

**THEORIES OF UNDERDEVELOPMENT: COMPARING
DEPENDENCY THEORY AND WORLD-SYSTEMS ANALYSIS**

A dissertation submitted during the year 2019 June to the University of
Hyderabad in the partial fulfilment of the requirements for the award of

MASTER OF PHILOSOPHY

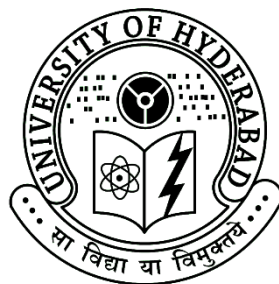
in

POLITICAL SCIENCE

by

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DEPARTMENT OF POLITICAL SCIENCE

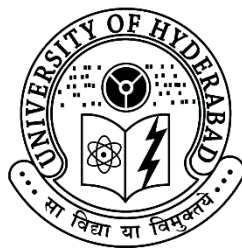
SCHOOL OF SOCIAL SCIENCES

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June 2019



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DECLARATION

I, Gifty Ann Babu, hereby declare that the dissertation titled “**Theories of Underdevelopment: Comparing Dependency Theory and World-Systems Analysis**” submitted by me under the guidance and supervision of Dr. K. K. Kailash is a bonafide research work which is also free from plagiarism. I also declare that it has not been submitted previously in part or in full to this university or any other university or institution for the award of any degree or diploma.

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ACKNOWLEDGEMENT

At the very outset, I thank my supervisor Dr K. K. Kailash, Assistant Professor, Department of Political Science, University of Hyderabad. I am highly grateful to him for his guidance and supervision in the accomplishment of this dissertation. I would also like to extend my sincere gratitude to Dr. B. L. Biju for helping me understand the topic in more depth.

I would like to extend thanks to my mother and sister, who has always stood by my side, to my nephew and brother-in-law for giving me constant support and to my dear cousin Sanny.

Further, I would like to mention Jaisal, Navanith, Shilpa, Monalisha, Vishnu, Shyam, Samik, Aleena and Albin a note of gratitude to have helped me out in the darkest of times; and to have proven the best companions in my life so far.

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CHAPTER ONE

INTRODUCTION

This study compares two theories of underdevelopment studies namely the “dependency theory” and the “world-systems analysis”. These two theories approach development different from a Marxist perspective unlike other theories of development such as the modernization and the globalization theories. This study examines the origin, arguments as well as the criticisms and relevance of both theories, focussing specifically on the differences and similarities.

Theories are most important elements of empirical research and studies. The use of theories aids the researchers to define what have been studied and how the study should be carried out. Without the application of a theory, it is difficult to conduct an empirical study on social science disciplines. There are a number of definitions of theory propounded by different scholars and among them; Heinen (1985) has defined theory as “a group of logically organized laws or relationships that constitutes explanation in a discipline”. And in the words of Horkheimer (1937), “theory for most researchers is the sum total of propositions about a subject, the proposition so linked with each other that a few are basic and the rest derive from these”. According to Sutton and Staw (1995), “a theory must essentially answer the question why. It describes causal relationship and explains the ordering and timing of events in that relationship as well as reasons why a relationship exists”.

One has to have intact knowledge of theories in the field of study where he or she is indulging on research. The importance of theory is that it enables us to identify a problem and helps in increasing the ability to find solutions to it and the theory is also the only guide to research (Moore, 1991). Therefore, reviewing or conducting an analysis of theories is always significant. In this study, I intend to review two theories on underdevelopment studies, the “dependency theory” and the “world systems theory”. Theories are not static, it adopts changes with time, and new theorists incorporate new arguments and reshape our thinking. In the field of development

studies also there are clash of different understandings on development and underdevelopment which led to the emergence of different schools of thought.

During the 1950s, the “modernization school” was the only prominent theory that studied the developmental problems of countries in the world. Later in the next decade, this school was challenged by the radical “dependency school”. Again, in 1970s, the “world system school” came up with an alternative perspective on the issues of development.

Background of the Study

It is essential to know the history of the emergence of development theories in order to understand it thoroughly. According to H.W Spiegel (1955), “knowledge of history is indispensable for the study of economic development. It gives perspective to the appraisal of development programs and facilitates the testing of theories of development”. The issues and concept of development and underdevelopment emerged in the context of de-colonization process that took place after the end of “Second World War”. The de-colonization process led to the formation of new countries which were economically backward due to the centuries’ long imperial exploitation.

The newly formed countries faced development issues as most of the countries were underdeveloped and were in need of expert advice. They were inexperienced and lacked efficiency in tracing issues and finding solutions to it. This situation led to the emergence of theories that propounded solutions to the existing underdevelopment problems. As a result of the endeavours, the Modernization theory was propounded by American scholars of that time. In 1949, American president Harry Truman declared the development of underdeveloped areas as a priority for the West. Inspired by the Marshal plan of US and growing industrialization of it, the modernization theory was propounded by a group of scholars and among them the well-known name is W.W Rostow. The following section provides description of modernization theory and the theories that emerged as a critique of modernization theory.

The Modernization School

The modernization school was a historical product of the events took place after the “Second World War”. The development issues of newly emerged “Third World” countries were not familiar to the Western scholars then. A number of American and European scholars tried to study these problems and as a result of that, a new theory was evolved and known as the Theory of modernization. The modernization theorists took the Western experience of development as a perfect model for achieving growth. They were largely convinced that development is a phased process and it can only be achieved by an evolutionary system by incorporating the economy into the world capitalist system. They also believed that modernization is a process that cannot be reversed and once started, cannot be stopped.

“From the very beginning, the modernization school was in search of a theory. It adopted both an evolutionary theory and a functionalist theory in its effort to illuminate the modernization of third world countries” (Y.So, 1990). Y.So has explained that the modernization theory is consisting of both evolutionary theory and functionalist theory. The “evolutionary theory” elucidate that the social change is unidirectional and the human society is always move along one direction from one stage to another stage and The followers of evolutionary theory believe that the movement of society is good as it represents progress, humanity and civilization. The rate of social change is slow, gradual and evolutionary. The functionalist theory, mainly by Talcott Parsons has also been highly influential in the shaping of modernization theory. According to Parsons, each institution in the society has a definite purpose for the “stability and growth of the society”. “When one institution experiences social change, it causes a chain of reaction of changes in other institutions. Parson’s social system is not static, unchanging entity rather the institutions that constitute the system are always changing and adjusting” (Y.So, 1990).

The most important theorists of the “modernization school” are Daniel Lerner (1958), Marion Levy (1967), Neil Smelser (1964), and Gabriel Almond (1960). Though, W.W Rostow (1964) has gained more popularity because of his theory of ‘stages of growth’. He is the most known figure in the modernization school. Rostow added the concept of “stages of growth” to the modernization thinking. According to him each and every society goes through certain stages in order to attain economic development. As it has

been the experience of Western countries, the Third World countries have also need to experience the same. He states that there are five major stages of economic development that each and every society goes through. The developed Western countries has already gone through these stages and achieved economic development and now the newly emerged countries has to go through these stages in order to achieve the development. His stages include, “traditional society”, “preconditions for economic take – off”, “economic take – off”, “the drive to maturity” and “abundance or mass – consumption society”.

Alvin Y. So (1990) has pointed out different viewpoints in modernization theory. The sociological approach by Levy (1967) focuses on the definition of modernization and the differences of modernized societies from relatively non-modernized societies. Smelser (1964) has applied the concept of “structural differentiation” to the study of the “Third World” countries. He enunciates that the different structures like family in the society have different functions to perform and through this the modernization process takes place. According to Coleman (1968) modernization is linked to political development and he relates it with “differentiation of political structure”, “secularization of political culture” and “enhance the capacity of a society’s political system”.

D.C Tipps (1973) has critically analysed the modernization theory. He pointed out that according to Kaplan, “the function of scientific concepts is to mark the categories which will tell us more about our subject matter than any other categorical sets”. Here, Tipps tries to find that ‘whether or not the notion of modernization is capable of performing this function’. He highlights the origins of modernization theory, characteristic features of modernization theory and criticisms of the theory. He focuses on the critique of the theory and concludes that modernization theory is not performing the function of a scientific concept and therefore there is a need for an alternative paradigm. He did not mention any specific theory as an alternative to modernization but points out that “whatever the ultimate shape which an eventual alternative to modernization theory might take, it will require a fundamental rethinking of how we approach the analysis of long-term, macro-level transformation of societies”.

The modernization theory is closely linked to democratization as the theory propagates democracy as one of the solutions for eradicating underdevelopment. In a recent article published by Ronald Inglehart and Christian Welzel (2009), they highlight a number of points regarding the relevance of modernization theory. According to them, the classical modernization theory has many drawbacks and therefore it is not applicable to contemporary issues. And they argue that after the “Cold War” was over, the “modernization theory” has taken a new life and a new version of the theory has emerged which has an emphasis on gender equality, the new wave of democratization and democratic peace theory etc. The reason for eroding confidence in the modernization theory according to the authors is that the rich Western democracies believed that they could instil modern values and bring progress to backward countries through economic, cultural and military assistance; but later it becomes evident that the assistance had not brought much development toward economic growth or democracy in the underdeveloped countries. And that led to criticisms on modernization theory. The new modernization theory tries to focus on the criticisms of modernization theory and emphasis that it does not automatically lead to democracy, rather, it, in the long run, brings changes that make democratization likely to take place. Z.F Arat (1988) has also examined the modernization theory by analysing democracy and economic development in a few countries and came to the conclusion that the relation between democracy and economic development are interrelated and integral part of each other.

Though the “modernization theory” gained much popularity in the Western world, many scholars came up with the criticisms and drawbacks of the theory. Due to these reasons “the dependency school” emerged with a “third world” perspective on development.

“The Dependency School”

The “Third World” perspective on development and underdevelopment was first explained by the ECLA (Economic Commission for Latin America) scholars led by Raul Prebisch. He did his studies on Latin America’s economic problems and the unequal trade relations between countries. These studies directed to the formation of the “dependency school” in the 1960s. The dependency theorists severely criticized modernization theory for its Western oriented understanding of development. They

argued that “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” (Sekhri, 2009). This argument is contrary to the modernization school’s argument that incorporation of economies into the capitalist system is the solution to overcome underdevelopment.

One of the leading theorists of dependency, Andre Gunder Frank (1966) tried to explain the “development of underdevelopment”, by which he meant due to the colonial history, the current underdeveloped countries cannot gain economic development and instead there is a trend of development of underdevelopment in these countries. He coined two terms, “Metropolis” and “Satellite” in order to address the developed rich countries and underdeveloped poor countries respectively. The rich countries always try to exploit the poor underdeveloped countries. They use the poor countries as source of raw materials and a market for finished goods. Followed by Frank, many scholars studied more aspects of dependency and applied the theory for studying development issues all over the world. Among that one of the noticeable work has done by Rodney (1972), he applied the theory in Africa and studied “how Europe underdeveloped Africa”.

Other important dependency theorists are Dos Santos (1970), Baran and Sweezy (1966) and Cardoso (1969) and their most important contributions to the dependency theory are the concepts of “new dependency”, “monopoly capitalism” and “associated – dependent development” respectively. These concepts and the origin, important arguments, criticism and relevance of the dependency theory will be explained in detail in the next chapter.

The “dependency theory” faced severe criticisms for its radical arguments and later Emmanuel Wallerstein came up with a new theory that was inspired from dependency and moved beyond the confines of dependency theory.

“The World Systems School”

“The dependency school” was unable to disprove the arguments of “modernization school” completely and found difficulty to cope with the critiques. The world system school emerged in this context where Emmanuel Wallerstien adopted many basic tenets of “dependency theory” into his approach and severely condemned the

modernization school. In the words of Chirote and Hall, “this new world system perspective has seized the imagination of a new generation of sociologists” (Chirote and Hall, 1982). And followed by Wallerstein students of development studies around the world started focusing on the new theory. “The central theme of the world system approach is the proposition that core regions exploit peripheral regions through various mechanisms of unequal exchange” (Petras, 1981). Unlike the “dependency” theorists, to Wallerstein “the world system” is the “unit of analysis” of his study and to him the nation states are variables or elements within the system. He also “rejects the notion of a third world, claiming there is only one world connected by a complex network of economic exchange relationship” (Robinson, 2011). Wallerstein came up with a new term, the “semi – periphery” to address those countries which act as a “buffer zone” between the “core” and the “periphery”.

The “dependency theory” and the “world systems theory” will be explained in detail in next chapters. The course of development of approaches to underdevelopment can be traced back to the period of post second world war with the emergence of modernization theory. From that period this field of study has been studied and researched by scholars across the world.

Definition of Terms

In this study there are four terms that are widely used from introduction to conclusion. The terms are development, underdevelopment, dependency and world system. As my study focuses on these terms, it is essential to define it properly. Different scholars have given different definitions and meanings of these terms. Therefore, here I am including selected definitions of the terms.

The term ‘development’ is used in different contexts. In social science development refers to a positive change or growth of society. According to Gunnar Myrdal (1968) “development means improvement of the host of undesirable conditions in the social systems that have perpetuated a state of underdevelopment”. He also states that “development is the movement upward of the entire social system” (Myrdal, 1974). Lipset (1963) has the opinion that democracy leads to development. he points out that wealth, as measured by per capita income, industrialization as measured by percentage

of employed labour, urbanization as measured by population in cities and education as measured by enrolment in institutions are the indicators of development. Yogendra Singh (1974) refers to development as “a strategy of planned social change in a direction which is considered desirable by the members of a society. The notion of development may, therefore differ from society to society based on its socio – cultural background and political and geographical situation”. In Rostow’s (1964) opinion, development takes place when a country moves from traditional society and adopt capitalism by increased number of entrepreneurs, expansion of market and the development of new industries.

For different scholars the meaning of development is different. Likewise, the meaning of underdevelopment is also different. In the words of Arthur Lewis (1955), “a country may be underdeveloped in the sense that its technology is backward when compared with that of other countries, or in the sense that capital resources per head are low when compared with Western Europe, or in the sense that output per head is low, or in the sense that it has valuable natural resources which it has not yet begun to use”. According to Gunnar Myrdal (1974) “an underdeveloped country is that country in which there is a constellation of numerous undesirable conditions of work and life; output, income and levels of living are low; many modes of production, attitude and behaviour patterns are disadvantageous and there are unfavourable institutions. There is a general causal relationship among all these conditions”. To M.P Todaro (1994) underdeveloped economy is that “economy in which there are low levels of living, absolute poverty, low per capita income, low consumption levels, poor health services, high death rates high birth rates and dependence on foreign countries”. According to Simon Kuznets (1996) “by underdeveloped countries, we mean countries that have been unable to utilize the opportunities afforded by modern material and social technology and have failed to supply minimum subsistence and material comfort to their population”.

For modernization theorists, underdevelopment is the condition of traditional society, which is yet to incorporate into world capitalist system. Different from all these theoreticians Gunder Frank (1966) viewed underdevelopment as a condition caused by colonialism and it is the condition where the resources of a country are actively utilized, but the benefits are gained by the developed capitalist countries and it

perpetuates the underdeveloped status of the poor country. From this argument of Gunder Frank the concept of 'dependence' developed.

"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" (Sekhri, 2009). Dos Santos (1970) has explained "dependence" as "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 can expand and can be self-sustaining, while other countries can do this only as a reflection of that expansion, which can have either a positive or a negative effect on their immediate development".

Kwame Nkrumah (1968) described the condition of dependence where "a state is theoretically independent and sovereign, yet its economic system and consequently their political theories are subject to a neo - colonial power". According to him, "not only are there 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 dependency". In the words of Osvaldo Sunkel (1972), "the concept dependency links the post war evolution of capitalism internationally to the discriminatory nature of the local process of development".

The word 'system' generally means a set of things together as parts of a mechanism or an interconnecting network. To the world systems theorists, the world is a system which has interconnecting set of things. According to Wallerstein (1993), "a world – system is a social system, one that has boundaries, structures, member groups, rules of legitimation and coherence. Its life is made up of the conflicting forces which hold it together by tension and tear it apart as each group seeks eternally to remould it to its advantage. It has the characteristics of an organism, life within it is largely contained and the dynamics of its development are largely internal".

Statement of the Problem

In this study, I address two research problems. The first problem is the lack of a unified “dependency theory”. “The dependency theory” is said to be a set of different arguments with the same basic problem. The problem dependentistas address is the development crisis in the “third world” and they all follow the anti – imperialist approach and believe that imperialism is the root cause of underdevelopment. Though they have these commonalities, each of the theorists has their own understanding of the issues and solutions to it. Ronald Chilcote (1981) in his book, *Theories of Comparative Politics* has briefly explained the issue of lack of a unified “dependency theory”. According to him, there are a number of different approaches to “dependency theory”, the dependentistas criticize each other’s arguments and offer their perspectives on dependency. Due to this matter the “dependency theory” is subjected to more criticism as different opinions makes the theory vague. Therefore, there is a need for better understanding of “dependency theory” and I shall study on this area.

The second problem of this study is concerning the ideological differences between the “dependency theory” and the “world systems approach”. The “dependency school” is the predecessor of “world systems school” and Wallerstein has also tried to incorporated many concepts of “dependency theory” into his “world systems analysis”. He follows a Neo – Marxist approach on development. Some of the dependency theorists like Frank, Dos Santos, and Rodney also follow the Neo – Marxist approach and shares similar viewpoint. Here, the problem I address is that even though both the theories shares and follows similar arguments and approach, “dependency theory” relatively had an unsuccessful journey while world systems is on a successful path. The “dependency theory” has faced a number of questions on its relevance and significance in contemporary world while the “world systems theory” is still deemed as useful even after the attacks of critics. By doing a theoretical review of both schools, I intend to find answer to this problem.

Theories are integral part of any empirical study and to conduct studies on development issues in contemporary world also require theories and without application of theories, the issues cannot be aptly addressed. A student of development studies has to look at the arguments of “dependency theory” and “world systems theory”. Even after the integration of the global south into international capitalist

system, the countries are lagging behind in development, which gives importance to the arguments of dependentistas and world system theorists who believed that capitalism is always a curse to the global south countries.

The issue of North – South divide also show the importance of looking back on these theories, which gave emphasis to unequal division of labour and economy in the world.

Objectives and Research Questions

This study has two research objectives. The first objective is to provide a review of “dependency theory” and “world systems theory”. According to APA (2003), “a review primarily explains how a theory shapes research and our understandings since research is carried out in the frame of exploring theories and a theoretical review describes in a critical way the evolution of theories and the way they are understood in different contexts. It draws an existing research literature to advance theory in education research”. According to the above definition, in this research I aim to evaluate the evolution of “dependency theory” and “world systems theory” and the way they are understood in different contexts. By reviewing the theories, the research problems will be well addressed and the review intends to give an overall understanding of both the theories.

The second objective of the study is to point out the significance and relevance of both the theories in relation to the contemporary development issues of the world. The “dependency theory” was prominent during 1960s and the “world systems theory” was prominent during the 1970s. Both the theories faced criticisms and “dependency theory” was questioned on losing its applicability. In the 21st century with the widespread influence of globalization, the development issues have various aspects and impacts. In such a context, I intend to examine the scholarly articles on the relevance of both the theories and relate it to the current development issues.

From these objectives, the following research question arise:

- How are the “dependency theory” and the “world systems theory” different from each other?

Through the above question, this study will review the emergence and transformation of the schools of underdevelopment Study. This study will also look into how they attacked other schools, how they defended themselves and how they imbibed changes with time.

Implications of the Study

This study of comparing theories of underdevelopment will help in understanding various theoretical approaches to development studies formulated by different theoreticians. The major three approaches, the “modernization theory”, the “dependency theory” and the “world systems theory” are discussed in this study. Stating the major differences and similarities of these theories will enable us to have complete idea of their arguments. This study also helps in understanding the various theoretical conceptions within dependency approach as the Marxist and non – Marxist traditions in “dependency theory” formulates differences inside the approach. The vagueness created by such differences need to be clarified and this study helps in doing that.

Through this research, it is further implied for a better understanding of the relevance of “dependency theory” and “world systems theory” to the contemporary development issues of the nation states. As the theories face criticisms it is needed to provide explanation on the practical usefulness of the theories. Also, the still prevailing development issues in capitalist embraced underdeveloped or developing countries shows the importance of going through the theories again. By understanding these, a student of development studies can apply the theories to contemporary issues and analyse it.

Methodology

This study will be carried out with the help of books, journal articles, online materials and reviews for a comparative analysis of “dependency theory” and world system theory. The most important source will be the original works by dependency theorists and world system theorists. The research materials available on these original works are also useful in this study. Also, the critic’s writings of these theories will be useful in understanding a critical perspective of these theories. I also intend to go through scholarly articles on North – South divide and current development issues in order to evaluate the relevance of these theories. Based on the sources I intend to conduct a comparative study of “dependency theory” and world system theory.

Chapter Scheme

This study has four chapters. The first chapter is the introduction focusing on the background of the study, definition of terms, objective of the research, research questions and statement of the problem. It provides a description with regards to the concept of development and underdevelopment, theories of dependency and world system. Further, the chapter includes sections on the implications of the research. The chapter two will provide a detailed discussion on “dependency theory” and its variants. This chapter will discuss about the dependency theorists and their arguments and on which parameter the differences arose and eventually the criticism of “dependency theory”. Chapter three encompass analysis of the world system theory, mainly of Wallerstein and also other theorists who comes under world system school. The fourth and the final chapter will deal with the concluding part of the study by pointing out the differences and similarities of both “dependency theory” and “world systems theory” and the significance and importance for relating the theories to contemporary issues.

As the dependency theory and world systems analysis shares similar viewpoints regarding certain arguments, a number theorists have also contributed to both school of study. For example, Dos Santos, Gunder frank and Samir Amin. I have included Dos Santos in the second chapter on dependency school as his most important contributions are regarding the concept of dependency and his unit of analysis was as

same as the dependency theorists, the nation states. In case of Amin, I have included him in the third chapter on world systems analysis, because his unit of analysis of study was the world system. And Frank has equally contributed to both the schools, therefore, I have included his arguments in both chapters.

The next chapter, in detail discusses the “dependency theory”. The chapter elaborates the origin, exponents, Major arguments, different approaches within the dependency school, criticisms against the theory and the relevance of the theory.

CHAPTER TWO

THE DEPENDENCY SCHOOL

This chapter provides an elaborate examination of the dependency perspective. It highlights the history and background of the emergence of the theory, different theoretical viewpoints inside the school and this section also highlights all the important theoreticians of dependency school. Then following sections include criticism of “dependency” perspective and the relevance and importance of the theory.

The “dependency theory” was emerged during the 1960s as a critique to the modernization theory of development. The modernization theory, as explained in the previous chapters focused only on the Western concept of development. The dependency perspective emerged as a reaction to that through the works of scholars from “Economic Commission for Latin America” (ECLA). The “ECLA” or “CEPAL” (Spanish acronym for “ECLA”) was founded in 1948 and headquartered in Santiago. It played an important role in evaluating development issues of Latin America in the 1950s. The executive Secretary of “ECLA”, Argentine economist Raul Prebisch started with a non- Marxist approach of dependency. “ECLA accepted the proposition that a new bourgeoisie, commercial and industrial in character would emerge as a supporter of national interests in the face of foreign penetration into the domestic economies of the less developed nations. ECLA thus assumed a nationalist yet an anti-imperialist stance” (Chilcote, 1974).

Defining dependency, Dos Santos (1970) has affirmed that “by dependence we mean 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 inter-dependence between two or more economies, and between these and world trade, assume the form of dependence when some countries can do this only as a reflection of that expansion, which can have either a positive or a negative effect on their immediate development”. According to Osvaldo Sunkel (1972) the concept of

“dependencia” (dependency) “links the post-war evolution of capitalism internationally to the discriminatory nature of the local process of development, as we know it. Access to the means and benefits of development is selective; rather than spreading them, the process tends to ensure a self-reinforcing accumulation of privilege for special groups as well as the continued existence of a marginal class”.

The dependency school consists of a range of ideas and arguments. It cannot be considered as a single theory; it is a set of theories which include both Marxist and non-Marxist in nature. Beginning with Raul Prebisch the dependency school has different phases. He comes under the ‘structuralist’ section of dependency who believed in embracement of more sophisticated industrialization strategies for the development of Latin American countries. The next stage in the evolution of “dependency theory” was marked by the publications of the works by Gunder Frank. He pointed out the drawbacks of ideas put forward by the ‘structuralist’ theorists. His major contribution was the ‘centre – “periphery”’ model of dependency. He was followed by Cardoso and Dos Santos. Cardoso focused on the domestic experiences of dependency while Dos Santos emphasized the concept of ‘new dependency’ which is based on investments by multinational corporations.

Classifications of Dependency

There are a number of theoreticians who has attempted to outline the various classifications of “dependency theory”. Cardoso identified three different tendencies in the literature of dependency. First, the autonomous national development, which was propounded by Helio Jaguaribe (1970). He held that dependency can be overcome through autonomy and incremental change. Second, the international monopoly capitalism, which was propounded by Baran and Sweezy (1966). The third tendency in dependency literature given by Cardoso is the writings of Cardoso itself. According to Bacha there are five different conceptions of “dependency theory”. The first one is by Tomas Vasconi (1969) and his analysis of centre- “periphery” as interdependent parts of capitalist system. The second conception of “dependency theory” is Lenin’s works on imperialism. The third one is the works of Gunder Frank (1967) who analyzed the metropolis-satellite structure of dependency. The fourth one and fifth one

are new dependency by Dos Santos (1968) and internal dependency by Cardoso and Faletto (1969) respectively.

Phillip O'Brien pointed out three traditions in dependency school. The first one is the ECLA 'structuralist' tradition by Sunkel (1972) and Furtado (1963), the second tradition is by the Marxist "dependency" theorists such as Marini (1969), Frank and Dos Santos. Finally, the third tradition is by the theorists like Cardoso and Quijano who followed Marxist-structuralist synthesis. Ronald Chilcote set forth four classifications of dependency. The first one is the development of underdevelopment by Frank and Rodney, the second one is the new dependency by Dos Santos, third one is the dependency and development by Cardoso and the last one is the dependency and imperialism by Baran and Sweezy.

The following section will discuss each important conception within dependency school starting with ECLA 'structuralists' to new dependency by Dos Santos.

The 'Structuralists' in Dependency School

The 'structuralist' division of dependency school includes Raul Prebisch, Osvaldo Sunkel and Celso Furtado and other ECLA members. The 'structuralist' perspective was largely created by Raul Prebisch, the then executive secretary of ECLA. The theory's focus was on "structures", "blockages" and "imbalance"s, thus gained the name "structuralism". Earlier it was known as Prebisch – Singer argument, as a similar explanation was given by Hans Singer. They identified the developmental problems of Latin America which were created as a result of the existing international division of labour. The structuralists criticized the process of "unequal exchange" and emphasized the importance of economic development. Prebisch pointed out the notion of a "hegemonic centre" and an "agrarian periphery". Thus we can say that the concept of "dependency" was first identified by the 'structuralist' theorists.

Joseph Love (2005) treated the 'structuralist' school as a "generator of ideas and policies", although he has not considered it as an authentic "paradigm" or a "scientific research programme". He further added that "the CEPAL economists were defining economic backwardness or under-development in a manner that lent currency to the

term ‘structuralism’: under-development was structural heterogeneity, that is, an economic assemblage characterized by heterogeneous technologies and production functions” (Love, 2005). One of the important ideas that put forward by the ECLA economists as a solution to the development issues was the concept of Import Substitution Industrialization (ISI). This idea was predominantly based on the substitution of domestic products for the imported goods. They also demanded the growth and expansion of industrialization in order to combat the development issues. The views of the structuralist theorists will be explained in detail through each important ECLA economists in the proceeding section.

Argentine economist, Raul Prebisch is the most prominent figure of the structuralist school. He was the director of Argentina’s first central bank from 1935 to 1943. He has also worked as the executive secretary of Economic Commission for Latin America from 1949 to 1963. In 1964, he was elected as the first secretary general of UN Conference on Trade and Development (UNCTAD). His most important work is *“The Economic Development of Latin America and its Principal Problems”*, which was published in the year 1949. In this work, he introduced the concept of an “industrial hegemonic centre” and an “agrarian dependent periphery” as a structure for studying the “international division of labour”.

Prebisch explains that the “core” – “periphery” structure shows the unequal relationship among countries. According to him, the universal spread of technology and generations established the “core” – “periphery” structure historically. The countries in which the technological progress first originated are the industrial centres or the developed nations. And the countries fell behind with this technological growth fell behind in development also. These countries come under the category of “periphery”. Because of the scientific and technological advantages, the centres are capable of increasing their productivity at a larger level than the peripheral countries. They specialize in the production of goods which has more demands internationally and they control the dynamism of the system since they hold the leading position in productivity. Briefly, in the words of Adolfo Gurrieri (1983) “there are three principal inequalities between the centres and the periphery, that is, the position and function they occupy within the system, their productive structures, and their levels of productivity and average income, which decisively limit the periphery’s chances of developing”.

Prebisch emphasized certain domestic conditions of Latin American countries which were blocking the process of development. The final aim of the peripheral countries, as opined by Prebisch was to achieve industrialization and convert themselves into modern industrial societies and thereby achieve development. The important domestic conditions that paves way for the development is the “accumulation and use of capital”, “capacity to import”, “technological progress”, “infrastructure progress”, “the political order”, and “the planning system”. And the various causes that block the development of a society are the various political structures such as the agrarian, industrial, educational, governmental, and distributive structures. The functioning of these structures does not work up to the development needs of the Latin American countries. Prebisch further adds that these structural factors require reforms in order to be used for development and achieving an egalitarian society. He framed these reforms as a form of modernization which would break the barriers of development and would bring industrial growth and thereby the status of a developed country.

As a solution to these problems, Prebisch suggested industrialization and import – substitution policies. Valpy Fitzgerald (1998) explained structuralism and the policies suggested by ECLA as “state-led industrialization”. The process of import-substitution is principally based on the substitution of domestic products for previously imported ones. One of the reasons for structuralists to suggest import substitution was to improve the transfer of technological innovation in industrial sector than in agricultural sector in order to raise the productivity rates. In the words of Joseph Love (2005), ECLA has defined three phases of import-substitution and industrialization; “the first involved the relatively easy substitution of simple domestically produced consumer goods for previously imported items. The second, more difficult type involved the production of intermediate goods and consumer durables. A third phase, a production of capital goods would follow”. The import-substitution policy helped to certain point to increase the growth in manufacturing and productivity rates. Though, these policies were criticized by a number of economists, it certainly helped the Latin American countries to improve its economies.

Celso Furtado and Osvaldo Sunkel are the prominent theoreticians of structuralist school after Prebisch. Sunkel (1973)viewed development as “that development and underdevelopment are the two faces of the same universal process, and that its geographic expression is translated into two great polarizations: on the one hand the

polarization of the world between industrial, advanced, developed and metropolitan countries and underdeveloped, backward, poor, peripheral and dependent countries; and on the other hand, a polarization within countries in terms of space, backward, primitive, marginal and dependent groups and activities". He had an opposite view from the modernization theorist and believed that underdevelopment is not a stage in the evolution of a society. Instead he believed that "underdevelopment" is a part of world capitalist development and therefore, for him the indicators of "underdevelopment" were normal.

Chilcote (1981) has explained Sunkel as, "he saw a complex structure, held together by laws and composing a system that is affected by change. Change in a structure is identifiable once one relates the parts to the whole system. Thus, planning and control can result in structural transformations and make development possible". Sunkel further elaborates that due to the characteristics of local economy such as the lack of "trained manpower", "entrepreneurial talent", "capital and physical infrastructure" leads to the destruction of potential opportunities for developing the economy.

Furtado joined CEPAL in 1949 and published his first book, *"The Brazilian Economy"* in 1954. This was one of the first works on Latin American economic history that focused on 'underdeveloped economy' and differentiated it from 'backward economy'. To Furtado, "underdevelopment could not and should not be thought of as a temporary historical phase, but rather as the outcome of the particular way in which social relations generated many of the imbalances whose effects were once thought of as cyclical phenomena" (Mallorquin, 2007). Furtado attempted to figure out the solutions of underdevelopment and in his opinion; diverse production functions and non-unified production markets need to be incorporated in the problems of underdevelopment rather than considering these problems as separate. Furtado tried to study these issues not only from the point of an economic perspective, but also from sociological, political, and anthropological perspectives.

Furtado also focused on the role of "foreign capital" and the pattern of debt in Latin America. He criticized it and identified the reality of economic stagnation, which was evident in the Brazilian and other Latin American economies. Furtado came up with a "Brazilian model of development" giving importance to historical characteristics and the role of social sectors leading to development processes. He published his book,

“Analysis of Brazilian Model” in 1972. According to Chilcote (1981) “Furtado examined the inequalities in Brazil throughout historical periods, tracing the shift of major economic activity and production from the north-east to the centre-south region of Sao Paulo. Furtado believed that the state was to serve the masses by preventing a concentration of income in the privileged sectors, by widening the market to all segments of the population, and by influencing technological change”.

The ideas of structuralist school were widely discussed and accepted in Latin America during the 1950s. Though, later the school witnessed its decline due to the lack of practicability of the suggestions they put forward as solutions for the issues of underdevelopment. In short, the essential propositions put forward by the structuralists were, the dual society concept which held that the developing nations are structured into “dual societies” and the division of world into two categories, the industrial centre and poor “periphery”. The solutions they suggested to solve these problems were to increase industrialization and impose import substitution policies. Their arguments were criticized and questioned by theoreticians followed by them from both Marxist and Neo-classical school on development.

The Marxist Writers in Dependency School

The Marxist perspectives on dependency and underdevelopment began to appear in the area of development in 1960s. The Marxist dependentistas elaborated the concept of “core” – “periphery” theory and gave a radical thought to it. Although the classical Marxists have criticised the Marxist dependentistas, they did expand the theory and made it better celebrated among academicians. The Marxist dependentistas includes, Gunder Frank, R.M Marini, Walter Rodney and Dos Santos. Among these theoreticians, Gunder Frank and Dos Santos are better known for their contributions in developing the theory.

The Development of Underdevelopment by Gunder Frank

Andre Gunder Frank is one of the prominent writers on “dependency theory”. The term “the Development of Underdevelopment” was coined by Frank and the article titled same was published in Monthly Review in 1966. Followed by this article, a

number of books and articles were published by him on development and underdevelopment. He used the terms 'Metropolis' and 'Satellite' in order to address the developed rich countries and underdeveloped poor countries respectively. He concentrated on the "third world" development and tried to study the problems it faced and find solutions to it.

Gunder Frank severely criticised the arguments put forward by the modernization theorists who considered internal issues of a country as the causes of its underdevelopment. He argued that "most studies of development and underdevelopment fail to take account of the economic and other relations between the metropolis and its economic colonies throughout the history of the worldwide expansion and development of the mercantilist and capitalist system. Consequently, most of our theories fail to explain the structure and development of the capitalist system as a whole and to account for its simultaneous generation of underdevelopment in some of its parts and of economic development in others" (Gunder Frank, 1966). In this regard Frank explains that "underdevelopment" is not original, the now developed countries have never experienced underdevelopment and they were in the condition of "undevelopment". The difference between underdevelopment and "undevelopment" is that, "undevelopment" is the condition where the country has all the resources but still it is not completely utilizing it and underdevelopment is the condition where the resources of the country are utilized but the benefits are gained by some other country. The now developed countries have not been a satellite of any other countries, so the modernization theory is only applicable to them and not to the "third world" countries which have been colonies of Imperial powers since long history.

The Concept of Dual Societies

Most of the Latin American countries face the problem of dual society. It refers to a condition where two economies exist within a country; an economically developed society and an economically underdeveloped society. The economically developed societies are closer to the Metropolis countries to which they are dependent. And the other society would be economically isolated from the world capitalism. The general concept was that the detachment from the capitalist system was the reason for the underdevelopment in such societies. Gunder Frank questioned this concept and argued

that the reason for establishment of dual societies is the existence of Metropolis – Satellite structure within a nation. The developed cities are the Metropolis here and the underdeveloped provinces are the Satellites here. The cities exploit the provinces just like the Metropolis country exploits the Satellite country. The occurrence of such exploitative relation between the city and the provinces are the main reason for the existence of dual societies.

History of Underdevelopment

Frank argues that the present condition of Latin America is the result of its centuries – long participation in the process of world capitalist development. From the establishment of colonialism, the Metropolis has been exploiting the Satellite countries. According to Frank, it is a still continuing historical process. The colonialism not only incorporated the Latin American countries into world mercantile system but also introduced the Metropolis – Satellite system. He gives examples of Chile and Brazil. In both countries the conquest by the foreign countries only led to the condition of underdevelopment. “Underdevelopment is generated by the same historical process that also generated economic development to other countries” (Frank, 1966).

Hypotheses by Frank

Based on his empirical observation and theoretical assumption Frank has formulated four hypotheses for his study on underdevelopment. The first hypothesis is that within the “Metropolis – Satellite” structure the “metropolis” tends to develop and the “satellites” tend to under-develop. The development of the “satellite” countries is limited by the “satellite” status of it, while the “metropolis” countries have no limitations as they are not anybody’s “satellite”. The non-autonomous and unsatisfactory economic and industrial development in Latin America proves this hypothesis as true. He gives examples of two cities, Sao Paulo and Buenos Aires. These two cities remained largely dependent on first, Britain and then United States.

The second hypothesis is that the “satellites” experience their greatest economic development when their ties to their metropolis are weakest. During this period, the satellite countries try to improve their economy and industry. This will be the time when the satellite countries experience rates of development. When the metropolis

countries re-establish the relation with the satellites, the satellites again go back to the condition of underdevelopment. There can be temporary isolation like war or economic depression. Frank gives the example of “Second World War” and the “Great Depression” of 1930s. During these times when the metropolis countries withdrew temporarily from the satellite countries of Latin America, they marked improved industrial and economic development. He gives examples of the “Spanish depression” of the seventeenth century, the “Napoleonic Wars”, the two “World Wars” etc. After all these situations, when the metropolis restored their relations with the satellites, the development process they were in was choked off. The reason for the development and industrialization of resource poor Japan during the first half of the twentieth century was the non-satellite status of it.

The third hypothesis is that the regions that are the most underdeveloped today are the ones that had the closest ties to the metropolis in the past. He gives the examples of West Indies and Brazil. In past, these countries had closest economic and trade relations with the Metropolis. Their important commerce was sugar and mines. When their mines or sugar disappeared the metropolis abandoned them and they were left with nothing. As they have already established the satellite – metropolis structure during the period they had relation with the metropolis, the condition prohibited them to have an autonomous system and had no way other than maintaining the metropolis – satellite structure and become completely dependent on the metropolis country and going into underdeveloped condition. This argument by Frank contradicts the generally followed idea that the major cause of underdevelopment is the isolation from world capitalist system and the pre – capitalist institutions.

The fourth and final hypothesis is that the “latifundium” (An agricultural estate where mostly slaves and peasants works) which was common in Latin America was originally born as a commercial enterprise which promoted the market oriented economy. He gives the examples of the growth of “latifundium” in nineteenth century Argentina and Cuba. The growth of “latifundium” in Latin America has always been a commercial response to increased demand. For him, all of these hypotheses and studies suggest that the global extension and unity of the capitalist system, its “monopoly structure” and “uneven development” needs to be studied more.

Further Frank (1966) states that “All of these hypotheses and studies suggest that the global extension and unity of the capitalist system, its monopoly structure and uneven development throughout its history, and the resulting persistence of commercial rather than industrial capitalism in the underdeveloped world (including its most industrially advanced countries) deserve much more attention in the study of economic development and cultural change than they have hitherto received”. Gunder Frank’s arguments have also received plenty of criticisms from different schools of thought. Even though, he is considered as one of the most influential writers in dependency school.

The Ideas of Marini and Rodney

Rau Mauro Marini was a Brazilian economist and sociologist. He is generally known for his radical Marxist views on dependency and his concept of “Subimperialism”. In the words of Chilcote (2009) “Marini believed that “subimperialism” had two components, one relating to national policy regarding productivity and the work force and the other to an autonomous expansionist policy”. Marini analysed the stagnation and developmental issues of the Brazilian economy when the economy was going through a difficult time in 1964. He argued that the policies adopted by the military regime in Brazil during that time were “subimperialistic” in nature and was against the welfare of the public. He criticized the government policies for strengthening a coalition of ruling class with bourgeoisie and landowner merchant oligarchy. “He characterized Brazilian capitalism as super exploitative, with a rapid accumulation of capital benefiting the owners of the means of production and an absolute poverty accruing to the masses” (Chilcote, 1981). Therefore, he believed that these conditions would lead Brazil along a revolutionary course. His ideas differed for other dependency writers as he explicitly emphasized the importance of the revolution.

Walter Rodney is well known for his most celebrated work “*How Europe Underdeveloped Africa*” (1972). Through this book Rodney tried to establish that Africa was exploited by European colonial powers and as a result of that the continent remained underdeveloped and the European countries benefited out of it. He also identified class difference as the root of all social problems and working class as the most oppressed group in the world. He applied the Marxist theory for analysing the African society and concluded that when the Europeans entered Africa, Africans were

in a transitional stage between communalism and feudalism. The Europeans advanced slavery and through it, advanced their economy. And one of Rodney's most valid observations is that the 70 years of European rule in Africa were the most crucial years in world economic development.

Rodney also looked into Western education as an element in perpetuating Africa's dependency on Europe. Technology was one of the most important elements in forming the dependency as Africa lacked it and the modern scientific techniques were owned by the Europeans. Rodney believed that the establishment of socialism would put an end to the developmental problems of Africa and help in achieving economic growth. He also relates current African dependency to neo-colonialism, which he considers as an advanced stage of imperialism. Rodney's works on Africa took "dependency theory" out of the confines of Latin America and tried to make it a universally applicable theory.

The Concept of New Dependency by Dos Santos

Theotonio Dos Santos was a Brazilian Dependency theorist who focused on "historical forms of dependence" and coined a concept, the "new dependency". He has given the classical definition of dependency. In his words, "by dependence we mean 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 inter-dependence 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). According to him, the concept of dependency enabled us to see internal structure of a country as part of the world economy. He further states that "relations between dominant and dependent countries are unequal because development of the former takes place at the expense of the latter" (Y.So, 1990).

Dos Santos identified that the form of inequality exists everywhere in the world economy. The surplus generated in the poor countries is transferred into the rich countries as the rich countries hold the control of the world market. He also states that even the financial relations are based on the perspective of the developed capitalist

countries. He further argues that “for the dependent countries these relations represent an export of profits and interest which carries off part of the surplus generated domestically and leads to a loss of control over their productive resources” (Dos Santos, 1970). The generation of more surplus creates more unequal situation as it leads to the limitation of the internal market and their technical capacity by increased exploited manpower. He called this condition “combined development” because this situation was a combination of inequalities and transfer of the surplus.

Dos Santos has identified three different historical forms of dependence. These are “colonial dependence”, “financial – industrial dependence” and “technological – industrial dependence”. “In colonial dependence, the commercial and financial capital of the dominant country, in alliance with the colonial state, monopolized the control of land, mines and human resources (serf or slave) and the export of gold, silver and tropical products from the colonized country” (Y. So, 1990). In this period, the dominant powers, the colonial countries completely controlled the poor colonized countries both economically and politically. The exploitation of their resources was done by the colonial powers. By the end of nineteenth century, the colonial dependence came to an end and the next stage, financial – industrial dependence begins. In this stage also, the European powers dominated the economies of the dependent countries. In this stage, the main focus of their economy was on export of raw materials and agricultural products for the consumption of European countries. Other than the export sector, there were a number of complementary economic activities like cattle raising was also part of the economy. Even these complementary economic activities were dependent on the export sector in order to sell their products.

The third stage of the historical form of dependencies is the “technological – industrial dependence”, which he has termed as “new dependence”. The concept of this new dependence is the greatest contribution by Dos Santos. This stage was emerged after the “Second World War”, during the period when many underdeveloped countries began to undergo industrial development. Dos Santos argues that as the economy was dependent on the export sector, the industrial development also became dependent on export sector. And for the purchase of machinery that needed for the industry, the export sector had to bring more foreign currency. This led to a condition where the foreign capital controlled the economy of an underdeveloped country as well as the political matters of the country. Alongside these, the fluctuations of the balance of

payments strongly influence the industrial development, sometimes leading to a deficit. “The causes of the deficit are, 1) A highly monopolized international market tends to lower the price of raw materials and to raise the price of industrial products, 2) since the foreign capital controls the economy of dependent countries, it carries off a high volume of profit, and 3) foreign capital and foreign aid becomes necessary to cover existing deficit” (Y. So, 1990).

Dos Santos (1971) argues that the aim of this foreign financing is “in large part to finance North American investments, to subsidize foreign imports which compete with national products, to introduce technology not adapted to the needs of underdeveloped countries, and to invest in sectors not necessarily of high priority”. The industrial development of a country is restricted by the monopoly of technology practiced by the dominant countries. The underdeveloped countries lack foreign currency in order to buy patented foreign technologies. This factor forces the rulers of dependent countries to facilitate the entrance of foreign capital into their local markets for getting technologies required for their industrial development.

Under such conditions, Dos Santos (1971) stated that “foreign capital enters with all advantages: in many cases, it is given exemption from exchange controls for the importation of machinery; financing of sites for installation of industries is provided; government financing agencies are available to facilitate industrialization; loans from foreign and domestic banks, which prefer such clients, are available; in many cases, foreign aid for the strengthening of industrialization is available”. As the outcome of the “technological – industrial dependence,” the “unequal capitalist development” at the international level is reflected and reproduced at the internal economy of the underdeveloped country and growth of differences in the domestic wage levels. With a Marxist point of view, Dos Santos calls this a “high rate of exploitation” of labour power.

“In the first place, the need to conserve the agrarian or mining export structure generates a combination between more advanced economic centres that extract surplus value from the more backward sectors, and also between internal metropolitan centres and internal interdependent colonial centres. The unequal and combined character of capitalist development at the international level is reproduced internally in an acute form. In the second place, the industrial and technological structure

responds more closely to the interests of the multinational corporations than to internal developmental needs. In the third place, the same technological and economic – financial concentration of the hegemonic economies is transferred without substantial alternation to very different economies and societies, giving rise to a highly unequal productive structure, a high concentration of incomes, underutilization of installed capacity, intensive exploitation of existing markets concentrated in large cities, etc.” (Dos Santos, 1970).

Finally, Dos Santos (1970) states that unlike the modernization theorists argues, “lack of integration with world capitalist system is not the reason for economic backwardness of the underdeveloped countries”. He says those studies that say so are “nothing more than ideology disguised as science”. Instead, “it is the monopolistic control of foreign capital, foreign finance, and foreign technology at national and international levels that prevents underdeveloped countries from reaching an advantageous position, resulting in the reproduction of backwardness, misery, and social marginalization within their borders” (Y.So, 1990).

Monopoly Capitalism by Baran and Sweezy

Paul Baran’s and Paul Sweezy’s most important contribution to the theory of dependency is the concept ‘monopoly capitalism’. They attempted to update and refine Lenin’s thought on imperialism. “Imperialism, in the view of Lenin, was simply the monopoly stage of capitalism; the stage combined bank capital with capital of monopolist industrialists. Lenin called this a merger of finance capital under a financial oligarchy” (Chilcote, 1981). They published their book, ‘*Monopoly Capitalism*’ in 1966. In this book, they have analysed the concept of economic surplus, problems of surplus absorption and waste, and the irrational qualities of a capitalist monopoly society.

To Baran and Sweezy “surplus is the difference between what a society produces and the cost of producing it” (Baran and Sweezy, 1966). They criticised the generation and absorption of surplus in a monopoly capitalist structure. “Attention to surplus, they believed, allows for an analysis that links the economic base of society with the ideological superstructure” (Chilcote, 1981). They studied the case of US as an

example and they emphasized on the growing differences between the productive potential of the society of the United States and exploitation of that potential. Their work is also a basis for the understanding of the external impact employed on the poor peripheral countries through the monopolistic capitalist structure of the “core” countries. Baran and Sweezy argues that the revolts in peripheral countries against the domination of the monopoly capitalism of the “core” countries are being mirrored in the working class of the US as well.

Fernando Henrique Cardoso

The former president of Brazil, Fernando Henrique Cardoso was a well-known figure in the dependency school of development. His ideas were characterised by having a Marxist – Structuralist synthesis. At the same time, he showed a Marxist nature as well as a structuralist nature for his concepts of dependency and development. His most important contribution to the field of dependency is considered to be the concept of “associated – dependent development”. Unlike other dependency theorists, Cardoso disagreed on the argument that capitalism promotes “underdevelopment”. To the contrary, he believed that a dependent country can develop its economy even under the domination of the “core” country.

Cardoso on Imperialism

Cardoso tried to draw a different concept on imperialism from Lenin’s perspective on imperialism by suggesting that modern capitalism and imperialism differ from earlier conceptions. In the words of Cardoso (1969), “Lenin’s explanation of why advanced capitalist economies was impelled toward the control of backward lands, was based on two main factors. One stressed movements of capital, the other outlined the productive forces. Both were not only linked to each other but also related to the global transformation of the capitalist system that had led to the control of the productive system by financiers... this process guaranteed capital flows from the over - capitalized economies to backward countries and assured provision of raw materials in return”. From the above perspective, Cardoso (1969) argues that the “consequence of imperialism with respect to dependent economies and nations was the integration of the latter into the international market”.

The local bourgeoisie of the dependent countries worsened the situation as they controlled the “sectors of productive system”, which formed more complicated patterns of exploitation. Imperialism restricted the economic growth of underdeveloped countries and the imperialist powers used them as a source of raw materials for furthering their industrialization. For this purpose, the local labour force was kept at lower wage rates and the prices of raw materials cheap. As a result of that, the local markets of the colonies did not have any importance. The profit of the imperialist countries was based on the increased unequal trade and financial exploitation. It was evident by the increased indebtedness of the dependent countries and through the various types of products exchanged between dependent countries and dominant countries. Technological advance in the “core” countries also provided a huge increase in exploitation, as the colonies had to pay more on advanced technologies.

New Patterns of Capital Accumulation and New Forms of Economic Dependency

Cardoso argues that the pattern of relationship between the dominant and dependent countries and capital accumulation have received changes in the recent times and these changes demands reassessment of the existing imperialist theories. Nevertheless, “contemporary international capitalist expansion and control of dependent economies undoubtedly prove that this new pattern of economic relationships among nations remains imperialistic” (Cardoso, 1969). Cardoso defended the argument of Baran, Sweezy and Magdoff that “corporations operate as quasi-self-sufficient units of decision and action vis-a-vis capital accumulation. Similarly, the conglomerate form of present big corporations and the multinational scope of the production and marketing adds considerable novelty to the capitalist form of production” (Magdoff and Sweezy, 1972). He also argues that as an alternative outlet of capital accumulation, some authors have considered state expenditure in welfare and emphasized it as an important factor.

According to Cardoso, not only the pattern of capital accumulation has been exposed to change but also the forms of economic dependency. He examined the pattern of foreign investment as well and stated that the foreign investments in Latin American countries are changing from classical sectors like oil, raw materials and agriculture to the direction of industrial sector. The multinational corporations are tending to invest

more in industrial sectors than in the traditional sectors of the nations. To Cardoso, the unique characteristics of the new forms of economic dependency is that it is a joint venture enterprise, consists of “local state capital”, “private national capital” and “monopoly international investment”. Therefore, in these countries, foreign investments no longer provide only exploitation and underdevelopment but an “associated dependent development” also.

“Associated – Dependent Development”

Cardoso criticized Gunder Frank’s idea of the “development of underdevelopment” and the assumption that the integration into capitalist system would perpetuate the condition of under - development in Latin American nations. Instead, Cardoso argued that “dependency”, “monopoly capitalism” and development are not contradictory to each other; when the underdeveloped nations integrates itself into the capitalist expansion there takes place a “dependent capitalist development”. He believed that unlike in the old imperial period, the current capitalist system has also positive influences in the dependent countries; when the capitalist country gains economic benefits, the dependent country also improves their economy from the relationship. In the words of Y.So (1990), “Cardoso deliberately uses the phrase associated – dependent development, because it combines two notions that generally have appeared as separate and contradictory – dependency and development”. Cardoso criticizes the modernization theory and classical “dependency theory”; the former for only focusing on modernization and development and the latter for only focusing on the relationship between the developed capitalist countries and the underdeveloped countries. As the result of the emergence of the multinational corporations, Cardoso argues that a new international division of labour has been emerged. In the new phase, “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” (Cardoso, 1973).

Though Cardoso’s arguments defer from other dependentistas, his ideas are different from the modernization school as well. In short, his ideas are a blend of concepts from both the schools. He also points out the costs of the associated – dependent development. As an example, he elaborates the Brazilian economic condition. Apart from that he has also mentioned the limitations of the associated – dependent

development. The lack of “autonomous technology” limits the benefits of the condition and forces the dependent country to import necessary technologies, which brings extra burden on the nations. The lack of a fully developed capital goods sector is another limitation of the associated – dependent development. By coining the concept associated – dependent development, Cardoso tried to analyse both dependency and development by studying both external domination and internal political forces.

Political Dynamics and Consequences

The new form of the dependency brought new political and social reactions in the underdeveloped countries. Cardoso has identified three types of political actors in his model of dependence: the military (bureaucratic – technocratic) state, the multinational corporation and the local bourgeoisie. And in his opinion, these three actors came into a political alliance to support associated – dependent development in Brazil since 1964. The military state was formed first in Brazil, then the multinational corporations and local bourgeoisie joined them. Based on his analysis, Cardoso (1973) concludes that in Brazil, “a bourgeoisie economic revolution did take place, brought into being by a reactionary political movement. It was economically revolutionary to the extent that it pushed the local bourgeoisie to adapt to the beat of international capitalist development, thereby establishing an effective subordination of the national economy to modern forms of economic domination”.

Cardoso’s arguments have influenced a lot of researchers followed by him on dependency and development studies. Though his analyses differ from other dependency theorists, he still comes under the confines of dependency school as he sticks to certain basic assumptions of “dependency theory”.

Literature on the Review of “Dependency Theory”

There have been a number of scholars worked on the “dependency theory” and its criticisms over the years and Ronald Chilcote is one among them. Chilcote (1974) has elaborated on the evolution of the theory and identified the major thrusts in the theory. To him, dependency is a condition where “the economy of certain nations is believed

to be conditioned by the relationship to another economy which is dominant and capable of expanding and developing. Thus the interdependence of such economies assumes contrasting forms of dominance and dependence so that dependent nations might develop as a reflection of the expansion of dominant nations or under-develop as a consequence of their subjective relationship". Chilcote (1981) has also classified "dependency theory" into different categories based on the differences in the viewpoint. He mentions the classification of "dependency theory" by Cardoso, Bacha, O'Brien and finally his own synthesis of theories of dependency. He has classified dependency into four different categories.

Agustin Cueva, Jose Villamil and Carlos Fortin (1976), Harriet Friedman and Jack Wayne (1977), Tony Smith (1981) and Thomas Angotti (1981) has worked on the review of dependency theories. Cueva, Fortin, and Villamil have focused on different perspectives of "dependency theory" and the problems faced by "dependency theory". Friedman and Wayne have criticized the dependency theorists by adding that the "dependency theory" has confronted difficulties to analyze the social relationships based on geographical observations. Tony Smith has pointed out major shortcomings of "dependency theory" by reviewing the works of James Caporaso. Thomas Angotti has focused on the political implications of "dependency theory" by pointing out the Marxist critique of the "dependency theory".

David Blaney (1996), Paul James (1997), and Joseph Love (1990) have highlighted the applicability and importance of the theory in the context of "post-cold war" era. David Blaney has emphasized on the legacy of "dependency theory" comparing it to the post-development theory. He also explores the "centrality of the logic of sovereignty to dependency thinking". Paul James has highlighted the order of the post-dependency "Third World" in the era of globalization. He clearly states that the "dependency theory" is dead and "it is now commonly reduced to a theoretical - political memory". Joseph Love has tried to trace the origins of dependency analysis by looking at two different traditions of economic thought, Marxism and Latin American Structuralism. He has identified the key elements of "dependency theory" and has attributed its origin categorically into Marxist and Structuralist theories. Mark Berger (1994) looked at the post-cold war condition of the market economy and the relevance of the term "third world". He attempts to identify the meaning and understanding of the term and the contribution of "dependency theory" to it.

The studies on “dependency theory” that are published after the 1st decade of the new millennium try to figure out the contemporary understanding of the theory. Nkemjika Kalu (2012) has conducted a research to test the “dependency theory” by analysing China's Africa policy and economic relationship between China and African states. Using Nigeria as a case study, he came to the conclusion that the relationship between both countries cannot be fully characterized through “dependency theory” and dependency does not exist within the setting. His findings tend to question the relevance of the theory. Another study focused on China's presence in Africa by Motolani Agbebi and Petri Virtanen (2017) has also taken “dependency theory” as a tool to understand the relationship. They looked into the theoretical background and schools of thought in “dependency theory” and the developments in China – Africa relations. They opined that China – Africa relationship more suggests a growing interdependence than purely seeing it on the basis of a dependent – exploitative relationship. These two studies are prone to suggest that the “dependency theory” as a whole does not fit into the contemporary scenario of development issues and the economic relationships of states.

Jaime Osorio (2015) attempts to figure out the dialectics of dependency by reviewing Marini (1973). They have also tried to critically evaluate the policies of the Economic Commission for Latin America.

The above-mentioned researches on “dependency theory” from time to time keep the theory alive and a matter of discussion in the field of development studies. The “dependency theory” was followed by World-Systems Approach propounded by Emmanuel Wallerstein.

Criticisms of “Dependency Theory”

The “dependency theory” has received a number of criticisms for various reasons over the years. The theory has been criticized by modernization theorists, classical Marxist theorists and even the dependency theorists have criticized each other's. This section includes some general criticisms of “dependency theory”, the Marxist criticism of “dependency theory” and the lack of a unified “dependency theory”.

the major critiques of “dependency theory” includes Ernesto Laclau (1971), Ray (1973), Gilbert (1974), Lall (1975), Bath and James (1976), Horowitz and Trimberger (1976), Foster – Carter (1976), Leaver (1977), Leys (1977), Chilcote (1981) and Smith (1996). The general criticisms of “dependency theory” are, 1) Frank’s perspectives on “dependency theory” were subject to the most criticism. His concept of development of underdevelopment was criticised because of its argument that dependent status only leads a country into extreme underdevelopment. This was proven wrong when many countries with the dependent status achieved economic growth; for example, Greece, Portugal, Spain and East Asian countries like Singapore, Malaysia and Taiwan. 2) Frank’s proposal of adopting socialistic pattern of society and economy for overcoming dependency and eradicating underdevelopment was again invited criticisms as socialist countries like Russia and China moved towards capitalism.

Another important criticism of “dependency theory” was that 3) the “dependency theory” cannot be considered as a universally applicable theory as the underdeveloped countries are not a monolithic unity and the case of each country is different. Therefore, the “dependency theory” cannot be applied generally. 4) Another criticism of the theory is that the theory completely criticized the acts of the developed countries. In the article, “*Domestic Political Explanation in the Analysis of Foreign Policy*”, JD Hagan (1989) has discussed how the leaders of the “third world” countries try to criticize the foreign countries for justifying the failure of their own economic policies and activities. 5) The dependentistas completely separated the “periphery” from the “core” and focused only on the “periphery”. Critiques focused and criticised the argument that the “core” countries only exploit the dependent countries. In the words of B.J Cohen (1973) “economic relations with the metropolitan centre may act as an enormously powerful engine of growth in the periphery”, this is opposite to the arguments of the dependency theorists. 6) Also, the critics attacked the “dependency theory” for ignoring all the internal forces for perpetuating dependency and exaggerated the role of the external forces. As Trimberger (1979) points out, “such a model sees the dynamic of the system as flowing completely from the centre. The periphery, whether originally in Europe or today in the third world countries, becomes a passive victim of capitalism from without”.

Modernization theorists categorized “dependency theory” as a “propaganda fragment of Marxist revolutionary ideology”. But the dependency theorists received criticism

from Marxist scholars as well. They criticised dependentistas for overly emphasis on the factor of external conditions that caused underdevelopment and excluded the internal forces like class struggle and the state and government. Petras (1982) stated that “to conceptualize the issues of the third world in terms of dependency... is to lose sight of the most decisive process of class formation and social relations which beget change”. Because of the negligence of internal factors by the dependency theorists, the school is accused of ‘presenting inaccurate picture of passive “periphery” with a very small degree of freedom’. Trimberger (1979) again points out that “such a model sees the dynamics of the system as flowing completely from the centre. The periphery, whether originally in Europe or today in the third world countries, becomes a passive victim of capitalism from without”. Edelstein (1981) has given reply to the Marxist critiques of dependency that “it is not an alternative to Marxist analysis. It can be a perspective which makes a Marxist analysis of these social formations possible by exploring the totality of Latin American dependent capitalist development”.

Chilcote (1981) has criticised the “dependency theory” for the lack of uniformity among the dependency theorists. The dependency school itself is divided into different internal divisions; into Marxists and Non – Marxists. Inside these classifications also there are differences. The classifications of the dependency school are already discussed in one of the above sections. The Marxist writers like Gunder Frank and Marini criticises the perspectives of the structuralist, non – Marxist group. While, Cardoso, who cannot be classified under Marxist or Non – Marxists group as his ideas are a mixture of both perspective, has criticised Marxist writer Gunder Frank for his ideologies. Due to the differences in perspectives by different dependency theorists the theory is considered inaccurate and vague.

Despite the above – discussed criticisms, the “dependency theory” in many ways remain useful for understanding the economic and political conditions of the “Global South” countries. Unlike some scholars argues the “dependency theory” has not completely lost its relevance. In the next section the relevance of the “dependency theory” is explained in detail.

Relevance of “Dependency Theory”

Though the “dependency theory” has received plenty of criticisms from various scholars till time, it has managed to survive and it is still considered as one of the very important theories on development studies. Students and scholars of development studies across the world still conducts studies and researches on the dependent nature of the underdeveloped and developing countries and use the “dependency theory” as a framework to understand the issues of those countries.

Some of the recent research works on “dependency theory” are, 1) a study on China’s presence in Africa by Motolani Agbebi & Petri Virtanen (2017). They used “dependency theory” to analyse the relationship between China and Africa. Their study is titled ‘*“dependency theory – A Conceptual Lens to Understand China’s Presence in Africa”*. 2) Another study on the relationship between China and Africa was conducted by Nkemlika Kalu (2012) on China’s Africa policy. The writer took Nigeria as a case and studied Nigeria’s relations with China so far. The “dependency theory” was the framework of the writer’s analysis and Nkemlika concluded that Nigeria is not completely dependent to China and their relationship is interdependent in nature. 3) Arjan Vilegenthart’s (2010) study focused on the economic crisis in the post – socialist Eastern European countries and the relevance of their dependent development. He tried to study the economic nature of Eastern European countries through the lens of the “dependency theory”.

The contemporary applicability of the “dependency theory” has various aspects. There are irrelevant (in contemporary economic system) opinions as well as relevant opinions given by the dependency theorists. The principal argument by the dependentistas, the existence of two types of countries, the “core” and the “periphery” still exists. The continuing issues of North – South divide is as example of it. The globalization critiques also accept the fact that increased international interconnected trade and economy is unequal in nature and it more benefits one section of the world, that is the developed North. The underdeveloped or developing South is less benefited from globalization and world trade as compared to the other section of the world. Cardoso’s concept of ‘associated – dependent development’ and Dos Santo’s ‘new dependency’ by the multinational corporations are appropriate for applying in the contemporary globalized world. Still, the Global South remains as major source of

raw materials and wide markets, while the Global North remains as producers of finished goods and commodities.

One of the important economic problem the Global South faces is the debt crisis. In order to integrate themselves into the world economic system, the Global South countries comes in a need for receiving aid from foreign countries or international financial institutions like IMF and World Bank. More often in such cases the aid comes with strings attached. Then the underdeveloped countries struggle to pay back their debt, which permanently make them dependent on the foreign force that aided them. Sofiane Sekri (2009) explains that “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. Some indebted Third World “countries spend more than 20% of their export earning in debt service payment and many sub- Saharan African countries pay four times as much on debt servicing than they do on health care”. Other than the debt issues the world economic crises also affects the underdeveloped Global South, though they have no hand in it. These facts demonstrate that the economy of the underdeveloped countries is conditioned by the economic activities of the developed “core” countries to which the underdeveloped countries are subjected.

The above mentioned factors indicates that the “dependency theory” has not lost its relevance in the contemporary world and certain ideas and principles of the dependency school can still be used for studying and understanding the economic condition of the less developed countries of the “Global South”.

Other than the major dependency theorists there are scholars who contributed to development of the dependency school who applied the theory in their studies. Some of them include, Chilcote and Edelstein (1974) and Norman and Girvan (1970): they studied dependent underdevelopment of the Caribbean countries by focusing on the mineral export industries. Norman Long (1975) studied the dependency and inequalities in the case of Peru. Tyler and Wogart (1973) tried to apply Sunkel’s assumptions. Kaufman, Chernotsky and Geller (1975) compared seventeen Latin American countries and tested the “dependency theory”.

This chapter has discussed all the important aspects of the dependency school. Starting from the classifications of “dependency theory”, the chapter highlighted the important

arguments and ideas of all the major dependency theorists. This chapter has included important criticism and relevance of the “dependency theory” as well. The next chapter will in detail discuss the “world systems analysis”, which is considered as a successor of the dependency school and formed out of the major arguments of the dependency school.

CHAPTER THREE

THE “WORLD - SYSTEMS ANALYSIS”

The “world systems analysis” was emerged during 1970s in the United States followed by the “dependency theory”. The “dependency theory” was emerged as a critique to the modernization theory of development which dominated the field in the 1950s. however, the dependency theorists could not completely disprove the modernization school and their arguments. In such a context “a group of radical researchers led by Emmanuel Wallerstein found that there were many new activities in the capitalist world economy that could not be explained within the confines of the dependency perspective” (Y.So, 1990). This led to the emergence of a new perspective within development studies, the “world systems analysis”.

The emergence of the world systems perspective was influenced by a number of developments of that time. Mainly because of the criticisms faced by the dependency school and the drawbacks of their arguments. The economic development in many less developed nations such as Japan, Taiwan, South Korea and Hong Kong etc. questioned the relevance of dependency perspectives, as these developments were not compatible with the arguments of the dependency school. The emergence of the perspective was also influenced by the economic and political crises of that time. The school had its birth at the “Fernand Braudel Centre for the Study of Economics, Historical Systems, and Civilizations” at the State University of New York at Binghamton. According to Chirot and Hall (1982), this newly born world system perspective has “seized the imagination of a new generation of sociologists and it had a profound impact on the discipline of sociology” and specifically on development studies. Though the theory was originated in sociology, it gradually extended its impacts to other disciplines including history, anthropology and political science.

According to Wallerstein (1987) the “world systems perspective” was not a theory, but a protest, “a protest against the ways in which social scientific inquiry was

structured for all of us at its inception in the middle of the nineteenth century”. He described the “world systems analysis” as “a set of perspectives on the social realities produced by the modern world system, defined largely in terms of the capitalist world market. This is set in historical context and is underpinned by a critique of the structure of knowledge that have developed as part of that system, including the social sciences themselves” (Wallerstein, 2004). He has also defined the world system “as a social system, one that has boundaries, structures, member groups, rules of legitimation and coherence. Its life is made up of the conflicting forces which hold it together by tension and tear it apart as each group seeks eternally to remould it to its advantage. It has the characteristics of an organism, life within it is largely contained and the dynamics of its development are largely internal” (Wallerstien, 1993). Giovanni Arrighi (2005) observed the “world systems analysis” as “a distinctive sociological paradigm emerged at least fifteen years before the use of globalization as a signifier that blazed across the headlines and exploded as a subject of academic research and publication”.

Wallerstein’s “world system perspective” was mainly drawn on two theoretical sources; the “neo – Marxist literature of development” and the “French Annales school”. As he was strongly influenced by the neo – Marxist dependency school of development, he adopted and incorporated many ideas from the “dependency perspective”, such as the “core” – “periphery” structure of exploitation, unequal exchange and the concept of world market (Y.So, 1990) into his analysis of world system. He was also strongly influenced by the ideas of Fernand Braudel and the French Annales school. The French Annales school and the leader of the school, Braudel believed in developing a “total” history or “global” history. He called for the “synthesis of history and social sciences” by signifying the concept of “longue duree” (the long term). The long term is a historical process in which the changes are slow where the history is in constant repetition.

Followed by Wallerstein, students of development studies across the world started studying and researching the new theory. “The central theme of the world system approach is the proposition that core regions exploit peripheral regions through various mechanisms of unequal exchange” (Petras, 1981). Unlike the dependency theorists Wallerstein considered ‘the world system’ as the unit of analysis and to him the nation states are variables or elements within the system. He also “rejects the notion of a third world, claiming there is only one world connected by a complex

network of economic exchange relationship” (Robinson, 2011). Wallerstein coined the term “semi – “periphery”” to address those countries which act as a buffer zone between the “core” and the “periphery”. The concepts and arguments put forward by Wallerstein will be explained in detail in coming sections.

Apart from Wallerstein, the important world systems theorists are Giovanni Arrighi (1994,199), Samir Amin (1971, 9173) and Andre Gunder (1993). Other theorists who have contributed to world systems approach are; Christopher Chase – Dunn (1997), Beverly Silver, Janet Abu Lughod (1989), Thomas D.Hall (1997) , Kuibert Raffer(1987) , Theotonio Dos Santos (2000), Dale Tomich (1990), and Jason W. Moore etc. In the coming sections, the ideas and arguments of each important theorist will be discussed in detail.

The “World - Systems Analysis” by Wallerstein

Wallerstein’s works were initially focused on African studies. His first major work was, “*Africa: The Politics of Independence*” which was published in his early years of research and studies. Later in 1974, he published the first volume of his works on the “world systems analysis”, titled as “*The Modern World System*”. The first volume was subtitled as “*Capitalist Agriculture and the Origins of the European World Economy in the Sixteenth Century*”. The second volume of *Modern World System* was published in 1980 and it was subtitled as “*Mercantilism and the Consolidation of the European World Economy, 1600 – 1750*”. Then the third volume of the work was published in 1988, subtitled as “*The Second Era of Great Expansion of the Capitalist World Economy, 1730 – 1840s*”. Wallerstein’s works were strongly inspired from the neo – Marxist literature, dependency perspective and the French annales school. In the following sections, we will see how these perspectives influenced Wallerstein and his formulation of the “world systems analysis”.

The Methodology of the World – Systems Perspective

Alvin Y.So (1990) points out five methodological characteristics of Wallerstein’s systems analysis. He looked at Wallerstein on social science disciplines, on history and social science, on the unit of analysis, on the definition of capitalism and on

progress. On social science disciplines, Wallerstein argues that the social science disciplines (anthropology, economics, political science, sociology, geography, psychology and philosophy) cannot separate from one another and the interdisciplinary approach benefits many areas of study. He believed the distinction among the disciplines were artificial and rejected the artificial disciplinary boundary. In his words, “the three presumed arenas of collective human action – the economic, the political and the social or sociocultural – are not autonomous arenas of social action. They do not have separate logics. More importantly, the intermeshing of constraints, options, decisions, norms and rationalities is such that no useful research model can isolate factors according to the categories of economic, political and social, and treat only one kind of variable, implicitly holding the others constant. We are arguing that there is a single set of rules or a single set of constraints within which these various structures operate” (Wallerstein, 1987).

On history and social science, Wallerstein questions the “neat division” of history and social science. According to Wallerstein (1987) in traditional understanding “history is the study of, the explanation of, the particular as it really happened in the past. Social science is the statement of the universal set of rules by which human/social behaviour is explained”. The famous analysis on history and social science is that the historians provide the social scientists with deeper set of data and the social scientists provide the historians with generalizations from the data. Wallerstein questioned this analysis and concluded that there cannot be differentiations between history and social science. He further says “there is neither historian nor social scientist, but only a historical social scientist who analyses the general laws of particular systems and the particular sequences through which these systems have gone” (Wallerstein, 1987).

On the unit of analysis, Wallerstein questioned the treatment of society or state as the unit of analysis in social science studies. Rather than the state or society, Wallerstein argued that the unit of analysis should be the historical system. To him, “the historical system as a term underlies the unity of historical social science”. The defining boundaries of a historical system are “those within which the system and the people within it are regularly reproduced by means of some kind of ongoing division of labour” (Wallerstein, 1987). He then classifies the historical systems into three: the “mini – systems”, the “world – empires”, and the “world – economies”. The “mini – systems” existed during the pre – agricultural era, the “world – empires” existed

during the period between 8000 B.C and 1500 A.D and the “world – economies” began around 1500 A.D and it still goes on.

On the definition of capitalism, Wallerstein (1987) points out that in the tradition understanding “capitalism is a system based on competition between free producers using free labour with free commodities, ‘free’ meaning its availability for sale and purchase on a market”. He further adds that this definition was adopted because most thinkers have taken the post – industrial revolution England as an accurate description of capitalist model. He continues to argue that “if we find...that the system seems to contain wide areas of wage and non – wage labour, wide areas of commodified and non – commodified goods and wide areas of alienable and non – alienable forms of property and capital, then we should at the very least wonder whether this combination or mixture of the so – called free and the non – free is not itself the defining feature of capitalism as a historical system” (Wallerstein, 1987). On progress, he argues that the “world systems analysis” “wants to remove the idea of progress from the status of a trajectory and open it up as an analytical variable”. He says, there are different historical systems which can be better or worse and the trend upward, downward or straightforward. He continues arguing that “if the world has had multiple instances of, and types of, historical systems, and if all historical systems have beginnings and ends, then we will want to know something about the process by which there occurs a succession of historical system” (Wallerstein, 1987). With these new methodology, Wallerstein developed his world systems perspective in order to examine the issues in the field of development.

History of the Capitalist World System

Wallerstein has discussed about the history of the capitalist system in several of his works. He has classified history of the world economy into two periods; from the sixteenth century to 1945 and from 1945 to the present. He has again made division in the first period into three; the era between 8000 B.C and 1500 A.D, period between 1600 – 1750 and from 1730 to 1840. He has also mentioned three different “forms of historical systems”: “mini-systems”, “world-empires” and “world-economies”. “Mini-systems” existed during the pre-agricultural era where there were multiple “mini-systems” “small in space and brief in time”. These systems were highly homogeneous in terms of culture and structures. The “world-empires” were dominant

during the period from 8000 B.C and 1500 A.D. They had large political structures with a wide range of cultural patterns. The “capitalist world-economies” were born around 1500 A.D. “These world-economies were vast, uneven chains of integrated production structures dissected by multiple political structures. The basic logic was that the accumulated surplus was distributed unequally in favour of those able to achieve monopolies in the market networks” (Y.So, 1990). Wallerstein then argues that the “capitalist world-economies” absorbed all the “mini-systems” and “world-empires” and by the end of the nineteenth century, only one historical system came to exist.

Wallerstein points out that the “capitalist world-economy” was formed in the European continent during the sixteenth century from 1450 to 1640. He calls it the “long sixteenth century”. “The world economy in this long sixteenth century encompassed north-west Europe, the Christian Mediterranean, Central Europe, the Baltic regions, certain regions of the America and some enclaves of Africa” (Wallerstein, 1974). Wallerstein went on to explain the role of hegemons in each era and the importance of their hegemony. In his words, “the hegemonic state is able to establish the rules of the game in the interstate system, to dominate the world economy (in production, commerce, and finance), to get their way politically with a minimal use of military force (which, however, they had in goodly strength), and to formulate the cultural language in one discussed the world” (Wallerstein, 2005). He also argues that though this hegemony is necessary, it is temporary in nature. Hegemons changed from time to time and he has identified three major hegemons in the history of world system: 1) The United Province, raised during the sixteenth century and were dominant between 1625 to 75, 2) after a struggle for power between Britain and France, Britain from 1815, 3) and then after a conflict between America and Germany, America from 1945.

The capitalist world-economy of this era was also characterized by a set of integrated production processes which Wallerstein calls the “commodity chains”. The surplus extracted from these “commodity chains” were concentrated only to some zones and he calls it (the countries comes under this zone) the “core” (the “core” and “periphery” concept, which he adopted from dependistas). He explains the differentiation of capitalist world-economy into various zones as “at the beginning of the historical process, there seemed little difference in the economic wealth of the different

geographical areas, a mere one country's flow of surplus was enough to create a visible distinction between core and periphery" (Wallerstein, 1988). Because of the monopolization of some sections of the commodity chains by the "core", they were able to extract surplus from the peripheral zones. "the monopolization could occur because of some technological or organizational advantage which some segment of the producers had or because of some politically enforced restriction of the market".

Other than the polarization of zones, another important feature of the capitalist world-economy before 1945 was 'incorporation', which meant the continues expansion of the capitalist world-economy from European continent to the other parts of the world. Alvin Y. So explains it as "according to Wallerstein, incorporation was a result of the exhaustion of leading monopolies, which led to periodic stagnations in the world economy. In order to restore the overall rate of profit in the world-economy and to ensure its continual uneven distribution, it is necessary to reduce the cost of production by reduction of wage cost, create new monopolized leading products via innovation, and expand effective demand through further proletarianization of segments of the work force" (Y. So, 1990). The process of incorporation was problematic and the people everywhere tried to resist the process. Also, the process of incorporation involved major transformations in the countries outside the system. In the words of Wallerstein (1988) "this process involved sometimes the remoulding of existing political structures, sometimes their dismemberment, sometimes the fusion of several, and sometimes the creation of entirely new and quite arbitrarily delimited structure".

The second period of the world-economy starts from 1945. Wallerstein explains that the world-economy since 1945 has been notable mainly in two ways. In the words of Y. So (1990), " first, the absolute expansion of the world-economy since 1945 – in terms of population, value produced, forces of production, and accumulated wealth – has probably been as great as for the entire period of 1500 – 1945. This remarkable development of the forces of production has meant a massive reduction of the percentage of the world population engaged in producing primary goods, including food products. In the process, nations have come close to exhausting the pool of low-cost labour that has hitherto existed. Second, the political strength of the anti-systemic forces has increased by an incredible amount. Since 1945 there have been triumphs from all branches of the anti-systemic movements, including the creation of socialist countries, the triumph of national liberation movements, and the coming to power of

social-democratic/labour parties in the Western world. Despite, their differences these anti-systemic forces all share three elements: each was the result of the upsurge of popular forces in its own country, each involved parties or movements that aimed at assuming government of office, and each set for itself the double policy objective of economic growth and greater internal equality”.

The “Core”, “Periphery” and “Semi-Periphery”

One of the important concepts Wallerstein adopted from the dependistas was the “core” – “periphery” structure of division of labour in the world. Wallerstein criticized this bimodal system of countries and modified it with addition of one more category “the semi-periphery”, thus making it into a tri-model structure of world system. The “core” countries stand above in the hierarchy of nations in terms of power, wealth and strong political system. This set of countries were originally comprised of Western Europe and later incorporated the United States and Japan. The second category is the “periphery”, the regions that stand below in the hierarchy of nations. They are weak in terms of power and economy and this category is comprised of countries from Africa, Asia, and Latin America. The third category of nations, which comes in the middle of the hierarchy is the “semi-periphery”. Such countries include countries that once were “core” and moved down in the hierarchy, for example the Iberian countries in the 16th century or the countries once were “periphery” and moved upward in the hierarchy, for example India, China, Brazil, South Africa etc.

Wallerstein (1974) argue that “the ability of a particular state to remain in the core sector is not beyond challenge, it may well be that in this kind of system it is not structurally possible to avoid, over a long period of historical time, a circulation of the elites in the sense that the particular country that is dominant at a given time tends to be replaced in this role sooner or later by another country”. The concept of “semi-periphery” which was added to the bi-modal structure of “core” and “periphery” was the most important expansion of the dependency perspective by Wallerstein. In the words of Robinson (2011) “the concept of the semi-periphery is seen as occupying an intermediate place between the core and the periphery. Within the division of labour, the core and the periphery are involved in an unequal exchange of high wage products and low wage products. For its part, the semi-periphery stands in between in terms of its wage levels and the products it sales, and seeks to trade in both directions. But for

Wallerstein the semi-peripheral countries' role goes beyond a distinct middle position in the international division of labour".

Alvin Y. So (1990) explains the reasons for Wallerstein to argue for the need of a semi-peripheral sector is that "first, a polarized world system with a small, distinct, high status sector facing a large low status sector can lead rapidly to acute disintegration. The major political means by which such crises are averted is the creation of middle sectors, which tend to think of themselves primarily as better off than the lower sector rather than as worse off than the upper sector. Second, in response to the decline in comparative costs of production in the core countries, individual capitalists must be able to transfer capital from a declining leading sector to a rising sector in order to survive the effects of cyclical shifts in the loci of the leading sectors".

Wallerstein points out two distinctive features of the semi-peripheral sector. First, the trade relation between the "core" and the "periphery" is unequal in nature. But in case of semi peripheral countries, they try to trade in both directions, with the "core" as well as with the "periphery". They also try to reduce external trade since it is in their interest to capture their home market for their home products. The second feature of a semi-peripheral country is that the state government try to control the domestic market. Wallerstein's addition of the concept "semi - periphery" into the bimodal structure of international division of labour has become one of the most important contributions by him to the theory of world systems.

Then he elaborates the process of moving from "periphery" to "semi - periphery" and "semi - periphery" to "core". Wallerstein points out three strategies through which a peripheral country can move up in the hierarchy to "semi - periphery". These are "seizing the chance", "promotion by invitation" or "self-reliance". He explains seizing the chance as "at moments of world market contraction, where typically the price level of primary export from peripheral countries goes down more rapidly than the price level of technologically advanced industrial exports from core countries, the government of peripheral countries are faced with balance of payment problems. One solution is import substitution, which tends to palliate these difficulties. It is a matter of seizing the chance" (Wallerstein, 1979). The second strategy, development by invitation is explained by Wallerstein as the inevitable role of multi-national corporations in the development of a country. The investments by the multinationals

is advantageous to the prospective semi-peripheral countries. The strategy of promotion by invitation is more of expansion than of contradictions in the case of the strategy of seizing the chance. The third and final strategy emphasized by Wallerstein is semi-peripheral development through self-reliance. He shows the case of Tanzania as an example and states that “a clearly enunciated and carefully pursued strategy of development including economic independence as a goal can be consistent with an accelerating rate of economic as well as social and political development” (Wallerstein, 1979).

Wallerstein points out few ways through which a “semi-peripheral” country can achieve the “core” status. The most important way is to have a market which is big enough to adopt modern technologies and the cost should be lower compared to the existing producers. The countries such as England, the United States and Germany have achieved the “core” status through adopting these strategies. He has also given the example of Canada, Australia and New Zealand as they have undertaken the high-wage route which increased industrialization in these countries. By adopting these strategies, a peripheral country can be moved upward in the hierarchy of nations and achieve the “semi - periphery” status and then from “semi - periphery” to the “core” status.

Wallerstein through his theory of world systems, tries to assert the objective of achieving a “truly egalitarian democratic world”. He was followed by a number of scholars who later on continued to study the “world systems analysis” and thus made it into a mainstream theory in the field of development and underdevelopment studies. The following sections will look into other important theorists on “world systems analysis” such as Amin, Arrighi and Frank and their major contributions into the field.

Contributions of Samir Amin

Samir Amin is one of the major theorists in Marxism and well known for his contributions to “dependency theory” and “world systems analysis”. He was also one of the first African to talk about unequal international economic system. His most important works are “*Accumulation on a World Scale*” (1974), “*Unequal Development*” (1976) and “*Imperialism and Unequal Development*” (1977). Initially,

like Gunder Frank, Amin worked within the parameters of “dependency theory” and later moved to world systems approach and analysed capitalism under the framework of “world systems analysis”. Working within world systems approach “permitted him to capture a long term overview of capitalism as a world system in its Braudelian sense” (Harshe, 2002).

Amin has analysed world capitalism, like other dependency theorists in terms of two categories, the “centre” and “periphery”. He identifies and asserts that the relationship between the centre and the “periphery” is unequal in nature. He further explains that “in an auto-centric economy, there is an organic relation between the two terms of the social contradiction – bourgeoisie and proletariat – that they are both integrated into a single reality, the nation. In an extraverted economy, this unity of opposites is not to be grasped within the national context – this unity is broken and can only be rediscovered on the world scale. Unequal exchange means that the problem of the class struggle must necessarily be considered on the world scale” (Amin, 1974). Unlike the dependency theorists, he takes the world system as the unit of analysis for his study and he calls for the study of the class struggle between the bourgeoisie and the proletariat on a world scale. His views on the peripheral countries (South Korea, Taiwan, Hong Kong, Singapore etc.) that has achieved development through the integration with capitalism is that, they are “manifestations of a new form of inequality” and there the important economic actions are done by the centre and only certain economic actions are transferred to the peripheral nations. He also argues that though these countries have economically improved they still suffer from balance of payments issues.

Amin has also criticised Emmanuel’s theory of unequal exchange. To Amin, the real case of unequal exchange occurs when “the rates of surplus value are different and the transfer of value takes place not as a result of different organic compositions but because of the immobility of labour, which enables real wages to vary” (Amin, 1977). He believes that in a peripheral country the “unequal external exchange” is accompanied by the “unequal internal exchange” as well. And in case of the underdeveloped country he argues that as long as the country remains integrated to the world capitalist system, it continues to remain helpless. He also puts forward a radical thinking that the underdeveloped countries can never achieve development and

there for the whole capitalist world system must be destroyed in order achieve genuine economic development in the underdeveloped countries.

Emphasising on his inclination to the “world systems theory”, he asserts that underdevelopment can only be understood at a world level and he also argues that “the theory of underdevelopment and development is a theory of the accumulation of capital on a world scale, i.e., between the world bourgeoisie and the world proletariat” (Amin, 1974). He then differentiates “transition to peripheral capitalism” from “transition to central capitalism”. Though Amin’s arguments got general acceptance, there are a number of criticisms his arguments had to face. For example, Charles A. Barone criticises Amin: “although Amin’s work must be seen as a significant advance, his analysis fails to take into account the nature of exploitation and class forces” (Barone, 1982). Despite of these criticisms, Amin remains to be one of the greatest Marxist theorists of the century.

Ideas of Giovanni Arrighi

Arrighi’s contributions to the “world systems analysis” is as important as Amin’s or Frank’s contributions as they have been important to the development of the theory. The important works of Arrighi are; “*The Long Twentieth Century; Money, Power and the Origins of Our Times*” (1994), “*Chaos and Governance in the Modern World System*” (1999, co-authored with Beverly Silver) and “*Adam Smith in Beijing: Lineages of the Twenty First Century*” (2007). He developed his arguments, which mainly includes the concepts of ‘systemic cycles of accumulation’ and ‘hegemonic transitions’ in the first two works. In the third work regarding China, he focused on the rise of China, the role and influence of Chinese power in the East – Asian region and the emergence of China as a centre of world economy and society.

Arrighi criticized the concept of a single world - systems theory and argued that world capitalism should be considered more loosely as “world-systems perspective or analysis”. Then he in his work, ‘Long Twentieth Century’ argues that over the last 600 years there has been four long centuries, in which each century was associated with hegemonic centres. His concept of systemic cycles of accumulation was celebrated by many scholars of that time and in the words of Robinson (2010) “Arrighi

draws on Braudel's conceptualization of the capitalist world economy as a layered system, with three tiers. The bottom layer is comprised of subsistence production. Small community producers and firms structured by the markets are in the middle. The top layer of the world economic hierarchy is comprised of finance capitalists who control the means of payments and extract huge profit by combining their own organizational forms with the political – military power of particular states. For Braudel, as for Arrighi only this top layer is termed capitalist”.

Arrighi's identification of cycles of accumulation includes four centuries long period of hegemony. The first one was in the sixteenth century when the Italian city states were in the hegemonic position. The first cycle was followed by the hegemony of the Netherlands in the seventeenth century and then followed by Great Britain to the nineteenth century and the fourth and the final stage of hegemony by United States after 1945. Each systemic cycles of accumulation have two phases according to Arrighi. The first phase is a period of expansion and the second one is a condition where the market produces more than that of demand and the capitalist competitions negatively affects the profit. For each hegemon, the first stage would be of prosperity, which is followed by a diminishing condition. Braudel has coined a term and calls this condition ‘a sign of autumn’. In such a condition, “money lending, deficit spending and war profiteering conceal crises of over accumulation and foreshadow the decline of the hegemonic power. In the *long duree*, the declining hegemon's autumn is another rising hegemon's spring” (Robinson, 2010).

A structural change is brought to the world system when chaos and organizational revolutions takes place during the period of hegemonic transition. he explains “core” changes that took place during each hegemonic period. During the first period of Italian city states, the external financial influence over the states were prominent. In the second period of Dutch, they ‘internalised protection costs’ to control the economic affairs of the state. During the third hegemonic period of Great Britain, they tried to keep the raw material production within the empire and tried to enclose the industrial revolution. And finally during the United States' hegemonic period, they expanded multinational corporations and there by ‘internalised transaction costs’. Then Arrighi went on to state that the United States' hegemony in the world is fading gradually after the crisis of 1970s and he also suggested that a new hegemon is in the rise and it is possibly from Asia. Arrighi's theories of “systemic cycles of

accumulation” and “hegemonic transitions” were appreciated and followed by many scholars and these concepts helped the “world systems analysis” to develop and improve its influence over the field of development studies. Therefore, Arrighi along with Wallerstein and others considered as one of the prominent theorists in the “world systems analysis”.

Gunder Frank on World - Systems Approach

Gunder Frank is most well-known for his contributions to the dependency school and his concept of ‘development of underdevelopment’. Though he was initially associated with the dependency school, later in his life he started focusing on the “world systems analysis”. He contradicted with some of the arguments of Wallerstein on world system and came up with his own understanding and concept of the world system. He published his book “*The World System: Five Hundred Years or Five Thousand?*” with Barry Hills in 1993. According to Frank, the main theoretical premises of this work are: “1) the existence and development of the world system that stretches back not just for 500 years but for 5000 years, 2) the (political) world economy is a world system, 3) the process of capital accumulation is the motor force of (world-system) history, 4) the centre-periphery structure is one of the characteristics of the world system, 5) the world system is depicted by hegemony and rivalry of political power although system-wide hegemony has been rare or non-existent, 6) long economic cycles of alternating, ascending phases and descending phases underlie economic growth of the world system” (Frank, 2002).

Frank, unlike Wallerstein dated back the origin of world system since at least 3000 B.C, which Wallerstein believes to be around 1500 A.D. In Frank’s view, the world economic system has originated long back even before the era of European hegemony. He points out the importance of differences between “ancient world-systems” and the “central world system”. The ancient world-systems can be seen even in the bronze age and there has been a continuity since then till the contemporary modern capitalist world system. During these systems, the people from one part to another part were indirectly linked which kept them interacted. These interactions could be through economic relations, political relations or the both. And the surplus extraction and

accumulation were shared across. He also points out the criteria of participation in the world system; “extensive and persistent trade connection; persistent or recurrent political relations with particular regions or peoples, including especially centre – periphery - hinterland relations, and hegemony or rivalry relations and processes; and sharing major economic, political and perhaps also cultural cycles” (Frank and Gills, 1993).

Frank proposes that the world economy was in existence since a long period of time. He also argues there are also certain historical evidences to support his claims. The evidences of his argument can be found in Morgan-Trolle Larsen (1967,1976), Adams (1974), Silver (1985) and Rowlands, Larsen, and Kristiansen (1987). To Frank even the normal exchange of surplus affects the internal behaviour of the different parts of the world system. At the same time Wallerstein rejects this concept because to him mere ‘trade’ does not make a ‘system’. In Frank’s (Frank, 2002) words “we not only believe that regular and significant trade provides sufficient grounds for speaking of a system or of a real world economy, but also that trade integrates social formations into something that should be called the international division of labour, even in the ancient Eurasian world economy”. And the non-separation of trade and production is the reason for this.

These trade networks were as extensive as it incorporated a large areas of different countries. In the third millennium BC, it included Egypt, Mesopotamia, the Arabian Peninsula, the Levant, Anatolia, Iran, the Indus Valley, Transcaucasia, and the parts of Central Asia. This system was formed around third millennium BC and continued to have a cyclical development which included more and more territories in the world; and it still continues to take place.

Frank regards the process of “capital accumulation” as the “motor force” of the history of world system. And capital accumulation has played an important role in the development of the world system for a long time. Frank disagrees with Amin in this regard as Amin believes that politics and ideology played more important role and not the accumulation of capital. Industrialization and other certain factors played important role in enhancing the accumulation process. He uses the term “ceaseless accumulation” and by that he means “that capital is constantly reinvested into the circuits of production in order to sustain capital accumulation”. And the “ceaseless

capital accumulation” has been competitive in nature and it was in need of continuous reinvestments. The investments were mainly in the field of social and political sectors including infrastructure. Both private and public (the state) sectors carried out these investment processes. Historically, imperialism also helped the empires to accumulate profits through loot or trading of materials.

Frank then talks about “centre - periphery” structure in a world system. This structure of multi-centrality has prevailed even in the early periods of the world system where first visible in Eurasia before 1500 and after 1500, globally. This structure of world system is not only unipolar in nature, but commonly seen in multipolar “centre - periphery” relations on the world scale. Therefore, there are not always a single “core” or a single “periphery”, but rather have sets of interlinked “centre - periphery” relations. This multi-centrality of relations is unequal in nature and it is hierarchically structured as Frank argues in his theories on dependency.

Other Theorists of World - Systems Approach

Other than the above explained world systems theorists, there a number of other theorists whose contributions have helped to develop the theory into a full-fledged one. Most important among these writers are; Christopher Chase-Dunn (1997), Arghiri Emmanuel (1972), Beverly Silver, Janet Abu Lughod (1989), Thomas D. Hall (1997), Kunibert Raffer (1987), Theotonio Dos Santos (2000), Dale Tomich (1990), Jason W. Moore, Modelski (1987), Thompson (1988), and Wilkinson (1989).

Regarding the origins of world system, theorists have different concepts from each other. For Modelski (1987) there were traces of the origin of world system earlier than 1500 unlike Wallerstein and Modelski and Thompson (1988) identified eighteen “Kondratieff cycles” from 930 A.D. Christopher Chase-Dunn and Hall (1997) have identified “parallels in prior world-systems”. Wilkinson (1989) in his concept of “central civilization” has also identified some of these features identified by Chase-Dunn and Hall. He does not recognize a world system but gives emphasis on historical continuity. Abu Lughod (1989) identified that the world system has existed during thirteenth century, but sees it differently from the world system since 1500. Also, she has not compared the features or characteristics of the system. In short, each theorist

has put forward their own understanding and concept of the world system. Beverly Silver was the spouse and writing partner of Giovanni Arrighi. Both of them have together co-authored works and therefore they both shares almost similar viewpoints on world system.

In the words of Chase-Dunn and Hall (1997) all the different perspectives on world systems approach “share an emphasis on the interaction of societies as a major source of social change, within societies”. He also observed that “all world-systems pulsate in the sense that the spatial scale of integration, especially by trade, gets larger and then smaller again and that all systems experience the rise and fall of hierarchies” (Chase-Dunn and Hall, 1994). Modelski and Thompson talks about “analysis of innovation and leadership” where they focus on the leading sector which is most profitable in most of the time. And then there are most innovative sectors like a new industry where they use innovative technology. And one of the examples of leading sector is the gold industry.

The above sections in detail discussed the important theorist and their contributions to the world system analysis. The following sections will cover the important criticisms the world system theorist came across and the relevance and the importance of the theory analysed by scholars in the contemporary world.

Literature on the Review of “World - Systems Analysis”

A number of scholars have studied and reviewed the “world systems analysis”. Samuel Bowles (1988), Robert Arnove (1980), Robert DuPlessis (1988), Thomas Korllos (1991) and Peter Taylor (1992) have studied the world systems perspective in different contexts. Samuel Bowels attempts to compare class theories and the world-systems analysis. He argues that though the theory of class conflict and world systems often appeared to be in opposition and each prioritizes their chosen focus, the opposition is only apparent; both the theories cannot be completely understood without the knowledge of the other. Robert Arnove has conducted a study on the world system analysis of education. According to him, studying the international education system is as important as the international economic system. The education system in many countries is the result of past colonial penetration and the present system of

receiving external assistance and sending students abroad are manifestations of cultural dependency or neo-colonialism.

Robert Duplessis focuses on the history of the world system, especially European history described by Wallerstein. He attempts to evaluate the arguments by Wallerstein on the emergence of the world system and Wallerstein's influence on the early modern historiography. A sociological perspective of the world systems approach is conducted by Thomas Corllos. He tries to figure out the influences of the “world systems theory” on other contemporary social theories. He explains the influence of the theory on functionalism, conflict theory, exchange theory, ecological theory, and general systems theory. Peter Taylor introduces “world-systems analysis as a means for understanding the geography of global inequalities”. He focuses on the geographical perspective of world system by analysing the global inequalities that are geographically explained. He further added that there is a need to “construct a new global geography that focuses on the world map of material inequalities”.

Walter Goldfrank (1990) wrote about the current issues in “world systems theory”. He has pointed out the accomplishments gained by the “world systems theory” in the past years and the current issues the theory is facing. He also states that the theory has gained acceptance as one of the competing paradigms in social sciences. Christopher Chase-Dunn and Peter Grimes (1995) have conducted a detailed evaluation of the world systems approach. They have covered studies of the current system and the studies that compare the contemporary global system with earlier, “inter-societal systems”. They have also discussed the trends and cycles in the modern world system. Beverly J. Silver (1995) tried to relate the labour conflicts with world-systems approach. He described the concept of ‘world scale labour unrest’, which he stated as a world-historical phenomenon and studied it through the lens of the world-systems approach.

The “world systems theory” gained more popularity with years. After the beginning of the 21st century, there have been many more researches on the “world systems theory”. Carlos Martinez Vela (2001), Cosma Sorinel (2010), William Robinson (2011), Thomas Hall (2014) and Chamsy el-Ojeili (2014) have studied the “world systems theory” in the 21st-century context. William Robinson and Thomas Hall attempted to study globalization and the world systems approach. Robinson assesses

Wallerstein's theoretical arguments on the world capitalist system and his views on the concept and critique of globalization theory. Thomas Hall tries to bring out a comparative study on globalization theory and world-systems approach. He explains the background and the underlying theoretical debates about both the theories and compares the arguments put forward by both theories. Martinez Vela and Cosma Sorinel have reviewed the theory by looking at the historical background, theoretical assumptions, criticisms, and relevance of the theory. Both of them put forward the argument that “world systems approach is not a theory, but an approach to social analysis”. Chamsy Ojeili has attempted to restate the contemporary importance of Wallerstein's systems approach, as nearly four decades have passed since the first publication of Wallerstein's *Modern World System*. He examined major conceptual and historical claims of the “world systems analysis” and varieties of critiques across different disciplines.

These research works reviewed world-systems analysis and applied the approach in different issues and contexts. And these have contributed immensely to the development and acceptance of the approach.

Criticisms of “World - Systems Analysis”

“Since the mid-1970s, critics have charged the world-system perspective with presenting a reified concept of the world-system, with neglecting historically specific development at the national level, and with highlighting stratification analysis at the expense of class analysis” (Y. So, 1990). As Y. So points out there are a number of criticisms on “world systems theory” which focuses on different arguments of it. The important critics of “world systems analysis” are; Brenner (1977), Chirot (1981), Fagen (1983), Fitzgerald (1981), Gulalp (1981), Howe and Sica (1980), Kaplan (1980), Petras (1978), Skocpol (1977), Smith (1982), Trimberger (1979), Worsley (1982), and Zeitlin (1984).

Zeitlin argues that the world system is just a concept, and it is not a reality. He criticises Wallerstein for reifying the capitalist world economy and condemns him for inverting the historical process and creating specific economic zones. In his words, “what was happened here, unfortunately, is that the theory’s a temporal category has

imperceptibly been given a life of their own and have imposed on the social reality that was meant to be understood by them, so now the categories make that reality fit their own a priori selves” (Zeitlin, 1984). The “world systems analysis” was again criticised for neglecting the study of “historically specific development”. Wallerstein did not focus on the interrelationships in particular society. He was more into insisting on the concept of world system only. In that way he neglected the internal social relations which underlies the capitalist world economy. Again the “world systems analysis” was criticized for providing “stratification analysis” rather than “class analysis”. According to critics, “the world system perspective has focused on exchange relations and the distribution of rewards in the market rather than on classes and class conflict in the production sphere” (Y. So, 1990).

From a historical point of view, McCormick (1990) criticises “world systems analysis” for having weaknesses in making the analysis relevant for the historians. He also states that “the world system analysis tends to understate and diminish the capacity of classes, races, peoples, and nations to resist core dominance, and that their resistance forces significant modifications in the system”. Skocpol (1977) again criticises the “world systems analysis” for having a functionalist bias in elaborating the dynamics of the system. To her, “the dynamics of the system over the historical time where changes in parts are understood as necessary to the continual operation and reproduction of the whole system”. Robinson (2000) argues that the new changes that took place in the world capitalist system or the economic system after the later part of the twentieth century and in the twenty first century are incompatible with the “world systems theory”. As there have been changes taken place the classification of countries into “core”, “periphery” and “semi - periphery” has increasingly outdated. These are the most important criticisms faced by Wallerstein and other world system theorists. The following section will discuss about the relevance of the theory in the contemporary world.

Relevance of “World - Systems Analysis”

Unlike the “dependency theory”, the world systems approach has received lesser criticisms and it is considered to be more relevant than that of the “dependency

theory”. There are studies and researches carrying on across the world on the “world systems analysis”. Books and articles are also being published based on the arguments of the world systems approach. The ‘Fernand Braudel Centre for the Study of Economics, Historical Systems and Civilizations’ (where the “world systems theory” originated) is still serves as one of the eminent centre for the study of systemic history at the Binghamton University, State University of New York.

Wallerstein’s concept of the tri-modal structure of the world system has received general acceptance from the scholars across the world as the concept clearly explains the contemporary economic structure of the nations. His arguments on the history of the emergence of the world capitalist system has also been influential in further studies in the field. His ideas on the capitalist structure of the world and the increasing economic inequalities in the division of labour are compatible with the ideas of the globalization theorists. His study of world system as a unit of analysis is significant as the concept of a globalized world is aims to integrate the individual state markets into a single one. Robinson (2011) emphasises the importance of Wallerstein’s contributions in his words; “by drawing our attention to the historical and large scale nature of the processes identified with world capitalism, Wallerstein has made an enormous contribution to the way we think about and study the contemporary world. The long historic view, one that identifies enduring cycles, tendencies, structures and the patterns of structural change - one of the hallmarks of world-system scholarship - is essential if we are to understand the current period of globalization and global crisis”.

The “world systems analysis” is continuing to evolve. There have been conferences and programmes taken place as part of the growth of the approach. The first conference took place in 1995, where a publication was made titled ‘World System History’ by different authors working on the world systems approach. The second conference was held in 2003 where another work was published which was edited by Alf Hornborg and Carole E. Crumley. These two conferences were held in Sweden at Lund University and was attended by scholars from different disciples and areas. Followed by these conferences, another one celebrating the works of Gunder Frank was held in 2008 at the University of Pittsburgh.

Thomas D. Hall (2014) has pointed out works that are published after 2000 on “world systems analysis”; “Reversed papers were collected and edited by Patrick Manning and Barry K. Gills (2011). Also in 2011, Hall, Kardulias, and Chase – Dunn published a review of world systems literature...In 2012, Salvatore Babonse and Christopher Chase-Dunn edited ‘Handbook of world systems analysis’ ...In Douglas Nothrup’s ‘Companion to World History’ (2012), Wallerstein’s work is cited in many of the articles. Chase-Dunn and Hall (2012) also contributed a summary of how the world systems analysis may be used in global scale analyses. They also discussed the East-West contributions to world systems evolution in their contribution to the volume on Andre Gunder Frank (2011)”.

This chapter has given a detailed discussion on the “world systems analysis”. Starting from the background of the emergence of the theory, the chapter has highlighted the concepts of Wallerstein and all other important theorists of world systems approach. This chapter has also discussed the important criticisms and relevance of the approach. The next and the final chapter is the concluding part of this dissertation which will highlight the concluding remarks.

CHAPETR FOUR

CONCLUSION

The theories of underdevelopment were emerged in the second half of the twentieth century and were largely the product of “third world” emancipation. These theories mainly discussed about the causes of underdevelopment rather than the model of development. Thus, the emergence of the “dependency theory” and the “world systems analysis” brought a new paradigm in the field of development studies putting an end to the domination of the modernization theory in the field. The previous chapters of this dissertation has elaborately discussed about these two important theories of underdevelopment proving a review of these. This chapter, the concluding part of the dissertation will draw an analysis of the similarities and differences of these theories and also a comparison of the relevance of these theories. The research problems, research questions and research objectives of this work is also addressed in this chapter.

Literatures Comparing “Dependency Theory” and “World-Systems Analysis”

Alvin Y. So (1990), Christopher Chase- Dunn (2007), Giovanni Reyes (2001) and Bubaker Shareia (2015) have compared the theories of development. Alvin Y. So has in detail compared the three theories of development, the modernization theory, the “dependency theory”, and the world-systems analysis. He has done a thorough study of all three approaches, including the historical background of the approaches, theoretical arguments of it, criticisms of it and relevance and importance of all the three approaches. Chase-Dunn has compared both “dependency theory” and world-systems analysis. He has examined the emergence and background of the theories and

the importance of the theories in the contemporary condition of the world economic system.

Giovanni Reyes and Bubaker Shareia have included the globalization theory into the comparison of theories of development. They have compared all four theories. Shareia has in detail explained the Definition and background, model and focus, main direction of the theories, problem of underdevelopment identified, unit of analysis, criticisms of the theories and the relevance of the theories in the contemporary context of all the four approaches of development. These works help in understanding the agreements and disagreements in the arguments of the different theories of development.

Differences and Similarities of both Theories

There have been literatures that studied the comparison of the “dependency theory” and the “world systems analysis”. Here, I try to give my own understanding on the comparison of both the theories. When we look at the similarities of both the theories, primarily and most importantly we can see that both the theories have been influenced by the Marxist literatures. In case of “dependency theory”, there are differences in case of structuralists, where they don’t follow Marxism, but other dependency theorists like Frank, Dos Santos and Cardoso have followed the Marxist line in their theories. The same is in the case of Wallerstein, where he was influenced by both annales school and the Marxist literature. Secondly, we can see that both the theories have criticized the arguments of the modernization theorists and rejected it. The model of Western countries and the stages of growth were severely criticised by both dependency theorists and world system theorists.

Another important similarity of both the theories is that it acknowledges the development issues of the “third world” countries and accepts imperialism as a cause of the developmental issues of the “third world”. Both the theories argue that the process of imperialism (in “world systems theory”, the development of capitalism) have created an unequal division of labour among the nations which led to the economic inequalities among them and the developmental issues in a particular set of countries, which are the peripheries. Classification of countries based on division of

labour is another similarity of both the theories. Raul Prebisch coined the concepts of “core” and “periphery” which is later elaborated by Frank. Frank called “core” and “periphery” in the name of ‘metropolis’ and ‘satellites’ respectively. Wallerstein later adopted this concept of bi-modal structure of countries into his “world systems analysis”. He added one more category into it called the “semi - periphery” and made it a tri-modal structure of countries. The “semi - periphery” comes second in the hierarchy of countries; below the “core” and above the “periphery”. This is one of the most important similarity as well as difference of both the theories.

In case of dependency theorists, as they don’t belong to same school of thought, the solution they proposed for the developmental issues of the “third world” countries were different. But the dependency theorists who belong to neo-Marxist school, especially Gunder Frank believed that disintegration from capitalism and adoption of socialism can only help the underdeveloped countries to improve their condition and achieve development. This is one of the similarity of “dependency theory” and “world systems analysis” as Wallerstein has also believed that the adoption of an egalitarian socialist system can only be the solution of the current economic and developmental issues of the “third world” countries.

By looking at the differences of both the theories we can understand that there are more differences than that of similarities between both the theories. Though the world systems theorists have adopted a number of concepts from the dependency school, it stands completely independent and separate from the dependency school. The following are the major and important differences between both the theories. Firstly, we can see that the basic research focus of both the theories are different. Dependency theorists mainly focuses on the developmental issues of the underdeveloped or the peripheral countries. They emphasis the major causes of the condition of underdevelopment and the solution that can be applied for the achievement of economic development. They solely criticises the “core” or the developed countries for perpetuating the condition of underdevelopment on the peripheral countries. In short, the “dependency theory” mainly revolves around these problems and focuses only on the “third world” development.

The “world systems analysis”, on the other hand, does not confine to the boundaries of these issues and move onto focus on other aspects also. It mainly highlights the

historical dynamics of the world system, believing that there is only a single world system, which is capitalism. And this system has been evolving through the long historical periods. The approach then focuses on the origin and the journey of the development of the capitalist system. These are the major focuses of the “world systems analysis”. They also look at the developmental problems of the “third world”, but only as a part of the capitalist world system. Wallerstein has rejected the idea of a “third world” asserting that there is only a single world, that is the capitalist world system. Therefore, his focus is not only the issues of a certain set of countries, but of all countries in the capitalist world system.

The second important difference between the “dependency theory” and the “world systems analysis” is that the unit of analysis of both are different. The dependency theorists have taken the nation states as the unit of analysis, while for the world systems theorists, the whole world is the unit of analysis of their study. The dependency theorists’ focus is on the national level problems, especially the “third world”, while, world systems theorists tries to analyse things from a holistic perspective including everything in the single world system. Another difference between both the theory is that dependency theorists considers dependency as harmful and rejects the possibility of achieving development within capitalist structure for the underdeveloped countries. But in the case of world systems theorists, they believe that upward and downward mobility is possible within the capitalist system.

The fourth important difference is that the theoretical structure of both the theories are not the same. For dependency theorists, the world structure consists of two different categories of countries; the “core” and the “periphery”. The “core” countries are the rich, hierarchically superior and controls the world economy. And the peripheral countries are the poor, hierarchically inferior and they are exploited by the “core”. Wallerstein, on the other hand, came with an another category of countries, called the “semi - periphery”. These countries stand in between the “core” and the “periphery” in the hierarchy of countries and they are economically more developed than underdeveloped countries and lesser developed than the developed countries. In short, the theoretical structure of the “dependency theory” is bi-modal consisting of the “core” and the “periphery”, while the theoretical structure of the “world systems analysis” is tri-model consisting of the “core”, the “periphery” and the “semi -

periphery”. This is one of the most important differences between both the perspectives.

Finally, the “dependency theory” cannot be considered as a single theory with general arguments among the theorists. It is a set of theories. From the structuralist theorists to the neo-Marxist theorists and Cardoso, we can see that they themselves criticise and contradict each other. Though they all agree upon a common factor on acknowledging the existence of the condition of dependency, other than that their perspectives are different when it comes to the details of the concept of dependency. But in the case of the “world systems analysis”, the theorists share comparatively similar viewpoints and arguments regarding the capitalist world system.

The “dependency theory” and the “world systems analysis” are not the theories of 21st century. They originated during the second half of the 20th century and therefore faced a lot of questions on its relevance mainly due to the changed economic scenario of the new century. The new millennium is characterized by increased economic integrity among nations and the role of globalization in it. There are scholars who have questioned the relevance of the theories as well as scholars who have supported the relevance of the theories. When we compare the relevance of both “dependency theory” and “world systems analysis”, we can understand that there are more critiques to “dependency theory” than that of “world systems analysis”. There are a number of reasons for that and the following section will discuss these reasons as well as the importance of studying both the theories.

As I have already mentioned in the above section, the “dependency theory” is not a single theory, which we can criticize as a whole. It is a set theory where the theorists criticises and contradicts each other. So when we look at the relevance of the “dependency theory” also we cannot analyse it as a whole. We need to look into each theorists and their arguments separately. For example, Gunder Frank is the most celebrated and criticised theorists among the dependency theorists. His arguments were radical in nature compared to the structuralist theorists. He invited criticisms for his several arguments including the concept of the “development of underdevelopment”. He completely criticized the capitalist system and the “core” countries for the underdeveloped condition of the peripheral countries. And try to assert that staying in capitalist system will only worsen the condition and the only

solution of the development problems of the “periphery” countries is to detach themselves from capitalism and to adopt socialism.

In case of the world system theorists, they did not completely criticised the “core” countries but believed that the social changes and historical process are the main reasons of economic problems. And they believe that upward and downward mobility is possible in the system. So staying in the capitalist system does not necessarily worsen the condition always. This is one of the reason that makes “world systems theory” different from “dependency theory”. Cardoso, staying within the confines of “dependency theory” came up with a concept of “associated-dependent development”, which argues that the underdeveloped countries can achieve economic growth by being the dependent satellite of the “core” countries. Which contradicts with the arguments of Gunder Frank. And this concept of “associated-dependent development” is very relevant as many economically backward countries have economically upgraded themselves to a better position being the satellite of the “core”. For example, countries like South Korea, Taiwan, Singapore, Spain and Portugal. Then, the concept of “new dependency” by Dos Santos is equally relevant as the “new dependency” is based on the investments of the multinational corporations and in the contemporary capitalist system, the role of the multinational corporations is as important as state governments.

Therefore, we cannot completely neglect the “dependency theory” and try to assert that it is irrelevant; there are certain arguments of theorists which we can find irrelevant in terms of current economic conditions and certain arguments very relevant in the contemporary system. In case of the “world systems analysis”, the theorists themselves does not contradict each other as much as the dependency theorists do. Both the theories highlight the unequal division of labour and the economic consequences of that. Therefore, though there are criticisms against their arguments, they stand valid until their arguments becomes completely irrelevant. There are certain points through which we can understand that their arguments are still relevant.

As the “world systems theorists” points out, the mobility is possible among the countries in the world. There are a number of examples for that. If we take the case of China as an example, we can understand that once they were an economically poor country which came under the category “periphery”; now they have upgraded to the

category of “semi-periphery” and moving upward to achieve the “core” status. It is one of the rapidly growing economies in the world. The increased role of China in international affairs also shows its potentials to rise as a future hegemon.

The globalization theorists (Herath, 2008) shares similar viewpoints with the dependency theorists regarding the capitalist economic system. The concept of “Third World” by the dependency theorists is the same as the term “Global South” used by the globalization theorists. After the decline of the second world, the term “Third World” itself became irrelevant. The new term “Global South” adequately represents the “Third World” countries. The increased “North-South divide” also represents the problems of the capitalist system. There are more examples which we can identify to point out the relevance of the dependency and world systems theories. Along with the “North-South divide”, the role of developed countries in the international financial institutions and their demand for structural adjustment programmes also shows the domination of such countries over the international economic system which has always been beneficial to them only. Through the structural adjustment programmes and aid programmes the underdeveloped countries are becoming more dependent on the developed countries. The debt dilemma of these countries is also the evidence of that.

Other Theories on Development

The “modernization theory”, the “dependency theory”, and the “world-systems analysis” are the most prominent schools in development/underdevelopment studies. Other than these, there are a number of theories which deals with development issues. The globalization theory is gaining currency among these theories as it is very relevant in the contemporary context. The Marxist theories of development are the other important theories of development.

In the words of Giovanni Reyes (2001) “the theory of globalization emerges from the global mechanisms of greater integration with particular emphasis on the sphere of economic transactions”. The most important characteristic of globalization theory is that it focuses on the cultural aspects and their communication worldwide and it aims to bring the world under a single umbrella by integrating the markets across the world.

The main aspects of globalization are that it recognizes that the global communications systems are gaining increased importance every day, though the main communications systems are operating in the more developed countries, these mechanisms are also spreading their use in less developed nations. These communication systems bring major changes in the social, economic and cultural patterns in the society (Shareia, 2015). The globalization theory has also received criticisms from scholars all over the world as it also has disadvantages which are mostly faced by less developed countries. The process affects the local market as it promotes international market and products; it also negatively affects the indigenous cultures of the global south countries. The international trade marginalizes some countries, the less developed countries and the benefits are mainly gained by the developed rich countries.

Dhammika Herath (2008) has compared the globalization theory with “dependency theory”. He categorized the globalization theorists into three: the hyperglobalizers, the transformationalists, and the sceptics. The hyperglobalizers explain how nation states and people become subject to the global market place and think that globalization is positive. The sceptics see globalization as a myth and for them as the national governments remain very powerful even in the globalization. The transformationalists assert that the world today is undergoing a transformation and the world is more interconnected and uncertain than ever before. He finds similarity and differences in each category of globalization theory with dependency. The hyperglobalists and transformationalists among globalization theorists are grounded in classical development theory, which is thoroughly criticized by dependency theorists. The sceptics and transformationalists have put forward the idea that international trade has generated the marginalization of some countries, while other countries have gained massive wealth. They also agree that the condition of poor countries has not changed. They agree that globalization incorporates only a few states. The sceptics have criticized globalization severely by agreeing that the “North–South” division inequalities have not been eroded. They also argue that the Multinational Corporations only serves the interest of some countries and these arguments rephrase the “dependency theory”.

The “Marxist theories of development” include Marx’s ideas of development and Lenin’s imperialist theory on development. To Marx, the production of material

wealth is the basis of the life and development of any society (Nikitin, 1966). The end of the class system that causes unequal exchange of wealth in the society would bring development to the society. Lenin considered colonialism as a result of imperialism, which is the “highest stage of capitalism” and he argued that colonialism would bring development issues in the colonies (Parthasarathy, 1994).

The next section provides a table summarising the main findings. These are the four important theories of development studies. The modernization theory, dependency theory and world systems theory and the globalization theory. Among these, the globalization theory is of recent origin and shares similar perspectives with dependency theory and world systems analysis.

Comparison of Four Major Theories of Development

Major Proponents	Period of Origin	Aspect
W.W Rostow (1964), Levy (1967), Smelser(1964), Coleman (1968)	Post Second World War period	Modernization Theory
Raul Prebisch (1950) , A.G Frank (1966), Cardoso (1969), Dos Santos (1970), Paul Baran(1966), Sunkel(1973)	During the 1960s	Dependency Theory
Emmanuel Wallerstein (1974) , Amin(1976), A.G Frank(1993) , Arrighi (1999)	During the 1970s	World-Systems Analysis
Manuel Castells (1996), Roland Robertson (1992), Jan Aart Scholte (2000) Kenichi Ohmae (1990)	During the 1970s	Globalization Theory

Important Criticisms	Important Arguments	Reasons for Underdevelopment	Unit of Analysis
Ignores the concerns of “third world”	Development is an evolutionary process and needs to go through certain stages and adopt capitalism	Un-industrialization	Nation-State
Ignores the internal forces causing underdevelopment	Relation between core and satellite is exploitative. Need to detach national economy from capitalism	Imperialism and exploitation	Nation-State
Reification of the concept of the world system	Rejects the notion of third world, there is only one world connected by economic relations. Unequal exchange of economy	Social Changes	The world system
Destroys the local market and indigenous culture	Bring the world under a single umbrella by integrating the markets across the world.	Lack of a Western centric communication system	Global Connections

Source: Author's own

The table has pointed out the important features of four theories of development from the period of origin to the important criticisms they have faced. This table is helpful in understanding the important aspects and characteristics of all four theories.

This chapter has highlighted the differences and similarities of both “dependency theory” and “world systems analysis”, the relevance of both the theories and the role of other theories of development in the above sections. The further section of the chapter will discuss the research problems, objectives and questions of this dissertation; in the introductory chapter of the dissertation, I have explained those. The two research problems of this dissertation are the lack of a unified “dependency theory” and the number of critiques of “dependency theory” is larger than the number of critiques of “world systems analysis”. I have already discussed both the problems in the above sections and we can understand that the lack of a unified “dependency theory” is the main reason that makes it subjected to more criticism than “world systems theory”. It not only invites more criticisms but also makes the theory of dependency vaguer and ambiguous.

The objectives and questions of the research have been addressed and answered through the previous chapters. The theories have been reviewed by highlighting its origin, major theorists and their arguments, its criticisms and understanding in different contexts. The second objective has also been fulfilled by explaining the significance and relevance of both the theories in the contemporary capitalist system. The research question, which is; how is the “dependency theory” and “world systems theory” are different from each other? has been answered by pointing out the similarities and differences of both the theories.

Over the past decades, the area of development studies has been focused on the three major schools of study; the modernization school, the dependency school and the world-systems school. The importance of studying the development theories never fades away as there are more and more perspectives are coming up in the field. The globalization theory has already become a part of the development studies. Therefore, in order to comprehend the new perspectives and changes in the field, it is important to study and understand the existing theories of development studies.

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