonomous technology”
 - it is compelled to utilize imported technology and must bear all the consequences of absorbing capital-intensive, labour-saving technology.



FERNANDO HENRIQUE CARDOSO: ASSOCIATED-DEPENDENT DEVELOPMENT IN BRAZIL

- There are three political actors in Cardoso's model—the military (bureaucratic-technocratic) state, the multinational corporation, and the local bourgeoisie.
- Cardoso argues that the above three have formed a political alliance to promote associated-dependent development in Brazil since 1964.
- First, there was the emergence of the military state.
- Second, the local bourgeoisie's nationalist developmentalist fraction was deposed by the military state and replaced by the bourgeoisie's internationalized sectors.
- Third, the Brazilian economy was increasingly restructured in accordance with the new patterns of international economic organization



ACTIVITY

- Does capitalism create underdevelopment?
- Compare and contrast the approaches of Frank, Amin and Cardoso



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