

A Development Economics of the Periphery: the evolution and relevance of 'Dependency Theory' to development strategies today

Área 1 - Economia

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Abstract

This paper argues that 'Dependency Theory' can be seen as an original field of thought with two founding schools – Structuralists and the neo-Marxists –, divided by their opposite prescription of action during the 1950s to 1970s, and five posterior branches. We highlight interactions of the field of Dependency Theory with other non-mainstream fields of economic policy showing its usefulness for problems of the 21st century. Dependency Theory can be seen as a tool for development that begins at the interpretation of peripheral economies not as 'lower stages of development' but as a specific economic formation, which remains relevant today.

Key Words: dependency; development; Latin American Structuralism; neo-Marxism

Resumo

Este artigo argumenta que a 'Teoria da Dependência' pode ser vista como um campo original de pensamento com duas escolas fundadoras – Estruturalistas e neo-Marxistas –, divididas por suas prescrições opostas de ação durante as décadas de 1950 a 1970, e cinco ramificações posteriores. Destacamos as interações do campo da Teoria da Dependência com outros campos não convencionais da política econômica, mostrando sua utilidade para os problemas do século XXI. A Teoria da Dependência pode ser vista como uma ferramenta para o desenvolvimento que começa com a interpretação das economias periféricas não como 'estágios inferiores de desenvolvimento', mas como uma formação econômica específica, que permanece relevante hoje.

1. Introduction

In the post-war period, concerns about reconstruction and reducing inequalities gained ground in international relations and became a recurring and priority agenda of the newly created United Nations. Also in this period, Development Economics was being constituted as a field of study. Classic authors developmentalist authors – like Rostow, Lewis, Rosenstein, and Rodan – saw ‘development’ as the ‘modernization of backward countries’, both economically and politically. In the context of the newly started Cold War, the idea of ‘development’ was pushed to the Third World as a path towards becoming an industrialized society like the economic powers of the time were. The idea of ‘backwardness’ was then intrinsically linked with the idea of progressive stages of technological progression (Rostow, 1956). The Third World countries would just be at earlier stages compared to Western Europe and the US. At the same time, in Latin America, a unique view of ‘development’ emerged under the concept of ‘core-periphery *dependency*’, viewing Third World (or peripheral) countries not as earlier stages of now industrialized economies but proper ‘*underdeveloped*’ economies historically built to serve the world capitalist system led by the industrialized core countries.

With the creation of the UN, independent economic multilateral organizations were built for different regions of the globe. At the United Nations Economic Commission for Latin America and the Caribbean (ECLAC or CEPAL in Spanish/Portuguese) this original line of thinking emerged as a counterpoint to the modernization theories of development. Grounded on the seminal thesis of Prebisch (1949), this line of thought that became known as Latin American Structuralism, saw the capitalist system as a world system consisting of a core and a periphery with structural distinct roles and with a relationship based on dependence. Economists at CEPAL had diverse economic influences and Structuralism was closer to Keynesian ideas of state-led growth (Vernengo, 2006). Parallel to these contributions, Marxist authors inspired by the Imperialist studies of the beginning of the 19th century, were also advancing the idea that Imperialism had created proper forms of capitalism in colonies and former colonies (Baran, 1957). At the end of the 1960s a neo-Marxist line of thought that we call here *dependencia* theory emerged criticizing both the Structuralist and the classical Imperialist studies views on the characterization of dependency and its mechanisms.

After a troubled period in the 1970s, with strong political conflicts and many academic controversies, studies on ‘dependency’ in its various brands were dissipated and lost strength. Some lines of thought greatly influenced by the ideas of the 1950s to 1970s still remained active. More recently, the interest in ‘Dependency Theory’ has picked up pace again with new throughout works reviewing the literature (Kvangraven et al., 2017; Katz, 2022) and with proposals to reinstitute it as a *research programme* (Kvangraven, 2021). The literature reviewing this field points to its common principles: (1) the theorizing of global polarizing core-periphery tendencies in capitalism highlighting the constraints it imposes on peripheric nations, and (2) a methodology of historic analysis of the evolution of national economic structures and social formation, observing how internal and external characteristics interact towards (under)development. While also pointing to a divide between the Latin American Structuralist and the neo-Marxist strands of dependency (Palma, 1978; Vernengo, 2006).

Building on these contributions, this paper points out that the ‘Dependency Theory’ research programme can also be understood as a ‘field of thought’, with 5 current main strands, and emerging from a very original idea of development as the breakthrough with the condition of dependency. These five current strands evolved from the two main schools of thought that were born between the 1950s and 1970s - the Structuralist and the neo-Marxist schools. We argue that the divide between these two branches, more than related to the method or their views on the nature of problem, lied on the prescribed actions to break with dependency. In that sense, we argue that a third principle of all

dependency theorists is: (3) the pursue of a national sovereign development of the productive forces in the periphery, as part of the effort to break with dependency bonds. With the two original schools representing two alternatives of action prescription that divided the field during its prime, tightly connected to the socialist debates of the Cold War. Although there are technical differences between the two schools (visible in their distinct categories of analysis), their main divergence remained the actions the analyses oriented. Although some of these controversies remain as the strands followed, the political scenarios greatly changed, opening up for new consensuses on action prescription for some of the new strands.

The divergences in action between the currents of thought in the past, coupled with the difficulties in proposing economic alternatives during the tumultuous 1970s, resulted in the downgrading of the field of dependency in the 1980s, opening up space for the predominance of the idea of "associated dependent development" and other approaches that argued in favour of the benefits of globalization and free integration into the world market. This also led to the "absorption of development by neoclassical economics" (Herrera, 2006), driven by the rise of neoliberalism and the decline of Keynesianism globally. This paper presents an overview of the evolution of ideas in the field, showing how the founding controversy on action prescription evolved, and arguing that some of the main strains in the Dependency Theory now converge as a research programme relevant for the construction of sovereign national development strategies. Its main resource being its historical structuralist method to analyse both the evolution of global core-periphery relations and of country specific socio-economic formation. To illustrate its potential, we touch upon four of the most polarizing forces of today's capitalism – financialization, restructuring of manufacturing in global value chains, knowledge and information commodities – showing how Dependency Theory can approach them while interacting with related areas of economic policy formulation. Connecting the analysis of dependence with policymaking and the organization of social power would give a 21st century horizon to Dependency Theory's foundation purpose: to seek a sovereign development of currently peripheric nations.

Section 2 lays the foundation of dependency theory's core ideas from the beginning of the 20th century to the 1960s, highlighting their historical context and controversy on the way towards development. Section 3 points out the controversies within the field in 1970s. Section 4 points to the conclusive evolution of the field since the 1980s and presents the 5 main current strands of the field and their usefulness to sovereign development policymaking. Section 5 provides an overview of ways the research programme could go forward by pointing to current challenges of dependency and related contributions from other fields that deal with development policies. Section 6 concludes.

2. Foundations of dependency theory (from the 1900s to the 1960s)

2.1. Origins – Imperialist Studies (1900s to 1945)

The first instance of an analysis of the economic dominance of capitalist powers over the rest of the world date to Hobson (1902) and the imperialism studies that followed his work, especially in the Marxist tradition of Hilferding (1910), Luxemburg (1913), Lenin (1916), and Grossman (1929). These authors point out that the 'struggle for the division of the world' comes from the necessity of opening new markets and finding cheap land, raw materials, and labour, to achieve profits not available at the metropole due to the highly concentrated and monopolized capital, dominated by financial motives. The idea of different forms of dependence on a polarizing world system dynamic was already on Lenin's thesis of the last stage of capitalism. This can be seen in the following passage:

“It must be observed that finance capital and its foreign policy [...] give rise to a number of *transitional* forms of state dependence. Not only are the two main groups of countries, those owning colonies, and the colonies themselves, but also the diverse forms of dependent countries which, politically, are formally independent, but in fact, are enmeshed in the net of financial and diplomatic dependence, typical of this epoch” (Lenin 1916, p.64).

As we can see, Lenin recognizes financial and diplomatic dependence of territories that are just formally politically independent. We can argue that he already pointed out, in the heyday of formal colonial domination, to the emergence of economic dependence in a neo-colonialist system, an idea half-century later regarded by Nkrumah (1966) as the ‘last stage of imperialism’, which can be pointed out as the base of the Dependency Theory field of thought.¹

As we have seen, the Marxist theoretics of imperialism - Lenin, Hilferding, Luxemburg and Grossman - tried to give answers to the problems of the expanding world market and the function of foreign trade in capitalism, employing Marx's categories in a more stringent manner. As we will see in section 2.2, the Latin American Marxist ‘*dependencia*’ school of thought, implemented a rupture with the use of Marx’s classical categories to analyze dependency, with a more direct acknowledgment of the interpretative obstacles of the categories of ‘Das Capital’ to the problem of dependency,. These authors then proposed new complementary ones were proposed (Dussel, 2001, p. 209).

The Imperialist Studies, and the historical dialectical materialism methodology employed by these authors, were also very influential in some of the first historical interpretations of the formation of Latin American economies (Mariátegui, 1928; Prado Jr., 1942, Bagú, 1949). As seminal interpretations these works had an important influence on more Keynesian circles of UN related Latin American Structuralist authors, which reintroduced the idea of dependency (Vernengo, 2006).

2.2. Latin American Structuralism (1949-)

The seminal work of what became known as the Latin American Structuralist school of thought was published by the Argentinian economist Raúl Prebisch in 1950, when he was the Secretary Executive of CEPAL. He argued that the capitalist world was divided into the structures of a core and a periphery of the economic system. The core would be more technologically and industrially advanced, selling manufactured goods to the periphery, while the latter would have the role of providing raw materials and agricultural goods. The terms of this trade would progressively deteriorate, as the consumption of agricultural goods would grow less than the increase in income in the core, and the core would be able to transfer its downward pressures on prices (due to productivity gains and demand busts) to the weaker periphery, that did not have the same monopoly nor labour union power to sustain prices. Countries in the periphery would then have a structure of production directed outwards to supply inputs to core countries. This constituted the historical condition of ‘*underdevelopment*’, economies with a (primary goods) export capitalist sector among pre-capitalist lower productivity domestic sectors (Furtado, 1961).

This perception of Latin American economies not similar at all to previous stages of development of then advanced economies, but as its own historical condition of underdeveloped dependent economies is central and very characteristic of Structuralism. This periphery would be

¹ Nkrumah (1966) points out to Latin America post formal independence as the first case of neo-colonialism, describing the economic ties that characterized this condition. Ideas linked to contributions like that of Prebisch or Marini on economic dependence.

marked by its external integration - by an unequal trade of primary-to-manufactured goods - and domestic structural heterogeneity – with sector with very low productivity coexisting high productivity sectors. As a consequence, Prebisch, and his contemporaries in CEPAL, like Furtado and Pinto, vowed Latin American countries should use moments of bust in the core to develop their own industry to supply the goods once supplied by the core. A process of industrialization led by the state and initially focused on import substitution, as Argentina, Brazil, and Chile had already experienced since the 1930s.

The Structuralist school a clear Keynesian influence (Vernengo, 2006) coming from the macroeconomics revolution of the 1930s and the belief in the role of the state in capitalist development, a popular idea in the post-war period. These scholars believed in the possibility of industrialization in the periphery to overcome dependency. They found support in a faction of their national bourgeoisies willing to promote a sovereign development in the 1950s. Vernengo (2006) argues that although usually using Keynesian categories, the structuralist school was also strongly influenced by Marxist Latin American historians, especially the works of Mariátegui (1928), Prado Júnior (1942), and Bagú (1949). This can be explained by the central interest of structuralist scholars in explaining the historic socio-formation of the countries in Latin America, and the pioneering role that those Marxist authors had in explaining it at a structural level, i.e., relating different aspects of the formation of those societies to the position of internal and external class structures. Furtado (1959) and Pinto (1959) present masterful contributions in that direction of the cases of Brazil and Chile, respectively.

Authors like Prado Junior, Mariátegui and Bagú were, in their own account, directly influenced by Lenin, especially his work on the socio-economic formation of Russian capitalism (Lenin, 1899). This could explain the similarity in methodology between the historical-structuralist method implemented by the CEPAL school of thought (Bielschowsky, 1998) and the historical materialism implemented by the Marxists. The historical-structuralist method was a combination of historic-inductive analysis with the structuralist theory of the underdevelopment of Latin America as laid down by Prebisch (*ibid.*). The methodology follows many of the same characteristics of historical materialism, such as an inductive historic methodology, a dialectic relation between the universal and the particular, and a focus on economic structures and their changes.

Bielschowsky (2000) also highlights that Marxist authors like André Gunder Frank and Osvaldo Sunkel, although not Structuralists, worked for some time at CEPAL in the 1960s possibly influencing Structuralist authors. For him, even the idea of dependence was also greatly influenced by this cross-semination (Bielschowsky, 2000, p.42). We can see then, that Latin American Structuralism presented a very original view of ‘underdevelopment’ and of ‘core-periphery dependency’ at the same time that it was also influenced, indirectly, by the Imperialist Studies and the historical materialist interpretations of Latin America (which were in their own accord also very original, pointing to the first views of the formation of the economic systems of the region, Vernengo (2006)). Thus, although categories vary greatly, the gap between Structuralists and Neo-Marxists seem narrower when we consider these common influences and similarities in method. The divergence seem to lay elsewhere: the belief that state action was able to provide a national sovereign development able to break with dependency

2.3. The neo-Marxist schools

As presented by Vernengo (2006) and dos Santos (2002), in the beginning of the Cold War, Marxist thought was dominated by ‘traditional’ or ‘orthodox’ ‘Marxism-Leninism’ manuals from the Soviet Union that pointed to development as a progression of economic stages, from feudalism to

capitalist industrialization. In that regard, 'orthodox Marxism' agreed with mainstream Development Economics on the interpretation of Third World countries as simply previous or 'backward' stages of productive development.

Baran (1957) disagreed with this view pushed by the Soviet Union. Pointing to an international division of labour in the same way as described previously by the structuralists, he argued that when industrialization was possible in the periphery it would be marked by foreign capital that would send big parts of its profits to the core, while the rest would be used by a national aristocracy as 'conspicuous consumption' (Vernengo, 2006, p.555). André Gunder Frank (1967) would continue this analysis by explaining "the development of underdevelopment" in the Latin American countries, a continent marked from the beginning by a dependent capitalist economic structure (dos Santos, 2002). The main idea for these authors was that the process of industrialization and technological advances in core countries would only bring increasing exploitation of peripheral countries, reinforcing their underdevelopment.

In parallel to these contributions, Samir Amin in his doctoral thesis of 1957 (only published in 1974) makes a similar and profound contribution, analysing the process of economic dependency of the Arab and North African world based on Marx's laws of value. Amin also saw, as the Structuralists, the process of capital accumulation in peripheral countries intrinsically linked with the interests of the core, which he called an 'unilateral adjustment'. For Amin (1974), as was for Gunder Frank, the only possibility of breakthrough with this condition, however, would be 'delinking' the country's economy. Both Amin (1974) and Baran (1957) were much influenced by the imperialist studies of the beginning of the century (Palma, 1978).

Thus, we can see in the genesis of the dependency theories in the 1950s and 1960s two main branches of Dependency Theory: the Structuralist and the Neo-Marxist schools of dependency. As we have discussed, there is a difference in methodology with (neo)Marxists using categories such as value extraction and class formations and Structuralists using Keynesian categories such as effective demand and counter-cyclical policies. On the other hand, their method itself is a lot more congruent than usually seen by the literature, both resting on a historical inductive analysis of global and national processes and giving special focus for the economic structures of a society. Even the use of categories changed with time. Lustig (1980) points out that Tavares, one of the most prominent structuralists of the second generation, uses mainly Marxist categories in her analysis.

Their biggest divergence would be then, as pointed out by the Neo-Marxists themselves (dos Santos, 2002), the belief posed by CEPAL on a state-led development in alliance with a national bourgeoisie within capitalism. With Neo-Marxists believing the permanence in the capitalist global system would only underdevelop peripheral nations (Frank, 1967; Amin, 1974), directing their analysis to the political organization towards a socialist revolution.² Ironically the divergence Neo-Marxists had with Structuralists was the same they had with 'orthodox Marxists' of the time. Like others before (see for example Fanon, 1961, Ch. 3) Neo-Marxists were against the thesis fostered by the Politburo of the Soviet Union that former colonies should first pursue a national democratic revolution with its national bourgeoisie to then seek socialist revolution. In that sense, the political action of Cold War times in the revolutionary phase of the 1950s to the 1970s marked the controversies and segregated the field of Dependency Theory. Both schools believed the ties of dependency halted economic development in the periphery (an idea present since Lenin (1916)), but while one believed this could be countered within a capitalist state the other hold only a socialist revolution would break dependency

² Many of the most prominent writers of this tradition like Amin, Marini, dos Santos, and Bambirra, were part of the communist party of their countries.

links and be able to bring development in these nations.

3. The Controversies of a Turbulent Decade (the 1970s)

Dependency Theory was established in a moment of global economic growth in the 1950s and 1960s. While in the 1950s the CEPAL policy proposals allowed for industrialization, the 1960s continued that industrialization and sought structural reforms to push it further (Bielschowsky, 1998). The 1970s on the other hand were much more turbulent. The end of the Bretton Woods system, the Oil crises, and the high tensions of the Cold War, fostered turbulent times. This was true for the core-periphery economic relations, but also for economic ideas, with changes in the mainstream with the weakening of Keynesian ideas. It was also true for the debate within the Dependency field.

In Latin America, in the 1970s, Ruy Mauro Marini, who agreed with various aspects of CEPAL's Structuralist diagnoses, especially those of Prebisch and Furtado, rejected the institution on the central point: that modernization policies focused on industrialization would enable development and overcome the condition of dependence and poverty (Katz, 2020). Alongside him, Theotonio dos Santos and Vania Bambirra became major exponents of a Marxist interpretation of dependency that introduced new categories of analysis of their own. These authors were greatly influenced by the work of André Gunder Frank and pushed it further with an analysis based on new categories of analysis. Here we see a departure from the very notion of development, which changes the way we perceive the possibilities of receiving and producing technologies in peripheral economies.

Marini, as its main exponent, puts forward two interpretative keys for analyzing the question of dependency: Marx's theory of value and the Marxist theory of imperialism. The formation of the world market meant that the universalization of capital took place with particularities in different countries, which can be seen in the consolidation of the international division of labour. It is on the basis of this reflection that Marini articulates two of his main concepts: (i) the transfer of value as unequal exchange; (ii) the super-exploitation of labor.

The first concept is related to the violation of the laws of exchange caused by the difference between market prices and the production prices of commodities, which enables the existence of non-identity between the amount of value that was produced and that which was appropriated and, consequently, transfers of value. Luce (2018) argues that Marini considered the category of value transfer developed by Marx to be insufficient to explain its operation at a global level. Marini understood that Marx's explanation assumed a global leveling of the rate of profit through the diffusion of an average level of productivity generating an exchange of equivalents, which was not observed in reality, requiring adaptations so that it could capture the phenomenon of transfers of value via prices on the international market (ibidem, p.33-34).

We can observe that, unlike authors such as Lenin, Luxemburg, and Grossman, who attempted to understand and apply Marx's categories, there is an argument suggesting that Marxian categories have limitations and need to be supplemented. This perspective is characteristic of the Latin American Marxist *dependencia* theory (DUSSEL, 2001, p. 208).

Although the structuralist school was arguably the first one to directly focus on dependency and core-periphery dynamics, the term Dependency Theory is more often directed to what we here call the Neo-Marxist Dependency Theory. This shift can be linked to the political and economic contexts of the 1970s, particularly in Latin America. Major international economic changes, such as the rise of transnational banks and multinational corporations, the influx of financial resources through petrodollar recycling in Latin America, and rising interest rates, led to a decline in development and dependency theories. As Bielschowsky (2000, p. 44) notes, the decline of Keynesianism saw a gradual

decay of development theory worldwide and the rapid emergence of a new orthodoxy in analyzing developing economies.

Alongside this, in Latin America, the period was marked by brutal military dictatorships that often censored scholars connected to these theories. However, Dependency Theory still made significant contributions and evolved into different strands within the two major schools. Cardoso and Faletto (1969) interpreted dependency in terms of political particularities rather than solely economic aspects. Cardoso's view was that dependency did not hinder development but required a different approach from that of advanced capitalist countries, with political actors navigating a unique path to development.

Serra and Cardoso (1978) criticised Marini's concept of unequal exchange and his notion of super-exploitation. They argued that it was impossible to establish an international scale for socially necessary labour time due to the lack of labour mobility. Serra and Cardoso dismissed the idea that increased productivity in central countries reduced peripheral profit rates. Marini's response in 1978 did not receive as much attention. Carcanholo and Corrêa (2021) suggest that some criticisms of dependency theory stemmed from conflating Weberian interpretations of Marxism, while others aimed to exclude its most radical Marxist elements from the debate. From this, we can argue that with Cardoso's prestige and economic changes in the 1970s and 1980s, both CEPAL and Marxist dependency theory were marginalized. CEPAL, headquartered in Chile, shifted focus to macroeconomic analysis and debt issues following Pinochet's 1973 coup, reducing emphasis on industrialization policies and core-periphery dynamics (Bielschowsky, 2000).

4. The Dependency Theory Strands of Today (from the 1980s onwards)

Palma (1978) divides the structuralist school in two branches after controversies within CEPAL in the 1970s. With high inflation, low industrialization, and sluggish growth in the 1970s, some Structuralist scholars sought self-criticism of CEPAL's prior ideas (Tavares, 1972; Furtado, 1974; Prebisch, 1981). They regarded the orientation of industrialization aimed towards goods demanded by elites, the incapacity of developing a dynamic innovation process, and the dependency on foreign capital goods as the main limitations of the previous period. This branch would turn in the 1980s to give greater relevance to financial dependency (Furtado, 1982; Tavares, 1985). Vernengo (2006) argues this was an important shift from supply-side determinants of growth to demand-side determinants, influenced by their relationship with infant post-Keynesian thought³.

The second branch, according to Palma, would be the one that followed Cardoso and Falleto (1970) and was not influenced by the CEPAL autocritique. They saw the advance of dependent development as the best alternative for peripheral countries, with a greater opening to foreign capital and trade as the way to fill technologic needs and reach development and catching up. Following Vernengo (2006), we call this branch neostructuralists.

Among the Neo Marxist school, Amin (2017) sees 3 branches. The first he calls school of global historical materialism. They saw dependence greatly connected to capitalism's monopolist phase, the need for new markets and the underconsumption problem - the idea that with the emergence of strong

³ Kaldor and Kalecki visited Latin America universities and interacted with the debates of the CEPAL school since the 1950s. This interaction influenced the structuralist school but also post-Keynesianism, as clearly seen in Kaldor (1966) and Kalecki (1955). In the 1960s and 1970s, Furtado and other structuralist scholars also spent some time in Cambridge avoiding political persecution by far-right dictatorships that dominated Latin America in the period.

monopolies capitalism was prone to a lack of demand and to stagnation. The second branch, called *dependencia* theory, developed in Latin America as a critique both of the structuralist school and of the view of the communist parties of the region. They were influenced by Frank (1967) and by the same Marxist historians that influenced Prebisch and Furtado, seeing Latin America since the European occupation as a capitalist formation, their main divergence with the previous branch that considered the region pre-capitalist prior to the 19th century (ibid.). Amin also considers the World Systems theory that developed from the work of Wallerstein (1974) as a dependency strain. This theory overemphasized the external over internal factors to development and pointed to the emergence of new

nuances with the formation of semi-peripheries.⁴ Table 1 synthesizes this taxonomy of dependency theories, highlighting some main works of each strain cited here, separating founding schools and their later branches.⁵

The 1970s were fundamental in Dependency Theory. While what came to be known as the neostructuralists started giving in to the neoliberal ideas in seek of a “dependent development”, the autocritique of the CEPAL became more sceptic of the political interests in state-led development nearing more Marxist ideas, and especially, the new ‘post-Keynesian’ field that was being born in Cambridge (that in the Kaleckian tradition had a clear fusion of Keynesian and Marxist ideas). By the 1980s and especially the 1990s with the takeover of neoliberalism in Latin America, dependency theory was marginalized, with the now more neoliberal and “World-Bank oriented” neo-structuralism taking over the CEPAL and the post-Keynesian structuralists resisting within the institutions they had created previously⁶. Elsewhere, the situation was not much different, with structural adjustment programmes ordered by the IMF pressuring for the policies oriented from the core.

One exception is the work of Amin (1990), which advocates those countries should “delink” from the global capitalist system to stop exploitation. An idea that is usually misinterpreted as isolationism but means in fact the incorporation within the global capitalist system under national goals (Kvangraven et. al. 2021). China is an example of a country that has been able in the past 40 years to reach incredible development and integration to the global capitalist system without abandoning the project of delinking from imperialism (ibid.).

Table 1. Dependency Theory Schools of Thought

Main Schools of thought (based on the origins in the 1950-60s)	Main current strands (From 1970-80s onwards)
Latin American Structuralist: Prebisch (1949), Furtado (1959), Pinto (1959)	Neostructuralists: Cardoso and Falleto (1970), Fajnzylber (1983), Sunkel (1993), Bielschowsky (2008) <hr/> Post-Keynesian Structuralists⁷: Furtado (1974), Tavares (1974, 1978, 1985), Vernengo (2006)

⁴ Although the World-Systems theory arguably does not analyze in depth internal conditions to underdevelopment it is kept in the taxonomy, agreeing with Amin, as it is a prominent recent literature rooted in the tradition, that still holds the same 3 principles although to a lesser degree.

⁵ The taxonomy does not extend to all the literature and does not include recent decolonization studies and other theories that highlight non-economic aspects of dependency.

⁶ Vernengo (2006) holds that the organization of the post graduate programs of University of Campinas and University of Rio de Janeiro by Maria da Conceição Tavares were key in maintaining structuralist thought in Brazil more alive than in other countries of the region.

⁷ Calling this school of thought post-Keynesian can be controversial. Lavoie (2014, Chapter 1), for example, considers structuralists a completely different school of thought from post-Keynesianism. However, the main centers following this strain have for some time given great attention to post-Keynesian research and ideas, which is also consistent with the influence of Kalecki and Kaldor on this line of thought.

<p>Neo-Marxists: Baran (1957), Amin ([1957]1974), Baran and Sweezy (1966), Frank (1967)</p>	<p><i>Dependencia Theory (CESO):</i> Marini (1975), Bambilra (1999), Dos Santos (2002), Katz (2022)</p>
	<p>Global Historic Materialism: Amin (1990, 2014), Bellamy Foster (2015), Kvangraven (2017)</p>
	<p>World-Systems: Wallerstein (1979, 2004), Arrighi (1994), Babones and Chase-Dunn (2012)</p>

The Chinese experience would have opened “space for further research and theorising about how different strategies for national development can be anti-imperialist” (ibid., p. 3), pushing Neo-Marxists to see anti-imperialist national development strategy as possible. In a way that also expresses the rapprochement that has happened in the period between the Monopoly School and the Post-Keynesian field. In a similar fashion, the Post Keynesian Structuralist branch sustains its interest in thinking development strategies and policies that are sovereign (or anti-imperialist) and can allow for development. While its diverging counterpart, neostructuralist, has turned to follow World Bank ‘Washington Consensus’ policy recommendations and accept an unsovereign development.

In that sense, Post-Keynesian Structuralist, Global Historic Materialism, and *Dependencia* branches seem the most prominent to support sovereign national development strategies. The latter was largely marginalized by the far-right dictatorships in Latin America, but has seen recent reorganizing (Katz, 2022). Neostructuralism’s turn to (World Bank oriented) dependent development and World Systems Theory’s underestimation of internal structures and alternative development prescriptions make these two strands less useful for the purpose of supporting economic policymaking able to break with dependency bonds.⁸

The recent crisis of neoliberal ideology, hegemonic since the 1980s, is opening space for alternative views on development and might bring a rebirth of Dependency Theory. Recent publications of whole issues covering the topic might point in that direction⁹.

5. Possible Ways forward for Dependency Theory and Development

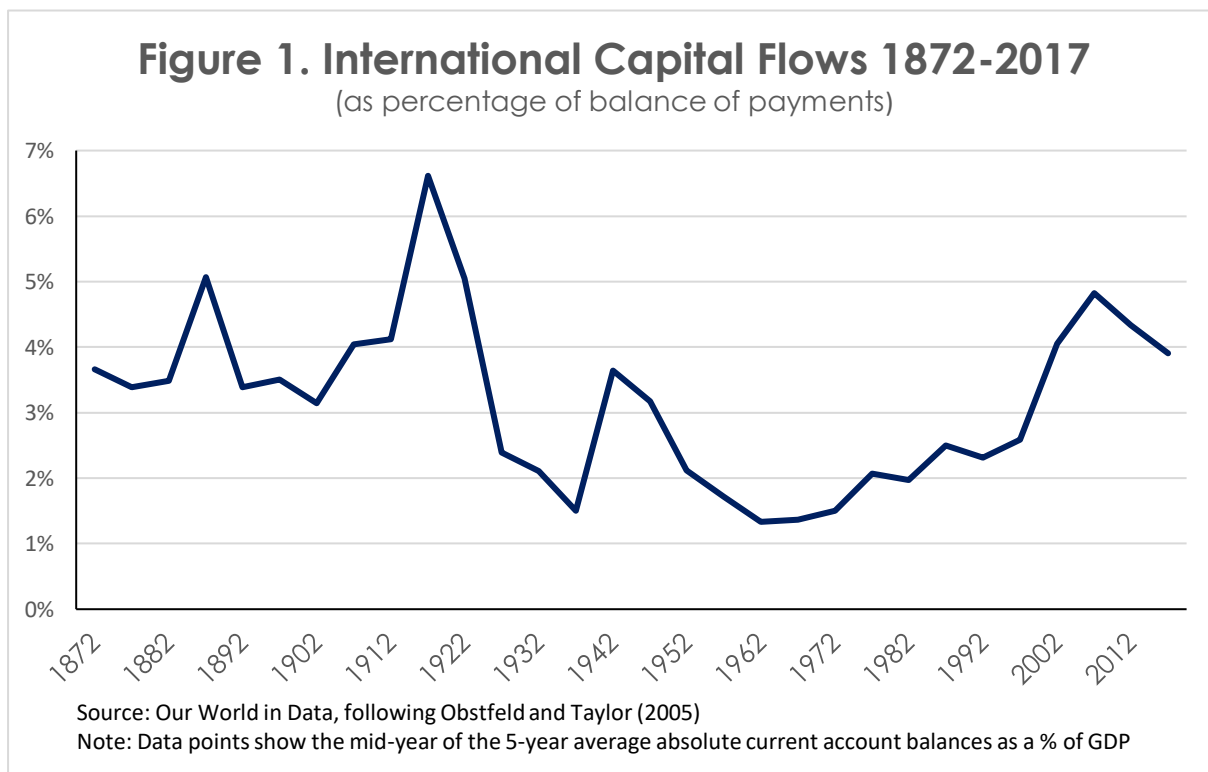
As we have seen so far, the approach of Dependency Theory towards development has been of historic analysis and theorizing of global polarizing tendencies of capitalism and national social formations. We have also seen that the division between the two founding schools on action prescription, as their methodological differences, got blurred with time. Post-Keynesian Structuralists

⁸ Kvangraven (2021) excludes these two branches from the “Dependency Theory research programme”. While this work is congruent with her contribution, I still believe these branches should be considered part of the broad dependency theory field, as put forth by Palma (1978) and Amin (2017). The reason is their clear historical ties to the founding schools of the 50s and their maintenance of the three principles, although to lower importance not suited for research oriented towards sovereign development strategies.

⁹ See Kvangraven et al. (2017), Katz (2022), Review of African Political Economy Volume 48, 2021, Issue 167. Also the first English translation of the seminal work of Rui Mauro Marini (Marini, 2022).

used increasingly Marxist categories and gave more importance to class struggle and its influence on state action, while strands of Neo-Marxist thought like the *dependencia* and the Global Historical Materialist started opening up to the possibility and importance of designing sovereign national development strategies within peripheric (capitalist) states. Today, a research programme oriented towards these strategies are possible. This section illustrates ways these strands could approach issues of today, while interacting with other fields of economic policymaking with similar views on development.

The Dependency Theory method of inductive historic and structural analysis is opposite to the neoclassical (modernisation theory) method of deductive analysis and generalized prescription of development policies. On the other hand, it finds much congruence with the literature that has emphasized the historical analysis of development (Chang, 2002, Amsden 1989, Andreoni et al. 2021, Fine and Mohamed, 2022). These theories, however, still lack a deeper understanding of global phenomena effects on development and of socio-economic formation of national structures of political economy. In sum, Dependency Theory could contribute to the development literature by providing a historical and structural perspective of the interaction between external and internal constraints to development.



Looking at the Age of Globalization, from the 1980s to the pandemic of 2020, we see that one of its most fundamental characteristics is the re-emergence of finance capital hegemony (Hein, 2012; Stockhammer, 2012). As Figure 1 shows, international capital flows have increased since the 1970s and have reached their highest levels since the age of empires Lenin was describing. This might explain why some of the most prominent dependency theorists of the mid-1900s like Prebisch (1950) and Marini (1973) overemphasize the role of trade and undermined the role of finance capital, heavily emphasized by Hilferding (1912) and Lenin (1916). Different from then, however, the reality today presents a global stock-market in a US-dollar dominated financial system and an export of capital not for the extraction of raw materials but of whole labour-intensive manufacturing structures (as was

already predicted by Hobson (1902, p. 386)).

The understanding of the effects of financial markets on development has been undermined by ‘developmental state’ economists (Fine and Mohammed, 2022). On the other hand, it has been a long-term topic of study of Post-Keynesian Structuralists (Vernengo, 2006), as well as of much (neo)Marxist analyses of subordinate financialization (Musthaq, 2021). On the realm of macroeconomic policy, the literature on polarizing macroeconomic regimes under finance-dominated capitalism (Hein, 2011; Stockhammer, 2012; Hein & Martschin, 2021) and the literature on the dependence of monetary and exchange rate policy in the periphery to the monetary policy decisions of the centre of the system (following Rey, 2015) present examples of polarizing features of financialization. But there are still not many contributions linking these literatures and the debates on development strategies.

On the other hand, we have the massive export of capital in the structuring of global value chains (GVCs) of production. Dependency Theorists have done extensive analysis of the process of peripheric subjection related to GVCs (Suwandi, 2019). One of the main matters of this restructuring of production is its challenges to industrialization of developing countries. Andreoni and Tregenna (2020) argue industrializing today requires the capacity of devising industrial and trade policies able to link up in the GVCs and back to the domestic industries. A process that requires a directly link between global structural tendencies and specific national social formations, matters of the most importance for dependency theorists.

The debate also revisits reflexions on whether industrial policies against re-primarization and deindustrialization can promote economic and social development, given the persistent constraints of dependency. Notable works include “*Padrão de Reprodução do Capital: contribuições da teoria marxista da dependência*” (Ferreira, Osorio, and Luce, 2012) and “*Teoria Marxista da Dependência: problemas e categorias. Uma visão histórica*” (Luce, 2018). Luce discusses the concept of value transfer as unequal exchange, emphasizing new forms of value transfer in the commercial, financial, and technological spheres. In his work with Ferreira and Osorio, they utilize the category of “pattern of capital reproduction” to analyze how capital develops uniquely across different territories and historical periods.

Marcelo Carcanholo (2013) emphasizes the importance of critically recovering the pioneering categories of the Marxist theory of dependency, in order to reformulate them so that they are capable of allowing us to understand the current historical specificities, which necessarily involves not making uncritical use of the categories without confronting them with the specificities of the moment and re-evaluating them. In this sense, João Machado Borges Neto's work (2011) stands out. He takes up the category of unequal exchange, seeking to provide a more robust explanation for it and for the criticisms made of Marini by Serra and FHC, as well as presenting elements of the current reality that can be dialogued with it, such as the functioning of the exchange rate and the structural readjustment policies of the World Bank and IMF.

In addition to these works, we can highlight two efforts that use the category of dependency to understand phenomena such as the growing use of knowledge, R&D, finances as a mechanism to turn peripheral countries into places of income extraction and job insecurity. Elizabeth Oliveira (2017) examines a new form of dependency in Brazilian capitalism, driven by knowledge monopolization, leading to a more asymmetric international division of labor. She argues that knowledge commodification started in the 1980s, transforming public information into private intellectual property, driven by state actions, particularly in the US. Leda Paulani (2021) introduces the concept of “Dependência 4.0,” reflecting new dependency characteristics based on rentism and current technological progress, inspired by Fiori's analysis of globalization and new dependency dynamics. She identifies two main features: intensified rent payments and external savings dependency in peripheral economies.

The financial and productive divides between core and peripheric countries are two of the most

important phenomena of 21st century capitalism. Dealing with them to design macro, industrial, technological, and trade policies that allow for development are huge challenges that could be greatly supported by in-depth structural historical analyses as the ones provided by Dependency Theory. And so is long the list of research agendas Dependency Theory could interact to in this goal. The examples presented in this section should be viewed as stimulus to see Dependency Theory as an active and useful tool of sovereign development when it combines itself to other fields with similar goals.

6. Conclusion

This paper has presented a brief overview of the evolution of Dependency Theory, differentiating the founding schools and their current branches. It has argued that the main difference between the two founding schools was their action prescription to overcome dependency. While Structuralists believed in the potential of state policy action in bringing development of the productive forces and sovereignty, neo-Marxists believed this would only be met by a socialist revolution. We have also argued the neo-Marxist focus on a socialist revolution was tied to the communist debates of the time, and with the historical moment of socialist revolutions in Africa and Latin America. Nevertheless, both schools diverged from mainstream Development Economics and orthodox Marxism by conceiving the economic formations of the periphery with their own historical specificity molded by the expansion of industrial capitalism from the core, and as such fundamentally different from ‘previous stages of development’ of those now industrial economies. Both schools were influenced by Imperial Studies and by the same original Latin American historical interpretations, also implementing similar methods of inductive historical and structural analysis coupled with economic analytical interpretations, although using different categories of analysis.

The paper has also argued that following the controversies of the 1970s, within Structuralism, and between it and the *Dependencia* School, five branches emerged which can be observed until this day. It has argued that part of these branches’ general analyses of both the evolution of global core-periphery relations and of country specific socio-economic formation can be useful for the design of development strategies, showing interactions of the field of Dependency Theory with other non-mainstream fields of economic policy for development exist and should further for the support of development strategies. Which would emerge as a new synthesis of the dependency field. Under the very different political scenario of the 2020s compared with the 1970s, with neoliberal hegemony on multilateral organizations, and delegitimization of state action and of interpretations that highlight dependency, there is an important need for convergence within the field. With the rise of China, and increasing tensions for multilateralism and greater participation of Third World (now Global South) countries, this new synthesis could direct efforts towards unravelling possible strategies of national sovereign development. We hold that Dependency Theory should be seen, as it was in the 1950s, as a tool for development, now in a globalized world marked by polarizing financialization, global value chains, and knowledge capital.

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