

# *Dependencia* and modernization

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In the 1960s and 1970s, two competing bodies of theory emerged as explanations for underdevelopment in Latin America. The first, modernization theory, placed the blame for underdevelopment on “cultural values”<sup>1</sup>—underdeveloped nations were underdeveloped because their societies were insufficiently “modern,” socially and psychologically. Underdevelopment was thus a locally rooted problem subject to local explanation.

Since the present problem of industrialization of backward areas largely concerns non-European countries, there is the question of the effects of their specific preindustrial cultural development on their industrialization priorities. Anthropological research of such cultural patterns has tended to come to rather pessimistic conclusions in this respect.<sup>2</sup>

The second, dependency theory, rejected this analysis in favor of a neo-Marxist formulation that placed blame on “the process of world capitalist integration under the control of monopoly capital.”<sup>3</sup> Its adherents contended that the problem of underdevelopment could not be solved except in the context of the international system:

Dependence is a situation in which a certain group of countries have their economy conditioned by the development and expansion of another economy, to which the former is subject.... In all cases, the basic situation of dependence leads to a global situation in dependent countries that situates them in backwardness and under the exploitation of the dominant countries.<sup>4</sup>

If the arguments were not explicitly political to begin with—and some of them were—they were quickly taken up by opposite ends of the political spectrum and served to polarize the debate on Third World political economy in the 1970s. By the end of the 1980s, however, changing international economic conditions, the rise of the Asian newly industrialized nations, and the apparent victory of free-market capitalism over socialism

<sup>1</sup> S. M. Lipset, *Elites in Latin America*, quoted in Valenzuela and Valenzuela 541

<sup>2</sup> Gerschenkron 27

<sup>3</sup> T. dos Santos, *El nuevo caracter de la dependencia*, quoted in Johnson 87

<sup>4</sup> T. dos Santos, *La crisis de la teoria del desarrollo y las relaciones de dependencia en America Latina*, quoted in Johnson 71

seemed to spell the end of dependency analysis.<sup>5</sup> And at the same time, increasing globalization<sup>6</sup> and a recognition of the social costs of economic reform<sup>7</sup> cast doubt on modernization theories as well.

In this paper I will show that both bodies of theory suffer from oversimplification and narrowness of focus. The first fails to take into account the effect of international trade and power relationships on development, while the second ignores real differences in economic and political culture among nations. Both sides worked to exacerbate their differences and cut off rational debate by appealing to emotion and ideology.

#### MODERNIZATION ZEALOTS

The polarization of the debate seems to have been inevitable. It is always helpful when one's foes make caricatures of themselves, saving one the trouble of doing so oneself. When your opponents' actual words approach self-parody, one is less open to the charge of addressing only an exaggerated, simplified argument. Modernization theory, as originally formulated, was couched in arrogant, condescending language almost designed to invite attack. The influential modernization thinker K.H. Silvert summed up the situation in Latin America thus:

[T]here is something in the quality of the Latin American man and his culture which has made it difficult for him to be truly modern... which has made this part of the Western world so prone to excesses of scoundrels, so politically irrational in seeking economic growth, and so ready to reach for gimmicks.<sup>8</sup>

To be fair, the early modernizationists' language probably seemed more reasonable when it was written. But by the early 1970s such statements as Alexander Gerschenkron's explanation for the socialist character of Saint-Simon's economic policies—that in the “basic conditions of backwardness” of Napoleon III's France “a laissez-faire ideology was altogether inadequate as a spiritual vehicle of an industrialization program”<sup>9</sup> already must have seemed naive and unscientific as well as patronizing. Likewise, S. M. Lipset's

<sup>5</sup> Stallings 47

<sup>6</sup> Stallings 48

<sup>7</sup> Nelson 223

<sup>8</sup> K.H. Silvert, “The Politics of Social and Economic Change in Latin America”, quoted in Valenzuela and Valenzuela 542

<sup>9</sup> Gerschenkron 24

statement the differences between Anglo-American development and Latin American underdevelopment arose from the former's heritage of Protestant individualism as opposed to the latter's heritage of Catholic neo-feudalism<sup>10</sup> swept a host of more tangible factors under the rug.

#### DEPENDENCY RADICALS

The most vocal English-language proponents of dependency theory leave themselves no less open to criticism. One is unlikely to gain mainstream adherence when one opens, like A. Gunder Frank, with a dedication to Che Guevara and the statement that your work is

an attempt... to conclude that the historical process of underdevelopment cannot be reversed and turned into economic and social development for the majority of the Latin American people until they destroy the capitalist class structure through revolution and replace it with socialist development.<sup>11</sup>

Of course, one could argue that such an overt politicization of dependency theory only matched what thinkers like Dale Johnson and Jose Ocampo recognized as the covert politicization of "traditional" analysis.<sup>12</sup> And as revolutionaries the radical dependency theorists had no interest in gaining converts among "moderate" academics. Unfortunately, their attempts to create a universal theory also opened them up to criticism on the facts. Johnson's identification of South Korea and Taiwan as analogous to pre-revolutionary Cuba, a "full-fledged colony and political protectorate,"<sup>13</sup> utterly failed to predict the radical divergence in development patterns between East Asia and Latin America in the 1970s and 1980s.<sup>14</sup> And since the fall of the Iron Curtain and the exposure of the economic conditions prevailing in the USSR, Frank's argument that following "the Soviet industrialization model in which the state, rather than consumer demand, determined the goods... to be produced"<sup>15</sup> would lift Latin America out of poverty does not hold water.<sup>16</sup>

<sup>10</sup> S. M. Lipset, op. cit.

<sup>11</sup> Frank 1, 19

<sup>12</sup> Johnson and Ocampo 399

<sup>13</sup> Johnson 108

<sup>14</sup> Stallings 47

<sup>15</sup> Frank 1, 44

<sup>16</sup> Stallings 47

## RATIONAL DEPENDENCY THEORY

Frank and his collaborators were not the originators of dependency theory—that honor belongs to native Latin American scholars like Theotonio dos Santos and F. H. Cardoso<sup>17</sup>—but their work is nonetheless important in the context of the modernization-dependency debate, because it is through their work that dependency theory became known in North America and it is against their version of the theory that North American critics reacted. The extreme view is exemplified by Frank’s characterization of the Latin American bourgeoisie as “the immediate enemy of national liberation.”<sup>18</sup> Less overtly radical thinkers like Cardoso recognize “the attraction that development exerts on different social strata, and not only on the upper classes.”<sup>19</sup>

The less strident version of dependency theory had several strengths. Particularly in the twentieth century, as world trade became the dominant factor in most Latin American economies, dependency theory’s focus on international pressures provided valuable insights.<sup>20</sup> In taking what J. S. Valenzuela and Arturo Valenzuela called a “structural or macrosociological” perspective<sup>21</sup>, dependency theory created a framework for analysis of Latin American political economy that invited the consideration of external factors as well as internal ones. The traditional modernization analysis takes as its model European nations that developed largely in a situation of equality with or superiority to their neighbors.<sup>22</sup> This ignores the fact that

Political independence... did not mean independence to emulate [Europe and the U.S.] in developing modern industrial societies.... Latin American economies became oriented to the export of primary products, normally under the control of foreign capital, and constituted as markets for imported manufactures.<sup>23</sup>

Furthermore, in a century where the great powers have spent considerable time and effort in trying to influence the course of history in the developing world, it seems disingenuous to ignore the effect of their influence. Even to this date it is not entirely inaccurate to say that

<sup>17</sup> Valenzuela and Valenzuela 536

<sup>18</sup> Frank 2, 425

<sup>19</sup> F. H. Cardoso, “Dependent-Capitalist Development in Latin America,” quoted in Caporaso 40

<sup>20</sup> Duvall 55

<sup>21</sup> Valenzuela and Valenzuela 550

<sup>22</sup> Gusfield 352

<sup>23</sup> Johnson 72

the basis of United States foreign policy is a conception of national interest as inherently involved in the strengthening of international capitalism against the threats of socialism and nationalism.<sup>24</sup>

As a result, the United States has several times intervened in Latin America to radically alter economic policy and facilitate the rise and fall of governments. While the development theorists may be biased, they at least examine such interventions as motivating factors in Latin American development, and not simply U.S. reactions to Latin American domestic conditions.

#### MAINSTREAM MODERNIZATION THEORY

However, modernization theory has its own strengths. The experience of the 1980s shows that not all developing countries can be put in the same category. As Barbara Stallings points out,

A number of domestic characteristics [such as] government ideology, regime type, interest group organization and mobilization, and state capacity... result in groups of countries that responded differently to international influence.<sup>25</sup>

Undoubtedly, some of the differences are at least partially due to cultural factors. For instance, Peter Evans argues that the difficulties of Latin American economies are at least partially due their inefficient, patronage-based bureaucracies. The more successful Asian economies—not only Japan, but Korea and Taiwan—have a centuries-old heritage of meritocratic civil service recruitment.<sup>26</sup>

Modernization theory also provides useful data for analyzing specific situations prevailing in developing countries, even if it disagrees with dependency theory about the origins of those situations. A trivial example is Gerschenkron's observation that

industrial labor, in the sense of a stable, reliable, and disciplined group that has cut the umbilical cord connecting it with the land and has become suitable for utilization in factories, is extremely scarce in a backward country.<sup>27</sup>

This is undoubtedly an important factor in the difficulties experienced by many industrializing nations, creating industrial inefficiencies that cannot

<sup>24</sup> Johnson 98

<sup>25</sup> Stallings 87

<sup>26</sup> Evans 155

<sup>27</sup> Gerschenkron 9

be remedied, as Johnson would have it,<sup>28</sup> simply by reducing dependence on foreign trade.

The real difficulty with modernization theory is that it assumes what it is trying to prove. "It is already 'known' that in backward areas the modernity-inhibiting characteristics play the dominant role; otherwise the areas would not be backward."<sup>29</sup> The statement comes from Valenzuela and Valenzuela's critical analysis of the theory, but one finds this sort of thinking even in the recent work of such modernization theorists as David Apter:

Our concern in the study of a particular nation's efforts to modernize is not only where the nation may be placed on a continuum but the systemic changes that occur during various phases of modernization.<sup>30</sup>

One has the impression that the theory is considered self-evident, already proved, and what remains is to analyze specific phenomena in the context of an accepted theory. In such a situation it is impossible to recognize not only international factors, but potentially positive effects of "traditional" culture.

[T]he all too common practice of pitting tradition and modernity against each other... becomes an ideology of antitraditionalism, denying the necessary and usable ways in which the past serves as support... to the present and the future.<sup>31</sup>

#### NEW THEORETICAL DIRECTIONS

The structure of the controversy makes it tempting to try to synthesize modernization and dependency into a new general theory—one that makes a compromise between the differentiating effects of culture and the global effects of the international economy. The current "neo-liberal" or "neo-orthodox" theories of political economy that have come to dominate discourse since the demise of the Soviet bloc clearly show their modernizationist heritage. However, as the euphoria of the end of the Cold War dies down, analyses that take into account international factors are again becoming popular.<sup>32</sup> The difference between more recent arguments in this area and traditional dependency analysis is in the decomposition of the

<sup>28</sup> Johnson 76

<sup>29</sup> Valenzuela and Valenzuela 552

<sup>30</sup> Apter 82

<sup>31</sup> Gusfield 362

<sup>32</sup> Stallings 82

faceless “international capitalist system” into diverse and occasionally competing actors. Stallings, for instance, points out that developing economies may be more affected by market shocks and other international economic events than by the imposed policies of the international lending community;<sup>33</sup> Evans focuses on the leverage that national governments are able to exert even in the face of international pressure.<sup>34</sup>

#### CONCLUSIONS

In the heyday of the modernization-dependency debate, both sides' arguments became the prisoners of their ideologies. Yet an examination of the premises of the two theories in company with those ideologies reveals some interesting ironies. The modernization perspective is dependent on a Marxist premise: that all nations follow a predetermined historical path, or, as Marx himself put it, that “the industrially more developed country presents to the less developed country a picture of the latter’s future.”<sup>35</sup> Explaining the situation of a particular society simply consists of locating it along that path. Likewise, dependency theory depends on a fundamental premise of classical economic theory: that individuals are rational economic actors, behaving rationally, and differences in their behavior are due to differences in their situations or in the information available to them.<sup>36</sup> Neither side seems to have spent much time in self-criticism.

#### THE LIMITS OF THEORY

In the end both modernization and dependency theory provide valuable insights into Latin American underdevelopment. But even more, they provide a cautionary tale in the dangers of attempting to create universal, universally applicable theories. Their successors should keep in mind Alexander Gerschenkron’s advice:

The search [in history] is no longer for a determination of the course of human events as ubiquitous and invariant as that of the course of the planets.<sup>37</sup>

<sup>33</sup> Stallings 88

<sup>34</sup> Evans 176

<sup>35</sup> K. Marx, quoted in Gerschenkron 6

<sup>36</sup> Valenzuela and Valenzuela 545

<sup>37</sup> Gerschenkron 5

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