

3. The Relevance of Dependent Development Then and Now

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According to Peter Evans, theorists today can draw insights from the way dependency scholars formulated theories and thought about the world. However, it is important to keep in mind that those theories emerged in very particular contexts and that today's context is different. Evans therefore encourages young scholars to learn from the spirit of dependency theorists' inquiry, but warns against sanctifying certain theories or formulations.

Peter Evans is one of the pioneers within the field of dependency theory, particularly within the dependent development strand. I had the pleasure of meeting him for a Skype interview in the summer of 2016. Evans began by noting that an important element of dependency theory was that it really did take the perspective of the Global South as its starting point. While theories of imperialism were concerned with the Global South, they would start by explaining the dynamics of the Global North before moving on to explain the consequences for the Global South. In contrast, dependency theory considered how the Global North posed a particular problem to the Global South, but it went even further by considering how political and economic dynamics within the countries of the South shaped the character of dependency and possible responses.

What is dependency theory?

Evans identifies two main schools of thought within dependency theory: the structuralist and the Marxist. The structuralists study variations of development in the global arena and consider which kinds of policies would lead to more desirable paths. The Marxists argue that it is almost impossible to escape the distortions and limitations of development in the periphery without constructing a socialist alternative.

In the first strand you have Cardoso and Faletto's concept of *situations of dependency*¹³. This concept articulates the different responses that are possible for the Global South, and in particular how politics and class structures in the Global South either create or close off possibilities for responding to the international political economy with which the Global South is confronted. At the most abstract level, the key lens for viewing those responses was the idea that there is a possibility of developing some kind of national capitalism. This capitalist development could reflect possibilities in countries of the Global South that enable more dynamism and a growth that may even replicate some elements of the growth that had occurred in the Global North.

In fact, this way of studying capitalist development precedes dependency theory in Latin America and is closely foreshadowed in the CEPAL vision of the global economy. That vision focuses strongly on the idea that the difference between what is possible in the North and the South depends on whether the countries have the option of industrialisation, as opposed to being trapped in the production of primary products or in a very limited kind of industrialisation. In fact, the contrast between what would be possible for a country producing primary products and what would be possible for those industrialising is the crux of the Prebisch-CEPAL vision, Evans explains.

While the CEPAL vision is an economic one in which economic structures are in the centre, structuralist dependency theory argues that development is not just about economics, but also about politics. The possibilities of development are shaped by the different kinds of class politics that emerge within countries in the Global South. The main contrast here is again rooted in the industry versus primary production distinction. For example, Cardoso and Faletto present case studies where the agrarian elites dominate domestic politics and support an international division of labour in which the Global South produces primary products and imports industrial goods from the North.

It is also possible to have a class structure in which there is potential for a "national industrial bourgeoisie."¹⁴ For example, if there are local groups that have some political power and they have an interest in expanding the range of local industrial production, the possibilities of development depend on whether or not some kind of class coalition in support of industrial development can be constructed. Such a coalition would often have to involve different parts of the working class and the urban middle classes, and it would have to be able to challenge and displace traditional political elites from their

¹³ Fernando Henrique and Enzo Falleto Cardoso, *Dependency and Development in Latin America* (Berkeley: University of California Press, 1979).

¹⁴Ibid. Cardoso & Faletto (1979), p. 132.

dominant position. To some degree, the structuralist understanding of *dependency* has come to mean any kind of position in the global political economy that provides a less than full opportunity to develop local capabilities and capacities.

The second strand of dependency theory is the neo-Marxist line of thinking. In this vision, permanence in the global capitalist system constrains developing countries' policy space. Their position precludes them from ever approximating the development achieved by the Global North. Evans argues that although this strand has always been very important, it has not been developed with the same degree of differentiated elaboration as the structuralist strand. Instead, Marxist theorists have tended to focus on why the best escape from dependency is socialism.

What is dependent development?

Peter Evans' *Dependent Development*, published in 1979, represents a particular version of structuralist dependency theory. In it, he explores the question of how developing economies can achieve more policy space¹⁵. Evans' answer is that our picture of the political economy of the Global South is incomplete without the inclusion of a relatively autonomous state, which sometimes has the capacity of shifting the balance of power in favour of particular industrial policies. Such policies can result in the development of industries in the Global South. From there, these countries can move towards a fuller mode of development focused on the fulfilment of human capabilities and capacities and in turn produces a more humane society that nurtures human flourishing.

Evans first came across dependency theory by reading the work of Brazilian theorists and doing research in Brazil. In fact, he cannot imagine that he would have become so familiar with dependency theory had he stayed in the US. In Brazil, he observed that there was something like development happening, although the country was still dependent on the Global North. As this seemed to be a contradictory combination, Evans tried to characterize and explain it and came up with 'dependent development' through inductive reasoning.

Why did you move on from your dependent development framework?

After having worked on dependency in various forms, first in Brazil with dependent development and then in South Korea with embedded autonomy¹⁶, Evans eventually became disillusioned with the prospect of industrialisation delivering full-fledged

¹⁵ Peter Evans, *Dependent Development: The Alliance of Multinational, State and Local Capital in Brazil* (Princeton: Princeton University Press, 1979).

¹⁶ P. Evans, *Embedded Autonomy: States and Industrial Transformation* (Princeton, New Jersey: Princeton University Press, 1995).

capabilities. At this point he became convinced that industrialisation was certainly not sufficient and perhaps not even necessary for development; that industrialisation was a development path with diminishing returns. This continues to be Evans' position and he is now even more deeply convinced that this is the case. Naturally, Evans notes, this has led him to becoming quite irritating to many of his former colleagues who still run seminars arguing that industrialisation is the solution. Evans simply no longer agrees.

What changed his perspective? Evans argues that industrialisation is not sufficient for development for two major reasons. First, the evolution of technology has meant that industrialisation cannot absorb a large portion of the population in gainful employment. It simply does not provide sufficient market-based support for jobs. Evans has empirically explored the ratio of manufacturing employment to total employment in countries developing during different historical periods¹⁷. When comparing the developmental trajectories of England, the US, Brazil and China, he finds that the later a country industrialises, the smaller is the proportion of its population employed in industry. For example, China has the smallest proportion of population absorbed by industry in those four countries. Evans argues that any serious development strategy has to find ways of providing useful productive employment. Since industrialisation does not solve the employment problem, one has to focus on sectors where jobs are more abundant. Thus, creating decent jobs in the service sector becomes essential.

The second major reason for why industrialisation is not sufficient for development any more, according to Evans, is that the character of capitalism has changed. It was difficult to find a strong link between industrialisation and human well-being in the 1960s, but it is even more difficult today. As the power of capital is increasingly global, the options and space for local capital are few and far between. This problem has intensified over the past 50 years. Evans points out that when we study capitalism today, we see financial capitalism and an industrial capitalism where the returns come from monopoly control over ideas. The space for creating a sufficient number of decent jobs within a system dominated by this kind of capital is limited. This new situation challenges the idea that industrial transformation will secure human capabilities and solve issues of social protection in the Global South.

What about South Korea's successful development?

Peter Evans has studied South Korea in detail. He argues that South Korea was a "success story" for a variety of reasons, and that its success in industrialisation is only

¹⁷ Peter Evans and Sarah Stavetieg, "The Changing Structure of Employment in Contemporary China," *IRLE Working Paper 190-09* (2009). Available at: <http://irle.berkeley.edu/workingpapers/190-09.pdf>.

one of those reasons. He points out the country's current context constrains its room to manoeuvre and limits its ability to continue to deliver social protection. Poorer countries can learn from South Korea's experience that it is not a model that they can simply imitate today.

Furthermore, Evans points out that the story of the East Asian "miracle" countries wasn't simply that industrialisation solved everything. Improvements in standards of living also depended on the redistribution of land and very high levels of investment in human capabilities (education, health systems, simple infrastructure, et cetera). Even in countries such as South Korea and Taiwan, where there is a clear correlation between industrialisation and improved standards of living, there is a tendency to reify the process of industrialisation and assume that everything else flowed from it. But in reality, these countries pursued more comprehensive development strategies, of which industrialisation was only a part.

Evans is disheartened by the fact that, even in the US, the myth of manufacturing as the solution to all problems continues to dominate progressive politics. The idea that manufacturing "naturally" produces higher-wage jobs than other sectors is outdated. Evans notes that it is a 19th-century notion, when people saw that manufacturing jobs were better paying than being a peasant. Today the incomes of manufacturing workers are being squeezed at the same time that the number of manufacturing jobs available is shrinking.

During our interview, Evans and I discussed a *New York Times* article published earlier that day about a new development initiative by the Indian government.¹⁸ It reported that Prime Minister Modi announced that India was opening its market for investments in the hopes that jobs would follow. Evans says that the assumption that capitalist investors are the solution to the lack of decent jobs is nonsense. It makes sense for capitalists to position themselves as the saviours of jobs, but if we examine the evolution of employment, we see that capitalists have deep interests in shifting technology so that they can hire fewer workers.

Is there anything we can still learn from dependency theory today?

Scholars cannot just stay in the North and develop their theory outwards from there. Evans considers this to be an important lesson learnt from dependency theory. Various theoretical formulations need to start from different contexts in order to reflect the

¹⁸ 'Hoping Jobs for India Follow, Modi Clears Investors' Path', *New York Times* June 21st 2016
https://www.nytimes.com/2016/06/21/world/asia/india-needing-jobs-eases-rules-on-foreign-investment.html?_r=0

reality of the world.

Another significant lesson is to take politics seriously. Dependency theory highlights the need to look at different kinds of class configurations, coalitions, and conflicts because different policies and constraints are constructed by these factions. We cannot just consider capital versus workers. Structuralist dependency theory assumes that outcomes are not just inscribed by existing economic structures, but they are also dependent on political strategies and interactions.

When asked about advice for young scholars interested in analysing situations of dependency, Evans cautions against sanctifying certain theories or formulations. He points out that the irritating thing about the fascination with neoliberalism is that its proponents take a theory put together in the Global North and apply it blindly and indiscriminately to conditions in the South, from small villages in Sub-Saharan Africa to megacities in South Asia. Instead, Evans advises us to consider the spirit of dependency theorists' inquiry: one that takes global political economy seriously, one that subjects local politics to serious scrutiny, one that considers dependency and development from the perspective of the Global South, and one that tries to investigate all these elements empirically and creatively. Of course, the political economy of the Global North sets the context in which the countries of the Global South must operate, but that is only the starting point for analysis.

What are the prospects for dependent developing economies today?

Evans is optimistic about the future. He sees it as a good sign that larger countries in the Global South, such as China and Brazil, have made it impossible for developed countries to completely dominate the global rule-making process (e.g.: the Doha deadlock). These countries may not be acting in an altruistic way or in the full interest of the entire Global South, but they still challenge the North's monopoly over global rule-making. Evans notes that for a while it looked like the countries of the North would have an easy time dominating those structures, but now they are encountering some resistance.

Even free trade and free trade agreements, pillars of neoliberalism, have turned out to be harder to push through than anticipated. We will see in the coming years if TPP goes through; but if it does not, it could be a sign that these major corporate multilateral agreements are not able to impose themselves on a large number of countries simultaneously. This changes the rules of the game and will be a sign that Northern capital is not capable of ruling the world so easily.

Evans continues to consider the state as an important locus for building coalitions and

forming strategies for development. He emphasizes that it is important to keep in mind that the state is not insulated or autonomous, but it is one place where different social groups come together and generate strategies for change. Evans also considers civil society to be important, particularly the kinds of structures that civil society groups can create and the ways that they can formulate collective strategies. He argues that the counterpoint to the globalisation of capital is global civil society. When thinking about development strategies, Evans notes, it is crucial to keep in mind that global capital is connected to the construction of rules, which are imposed upon countries of the Global South. If countries of the Global South do not have some means of shaping these global rules in a way that reflects their interests instead of simply representing the interests of the largest capital agglomeration in the Global North, then they will clearly be forced to play a game with a set of rules that are rigged against them. The Global South therefore has a huge interest in trying to find ways of influencing power over how those rules are formed.