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**Underdevelopment and unequal  
exchange: an examination of dependency  
theory with a focus on Latin America**

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## Summary

Il seguente elaborato andrà ad approfondire una particolare teoria dello sviluppo, nata durante il corso degli anni Settanta in America Latina: la cosiddetta “teoria della dipendenza”. Gli anni Settanta sono stati, infatti, la grande epoca della retorica del Terzo Mondo, della causa e dell’azione comune ed è per questo motivo che questa teoria ha contribuito a legittimare un’agenda comune per modificare la struttura delle relazioni internazionali - in particolare delle relazioni economiche internazionali che sembravano essere il fondamento di tale asimmetria. In questo decennio, le relazioni internazionali, dunque, si espressero attraverso richieste di riforma della struttura istituzionale dell’economia internazionale.

All’inizio del decennio precedente, ovvero gli anni Sessanta, la maggior parte delle nazioni africane e asiatiche aveva ottenuto l’indipendenza nazionale grazie alla decolonizzazione e alla rivolta contro l’Occidente, mentre i Paesi dell’America Latina avrebbero continuato la loro ricerca, mai completamente abbandonata, dell’indipendenza politica ed economica. All’epoca, nessuno poteva prevedere se questi Paesi - sparsi tra America Latina, Africa e Asia, dove vivono milioni di persone di diversa provenienza, lingua e religione - sarebbero stati in grado di unirsi attorno a interessi comuni o alla capacità di intraprendere azioni coordinate. Inoltre, esisteva la plausibile prospettiva che questi popoli, liberati dal dominio coloniale europeo, sarebbero stati semplicemente sottoposti a una nuova supervisione imperiale da parte delle due nascenti superpotenze, gli Stati Uniti e l’URSS, ciascuna delle quali possedeva visioni del mondo, aspirazioni e potenza militare opposte. L’integrazione delle società coloniali nelle reti capitalistiche ha trasformato e riorganizzato in modo permanente le economie locali, producendo conseguenze significative sia a breve che a lungo termine. La nozione di sottosviluppo è fondamentale perché getta luce sui processi di sfruttamento e dipendenza iniziati secoli fa e che persistono tutt’ora.

Proprio durante questo periodo di cambiamenti geopolitici, dopo la fine della Seconda Guerra mondiale, si inizia sempre più a parlare del tema legato allo sviluppo. Il concetto di sviluppo era originariamente riservato alle economie industriali ed era sinonimo di espansione, era un compito di civilizzazione, secondo gli internazionalisti e i filantropi del primo Novecento. Percepire l’imperialismo come un aspetto pedagogico significava, cioè, insegnare ai popoli colonizzati le regole di una modernità a cui le civiltà

avanzate non potevano partecipare. Si trattava di un cambiamento rispetto alla fine del XIX secolo, quando alcuni popoli, soprattutto in Africa, erano considerati non pronti per la civilizzazione. Anche le popolazioni della sponda opposta dell'Atlantico condividevano una mentalità simile.

Il concetto di stadi di sviluppo è stato introdotto nel linguaggio del diritto attraverso il sistema del mandato, che ha convertito la missione civilizzatrice in una norma giuridica codificata. L'obiettivo dell'internazionalismo umanitario era creare l'uomo moderno, un essere monolitico basato sul prototipo occidentale. L'intenzione era quindi quella di eliminare le disparità culturali. È proprio in questo contesto che nasce la "teoria della modernizzazione". È stata la prima prospettiva teorica a emergere per analizzare e spiegare i problemi dei Paesi sottosviluppati e a presentare soluzioni. Questa teoria si è basata sull'esperienza dei Paesi occidentali nel XVI secolo, nel momento di transizione dall'agricoltura all'industrializzazione. La teoria della modernizzazione posiziona tutti i Paesi su un continuum che va dal tradizionale al moderno, con i Paesi occidentali riuniti al polo moderno, mentre i Paesi sottosviluppati sono raggruppati all'estremità tradizionale. Di conseguenza, essa riteneva che i Paesi in via di sviluppo fossero società tradizionali che necessitavano di sostegno e incoraggiamento per trasformarsi in società contemporanee simili a quelle occidentali. Il fondamento della teoria della modernizzazione era un insieme di presunzioni culturali tipiche della transizione postcoloniale: la convinzione che la scienza e la modernità industriale avrebbero unito l'umanità, l'accettazione del capitalismo come strumento di controllo statale e l'uso di programmi di welfare per risolvere le controversie sociali.

In risposta a quest'ultima teoria, nacque di conseguenza la "teoria della dipendenza". La caratteristica principale della scuola della dipendenza è probabilmente la sua insistenza sul fatto che la struttura del sistema internazionale, in particolare i suoi aspetti economici, debba essere studiata per comprendere la forma che lo sviluppo ha assunto nei Paesi industrializzati non comunisti, piuttosto che le caratteristiche interne dei singoli Paesi. Inoltre, si presenta spesso come chiaramente dalla parte del cambiamento nel Sud, a beneficio dei membri più emarginati e impoveriti della società e tende a porre maggiore enfasi sull'interazione di forze politiche ed economiche rispetto al suo rivale "sviluppatismo". Tuttavia, come suggerisce il nome, l'aspetto più rilevante della teoria della dipendenza è la sua enfasi sulla necessità di comprendere la logica del moderno sviluppo del Sud solo collocandola saldamente all'interno di un contesto globale storicamente definito. In altre parole, è necessario considerare gli attuali sviluppi politici

ed economici del Sud come sfaccettature dell'imperialismo passato e presente. La logica del processo di sviluppo può essere compresa correttamente solo da questa prospettiva, ossia dal punto di vista delle storie locali comprese a livello globale. Economisti come Prebisch, Singer, Paul Baran, Paul Sweezy, C. Furtado, F. H. Cardoso, Gunnar Myrdal e A. Gunder Frank ne sono stati tra i suoi più importanti sostenitori. Secondo le precedenti teorie dello sviluppo, tutte le società progrediscono lungo un percorso simile e i Paesi in via di sviluppo devono accelerare il passo investendo, trasferendo tecnologia ed entrando nel mercato globale. Questa idea è respinta dalla teoria della dipendenza, che sostiene che i Paesi in via di sviluppo hanno caratteristiche diverse e affrontano problemi diversi rispetto ai Paesi sviluppati. Questi Paesi, che non hanno mai beneficiato del patrocinio di nazioni più potenti, sono posizionati come partecipanti più deboli in un'economia di mercato globale. I teorici della dipendenza sostengono che i Paesi in via di sviluppo dovrebbero seguire percorsi di sviluppo propri, più in linea con le loro esigenze specifiche e meno suscettibili di pressioni esterne, al fine di ridurre la loro dipendenza dal mercato globale. L'idea centrale può forse essere riassunta come segue: i Paesi più forti drenano il "surplus potenziale" da quelli più deboli e in questo modo determinano contemporaneamente il proprio sviluppo e il sottosviluppo degli altri. In questo modo, i primi si avvicinano al loro "potenziale", mentre i secondi ne rimangono lontani.

A sostegno di questa teoria sopracitata sarà presentato un caso studio, quello di un'area in cui furono sviluppate proprio queste idee di dipendenza: l'America Latina. L'America Latina ha vissuto un lungo processo di netta divergenza dai Paesi sviluppati. Ciononostante, è stata una regione dinamica, nel senso che ha migliorato significativamente il suo reddito pro capite, i suoi standard e la sua aspettativa di vita. Forse questa traiettoria aiuta a comprendere l'importante tradizione negli studi di storia economica che il continente possiede. L'immagine che l'America Latina presenta, al di là delle sue caratteristiche esotiche, è quella di un continente attraversato da conflitti secolari, situazioni di estrema povertà e ricorrenti manifestazioni di ingovernabilità politica: in un contesto naturale caratterizzato da immense risorse e, per questo, da un enorme potenziale che, tuttavia, non riesce a sbloccare e a generare processi di crescita economica, di sviluppo equo e di equa distribuzione del potere economico e politico.

L'andamento instabile dell'America Latina contemporanea e le tensioni espresse dalle diverse componenti che l'hanno caratterizzata consentono di cogliere indicazioni preziose in vista di un ormai necessario aggiustamento di prospettiva. È evidente come la fallacia di posizioni a lungo sostenute si palesi di fronte a un'analisi più critica e con una

forte tendenza a contestualizzare e storicizzare gli eventi e gli attori che ne sono stati protagonisti. Nonostante l'indubbio merito del lavoro di molti studiosi, la situazione attuale è caratterizzata da una complessità che è stata a lungo negata e che richiede nuovi studi che partano da nuovi presupposti.

Oggi, quindi, più che mai, questa chiave di lettura è urgente e attuale, quando diventano sempre più evidenti le conseguenze a lungo termine della divisione sociale ed economica, quindi politica, prodotta nella concatenazione di crisi e risposte parziali del XX secolo. Queste sono le ragioni per cui, qualunque cosa si voglia fare e pensare oggi sul presente, è utile confrontarsi con l'insieme di problemi, tensioni e persino impossibilità che la ricchissima tradizione della "teoria della dipendenza" lascia dietro di sé.

## **Introduction**

The geopolitical order of the world is changing. The world is facing a period of transition, in which the transition from a unipolar to a multipolar order seems to be marked. Many of the countries that the world has long referred to as the Third World are increasingly gaining a voice in the international context, contributing to the establishment of this new equilibrium. The fact that the world is on its way to becoming multipolar is a fact of history, made obvious by the economic, political and military rise of new global players. China, India, the Gulf monarchies, Brazil, Turkey, Russia and others: more and more countries are calling for a redefinition of the world order established after the end of World War II, based on supranational laws and organisations designed in Washington. When the dominant Western media prattle on about what the international community thinks or decides, they actually define by this term a group of states that represents just 1.3 billion of the world's citizens - those residing in Western countries (together with Japan and Australia) - while another 6.7 billion are excluded from the privilege of being represented in this exclusive club that speaks for the whole world. It is a disparity that held as long as the countries of this majority of world citizens could be considered poor or developing, but now many of them are real powers with strong and expanding economies, modern armies and cutting-edge technologies. Faced with this scenario of redefining global balances, there are those who despair at the lost Western unilateralism and those who celebrate the rise of new powers.

Of course, a multipolar world is more representative of the various powers in the world and potentially fairer: however, a new global order will not automatically be a fairer world. To date, humanity has not yet managed to rid itself of an atavistic logic that casts doubt on a faculty that humans arrogate to themselves with unshakeable conviction: to be the only animal species endowed with reason, capable of a sense of justice and of resolving disputes in a civilised manner. The truth is that the balance of power between states is regulated today in the same way as it was thousands of years ago: through the law of nature that prevails in the animal world, where the strongest seek to dominate the weakest through oppression. If the world does not overcome this logic, the difference between a unipolar and a multipolar world will only lie in the fact that in the former there was a single dominant player and, in the latter, there will be several powers competing for pieces of the planet to subjugate to their spheres of influence. The new world order thus runs the risk of being a re-edition of a very old logic, where for billions of humans

the reality will continue to be the one experienced today by African, indigenous, Palestinian, Kurdish and many other peoples: living under the direct or neo-colonial domination of a stronger foreign power<sup>1</sup>.

In this sense, the concept of development has long been discussed during the last decades. It is a concept that has changed during the course of the years. The global methods were framed in part by the Cold War. As Sara Lorenzini suggests, from the 1940s until the late 1980s, when the world became fascinated by a concept that combined progress, modernity, economic growth, and welfare, the history of development was a Cold War undertaking<sup>2</sup>. Both superpowers advocated universal ideals: in the East, growth was viewed as a mean of fostering solidarity, while in the West, it was linked to foreign aid. It should come as no surprise that both strategies helped recipients understand concepts and ideals. Development was subsumed into East-West rivalry, in particular, in the 1950s, turning it into a potentially worldwide struggle for hearts and minds<sup>3</sup>. Development experts, who are searching for solutions, in the past claim, “We believe that the failure of a great many development projects to achieve even the most fundamental objectives is due to a reluctance on the part of development practitioners to appreciate the significance of history.”<sup>4</sup> It has always been possible to reshape the future and think critically about what lies ahead by using historical thought. It is true that history can offer examples of both successful and unsuccessful attempts to address major issues like hunger, poverty, drought, tyranny, and poor governance; however, development policies frequently suffer from amnesia, with practitioners and policy makers forgetting the reasons behind past strategies' successes or failures.

The following research will analyse, in particular, a specific development theory, arose during the 1970s: the dependency theory. The long history of the dependency theory, in its multiple origins, is interesting today, thus, as a theory of the development of disequilibrium and domination. A theory that has been profoundly confronted, in its development, with the transformations that capitalism has gone through in its different phases, and in particular with the onset of globalisation. In the “imperial” phases it may indeed seem that equilibrium dominates and that everything is interconnection. However,

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<sup>1</sup><https://www.lindipendente.online/2023/09/18/il-mondo-multipolare-un-nuovo-ordine-globale-sta-nascendo-monthly-report/>

<sup>2</sup> Lorenzini, S. *Global Development: A Cold War History*, Princeton University Press, 2019, p. 2.

<sup>3</sup> Lorenzini, S. *Global Development: A Cold War History*, Princeton University Press, 2019, p. 170.

<sup>4</sup> Porter, D., Allen, B., and Thompson, G. *Development in Practice: Paved with Good Intentions*, London: Routledge, 1991, xv.

in “multipolar” phases, such as the one that depended on the “triangular game” between two Norths and a South, or the current one, in which new equilibriums emerge, finer instruments of interpretation are needed and the inescapable role of conflict asserts itself. Both conflict between regions and forms of class conflict emerge<sup>5</sup>.

Today, therefore, more than ever, this key to interpretation is urgent and topical, when the long-term consequences of the social and economic, hence political, division produced in the concatenation of crises and partial responses of the twentieth century become increasingly evident. As Guilluy points out, a “social division produced in the twenty-first century between a ‘high’, a world above, economically interconnected, and a ‘low’, a world below, regulated by marginality” has widened. The most relevant separations no longer pass through: “right/left”, “working class/master”, but by “privileged of globalisation/weak and loser of it”, “nomadic/sedentary”, “new upper classes/new working classes”.<sup>6</sup>

Nowadays, much of the economic, political and social instability stems directly from the extinction of the middle class, and this, as its growth had been, is closely linked to the change in the production model. It was a kind of double movement: the growth of the welfare and consumer society, accompanied by the emergence of increasingly acoustic forms of narcissism, particularly for the ruling classes. The dominant classes have for years taken the surplus produced and kept it for themselves, separated themselves from the marginal classes and the latter have lost their capacity for collective action. The marginal classes responded to the increasing marginalisation, and the end of the dream of inclusion brought about by the “big society”, with anger and rebellion, often desperate and full of illusions, and soon afterwards with a rejection of collective mobilisation and action and a refuge in the individual. The loss, therefore, of the most powerful social stabiliser that had made the growth phase of the three-year post-war period possible, along with its political stability, has long since been accomplished. Considering all that can be said there is a need for new tools to interpret the world in order to change it.

These are the reasons why, whatever one wants to do and think about the present today, it is useful to confront the set of problems, tensions and even impossibilities that the very rich tradition of “dependency theory” leaves behind. In particular, now that the long transition opened by the crises of the 1960s and 1970s, which seemed like the dawn but were the sunset of the effort to free ourselves from dependence on the West, and for

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<sup>5</sup> Visalli, A. *Dipendenza-capitalismo e transizione multipolare*, Meltemi editore: Milano, 2020 p. 14.

<sup>6</sup> Guilluy, C. *La società non esiste. La fine della classe media in occidente*, Luiss, Roma, 2019, p. 16.

it on capitalism, seems to be accelerating. In order to set the story in context, a number of authors will be cited who are heterogeneous in terms of ideological and cultural orientation, but relevant for the following and the impact their ideas had not only in the academic context but also in the struggles for decolonisation and the subsequent reconstruction of the world's periphery.

Regarding these concepts, a significant case study can be represented by the history of Latin America. In fact, as Sechi explains, the reality of this region presents itself as a set of special cases. The ongoing, or failed, conflicts and experiences in building a more modern social order coexist with the resistances, institutional or simply psychological, of a historical time (the period of independence, the neo-colonial regime, and the legacy of the Spanish Conquest itself), the effects of which have not yet been fully exhausted or only partially removed. The inherited structures of capitalism and the industrial syndrome produced by several decades of import substitution have become confusedly but inextricably intertwined. The resulting pattern of development does not reproduce, except in its negative aspects, the characteristics peculiar to metropolitan countries, where the growth mechanism of capitalism gave rise to sustained economic expansion, even with serious internal imbalances. The distortions of this development process do not depend on individual factors or circumscribed dysfunctions such as overproduction crisis, irrational use of labor-power, balance of payments deficits. These obstacles that prevent Latin America from breaking the "frayed web of underdevelopment" are an old story, they are "a part of the colonial legacy."<sup>7</sup>

Another important contribution regarding these topics is that of the American writer Edward Wadie Said, who in 1978 published *Orientalism*, an essay that was translated into Italian in 1991 as *Orientalismo. The European Image of the Orient* and the main theme is precisely this: how the West, Europe specifically, has looked at the Orient over time. In his book, Said argues that the Orient is merely a representation of the European collective imagination handed down over the years and that, therefore, it exists solely and uniquely according to the West's description of it. Orientalism is thus a regime of representation that presupposes a subject, the Westerner, who by force of nature needs a kind of antagonist, an opposite, namely the Oriental. The Orient, consequently, according to Said, is assigned a series of characteristics that are totally at the antipodes of those that the West attributes to itself, thus becoming a mishmash of narratives and the

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<sup>7</sup> *Dipendenza e sottosviluppo in America Latina*. Fondazione Luigi Einaudi, 1972, p. 9-10.

object of the Western subject's desires. Of course, all this happens on the premise that the West is superior to the East. All this causes the Oriental to step outside of its real representation and simply become a cultural identity created and, above all, imported by Westerners.

According to Said, the core of Orientalism lies in knowledge and indeed, post-imperial and post-colonial Orientalism - triggered by the great French and British European empires - is merely a discourse of power that starts from knowledge. To know the Orient, Said asserts, is to elevate oneself and embrace what is distant and different. Therefore, to possess knowledge of this subject means, in short, to dominate it and to erase any kind of autonomy and freedom in it. And so, while Western governments tend towards self-government, Eastern peoples are subject to despotic and absolutist forms of government and that absolutist power must be administered by the West.<sup>8</sup> It can, therefore, be rightly assumed that Said's intellectual production contributed, in the late 1970s, to shed a new light on the way colonialism was contemplated. The critic had the merit of not stopping at a strictly socio-economic analysis of the colonial question, trying to put the cultural processes and representations of colonised countries into a culturally stimulating perspective. By educating consciences to contemplate the colonial process from a positioning that is not only Eurocentric, Said laid the foundations for a methodological issue that is fundamental to developments in literary criticism and comparative literatures.

The tendency to reconnect the reality of Latin America to the historical evolution of the continent has come to the fore in recent years, affecting even scholars who, in one way or another, had denied this dialectical connection. This has happened to coincide with a particular phenomenon: the failure of renewal goals built on models of development (and thus on economic and social transformations) that have been theoretically tested in more advanced European countries.

The following research will be conducted analysing both primary and secondary sources, by a confrontation of thoughts of different theorist and experts, regarding development theories. In particular, in the first chapter will be presented the North-South dichotomy, the origin of the so called Third World, the rising of the concept of development, and all the strategies of policy makers with the consequent successes and failure. During the second chapter the research will proceed more in depth regarding the

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<sup>8</sup> <https://www.latestatamagazine.it/2021/07/edward-said-e-la-sua-idea-di-orientalismo/>

“dependency theory”, with the explanation of the reason of its birth and the successes it brought during the 1970s. Specifically, the research will start from the ECLAC (Economic Commission for Latin America and the Caribbean) and the work of the Argentine economist Raul Prebisch and consequently that of Hans Singer. Additionally other dependency theorists will be analysed, like for instance Celso Furtado, Fernando Henrique Cardoso and Enzo Faletto. Moreover, contribution of economists as Paul Baran and Paul Sweezy will be essential to explain the concept of monopoly and the contradictions of the capitalist system. In the final part of the chapter there will be the examination of two of the main influential dependency theorists: Andre Gunder Frank and Samir Amin which were at first dependency theorist and then world-system’s analysts. Finally, in the Third and last chapter will be presented a case study of a development and colonial county: Latin America. In particular, the research will start from the very origin of the myth of Modernity, born in the late 15th century with the first explorations and transatlantic voyages. The theme of conquest will be discussed, understood as the practice of cultural and then also spiritual domination. Consequently, will be analysed the economic and political situation of Latin America after the independence. There will be presented a history of an ex colonial region that despite the formal decolonisation and independence, continued to be dependent to the most influential developed countries. Finally, there will be presented the conclusions and the references.

# Chapter 1

## North-South Dichotomy and the concept of Development

### 1.1. North-South Dichotomy

The North/South divide was a major factor in the explanation of global poverty and inequality for over a generation. The idea of a globe divided between the rich industrialised nations of the North and the impoverished developing nations of the South propelled the work of academics and policy officials from the 1960s until the late 1980s. Within academic circles, the concepts of “North/South conflict” and “North/South dialogue” served as the foundation for numerous research that mostly examined international trade and financial flows. Even though it’s true that none of these initiatives resulted in much agreement, the idea of a “poverty curtain” dividing the world influenced the study of international political economy for a long time.<sup>9</sup>

Nonetheless, the majority of observers now view the North/South debate’s limits as drastically altered. Some people now believe that “the traditional North/South divide is giving way to a more mature partnership”.<sup>10</sup> Others assert that “the North is generating its own internal South”, and that “the South has formed a thin layer of society that is fully integrated into the economic North”.<sup>11</sup> Still others, instead, maintain that the “South” or the “Third World” “no longer exists as a meaningful single entity”, or that it “has ceased to be a political force” in world affairs.<sup>12</sup> This diversity of opinions shows that the idea of a polarisation between a developed Northern hemisphere and a developing Southern hemisphere no longer provides a perfectly clear representation of reality. There has been, thus, a noticeable change in how the world views poverty and inequality in the last few years.

According to Arturo Escobar, “the war on poverty in the Third World” was a new topic added to the international agenda following World War II.<sup>13</sup> This was the setting in which “North-South” first gained traction. However, the circumstances that gave rise to

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<sup>9</sup> Philipper, T. J., “Beyond the North-South divide: The two tales of world poverty”, *Third World Quarterly*, 20:4, 723 – 742, 1999. Doi: <http://dx.doi.org/10.1080/01436599913523>.

<sup>10</sup> Haq, M.U. *Reflections on Human Development*, New York: Oxford University Press, 1995, p. 204.

<sup>11</sup> Cox, R. W. (with Sinclair, T.J.), *Approaches to World Order*, Cambridge: Cambridge University Press, 1996, p 531.

<sup>12</sup> Gilpin, R. *The Political Economy of International Relations*, Princeton, NJ: Princeton University Press, 1987, p 304; and Smouts, M.C., *Les organisations internationales*, Paris: Armand Colin, 1995, p. 124.

<sup>13</sup> Escobar, A. *Encountering Development: Making and Unmaking of the Third World*, Princeton, NJ: Princeton University Press, 1995, p. 21.

this polarised worldview have significantly changed in the present. The issue of development is no longer as well defined or as important in the study of the global political economy as it once was due to recent changes in the international system.

### *1.2. From the Third World to the Global South*

The term “Global South” is a subject of controversy, sparking numerous debates in recent decades. These discussions revolve around its utility, both in analytical and historical contexts, with a particular emphasis on its association with another contentious term, “Third World”. Some experts argue that the concept of the “Global South” could not have surfaced without acknowledging the significant conceptual groundwork laid by the term “Third World”. Furthermore, the emergence of the “Global South” is intricately linked to the legacy and historical milestones of “Third Worldism”. In his renowned work *Global Rift*, L.S. Stavrianos<sup>14</sup> adopts the perspective of Marxist thought, emphasising that the genesis of the “Third World” is closely linked to the mechanisms of capitalist expansion through colonial conquest, essentially referring to processes of underdevelopment.

In the latter half of the 20th century, the phrase “Third World” was widely employed in histories of the communities, economics, and cultures of many different regions of the world. However, despite the phrase’s widespread usage, it was never evident if it was a specific category of analysis or just a handy, ambiguous moniker for a loose group of conditions.<sup>15</sup> As Peter Worsley, one of those who self-consciously began the process of passing it into academic currency, later confessed,

“ . . . the nature of the Third World seemed so self-evident in the 1960s that in a book on *Third World* I published in 1964, I saw no need to define it any more precisely than that it was the world made up of the ex-colonial, newly-independent, non-aligned countries”.<sup>16</sup>

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<sup>14</sup> Stavrianos, L.S. *Global Rift: The Third World Comes of Age*. William Morrow & Co, 1981.

<sup>15</sup> Tomlison, B. R. “What was the Third World?”, *Journal of Contemporary History*, Apr., Vol. 38, No. 2, 2003, pp. 307-321.

<sup>16</sup> Worsely, P. *The Three Worlds: Culture and World Development*, London 1984, p. 309.

In addition, as John Goldthorpe put it in his influential *The Sociology of the Third Disparity and Involvement* in 1975, “if the affluent industrial countries of the modern world are grouped into those of the “West” and those of the “East” ... then the poor countries constitute a “Third World” whose small command over resources distinguishes them from both”.<sup>17</sup> As Garavini explains, by the early 1960s, most nations in Africa and Asia had gained national independence as a result of decolonization and the uprising against the West, while the countries of Latin America would continue their never-completely-abandoned quest for political and economic independence. At that time, no one could have predicted whether these countries—scattered around Latin America, Africa, and Asia, home to millions of people from diverse backgrounds, languages, and religions—would be able to unite around shared interests or the ability to take coordinated action. Moreover, there existed a plausible prospect that these peoples, freed from European colonial rule, would merely come under fresh imperial supervision from the two nascent superpowers, the US and the USSR, each possessing opposing worldviews, aspirations, and military power.

It has often been argued that the various countries of Asia, Africa and Latin America (not to mention the Pacific islands and elsewhere) differ greatly in their size, political, social structures, economic performance, cultural backgrounds and historical experience. These differences exist not simply between Third World countries, but which in them as well. There are rich and poor people, empowered and disempowered citizens, to be found inside all states and societies in the world. The divergent histories of different states in Asia, Africa and Latin America in the recent past have made it harder to argue that “Third Worldness” can be identified unambiguously by a check-list of common material circumstances or endogenous social or cultural characteristics. Thus, in some accounts the Third World has existed because it provided an identity that was important to those both inside and outside its borders. As John Toye pointed out in 1987,

“... the Third World is not . . . yet able to be dismissed from our minds. It is not a figment of our imagination ready to vanish when we blink. It is a result of our collective lack of imagination, our

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<sup>17</sup> Quoted in Williams, M. *International Economic Organizations and the Third World*, New York, 1994, p. 3.

inability in our present difficult circumstances yet to see ourselves as belonging to one world, and not several.”<sup>18</sup>

The notion of a Third World grew out of the rhetoric of the Cold War in the late 1940s and 1950s. Originating in the polemical literature of the non-communist European left in the late 1940s, the word refers to the concept of a “third force” or “third method” in world events (as opposed to American capitalism or Soviet socialism). The demographer and economic historian Alfred Sauvy first used the term in August 1952 in an article titled “Trois Mondes, Une Planete” that appeared in the French socialist newspaper *L'Observateur*. The article focused on the disempowerment of the recently independent nations of Asia and Africa, concluding that “the Third World has, like the Third Estate, been ignored and despised and it too wants to be something.”<sup>19</sup> Stavrianos’ conceptualisation of the “Third World” hinges on the critical ideas of “underdevelopment” and “overdevelopment”. Unlike viewing them as distinct and isolated occurrences, he perceives that the Western nations’ overdevelopment is directly proportional to the underdevelopment experienced by “Third World” nations. In the context of processes of underdevelopment in Africa, Walter Rodney’s work holds particular relevance. Rodney<sup>20</sup> argues that underdevelopment in Third World societies is not a result of internal factors but it is directly tied to the consequences of capitalist expansion and the integration of these societies into the global capitalist world system. The creation of the Third World goes beyond mere colonial empires. More significantly, it involves the intentional “underdevelopment” of these regions by the colonial metropole. This underdevelopment is achieved through extraction of raw natural resources and labour, exclusively benefiting the metropole and causing severe repercussions for local economies, political structures, and societies. The notion of underdevelopment is pivotal as it sheds light on processes of exploitation and dependence that began centuries ago and persist to this day. Stavrianos highlights a distinctive characteristic of the Third World, emphasising the concept of “economic growth without economic development”. This notion entails growth determined by foreign capital and foreign markets rather than by local needs. Stavrianos offers a perceptive description of

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<sup>18</sup> Toye, J. *Dilemmas of Development: Reflections on the Counter-Revolution in Development Economics*, Oxford, 1987, p. 31.

<sup>19</sup> Wolf-Phillips, L. “Why ‘Third World’?: Origin, Definition and Usage”, *Third World Quarterly*, 9, 4, (October 1987), 11331-9 confirms Sauvy’s claim to be the originator of the term.

<sup>20</sup> Rodney, W. *How Europe Underdeveloped Africa*, CODESRIA, 1972.

the Third World, describing it as a complex web of interactions rather than just a group of nations or statistical statistics. Whether they are former colonies or modern neocolonial "independent" states, these relationships are defined by disparity between dominant metropolitan centres and dependent outlying regions. In his book, *The Darker Nations*<sup>21</sup>, Vijay Prashad argues that "Third World was not a place. It was a project". He introduced the notion of a Third World Project, denoting the development of a shared ideology and a framework of institutions that encapsulated the values and objectives of the Third World.

The Bandung Conference, which took place in Bandung, Indonesia, in April 1955, is arguably its most significant turning point. Delegates from twenty-nine countries in Africa and Asia, either newly independent or actively involved in national liberation campaigns, came together for this momentous occasion. Bandung is closely linked to the formation of a Third World bloc, representing a global initiative that fostered a "transcontinental political consciousness in Africa and Asia". According to Quynh N. Pham and Robbie Shilliam<sup>22</sup>, the Bandung Conference is noteworthy for providing the first diplomatic space in 20th-century international relations that promised a sense of intimacy among colonised and post colonised peoples.

A significant outcome of the Bandung Conference, as noted by Vijay Prashad<sup>23</sup>, was the formation of a United Nations bloc. This bloc united representatives from Africa, Asia, and later Latin America, subsequently wielding considerable influence and dominating the General Assembly for decades to follow. The formulation of a Third World economic alternative that was intended to offer an alternate course for development beyond that prescribed by the prevailing capitalist paradigm is another noteworthy legacy of Bandung. The establishment of the United Nations Conference on Trade and Development (UNCTAD) in 1964 stems from the Bandung Conference. UNCTAD underscores the Third World's commitment to engaging in trade and development on an equitable basis, reflecting the ideals and objectives set forth during the Bandung gathering. As Garavini points out,

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<sup>21</sup> Prashad, V. *The Darker Nations: A People's History of the Third World*, The New Press, 2007.

<sup>22</sup> Pham, Q.N., and Shilliam, R. "Introduction: Reviving Bandung," in Q.N. Pham and R. Shilliam (eds) *Meanings of Bandung*, Rowman & Littlefield, 2016.

<sup>23</sup> Pham, Q.N., and Shilliam, R. "Introduction: Reviving Bandung," in Q.N. Pham and R. Shilliam (eds) *Meanings of Bandung*, Rowman & Littlefield, 2016, p. 41.

“Through UNCTAD, for the first time the developing nations were able to harness the power of collective action in order to push for a reform of the rules of the international economy and of international law, selecting as the primary target first the former colonial empires and later ‘imperialism.’”<sup>24</sup>

### 1.2.1. *The Global South*

The phrase “Global South” refers to a shift in focus from the geopolitical relations of power to development or cultural diversity. The concept of the South was first introduced by the well-known Italian Marxist Antonio Gramsci, whose article “The Southern Question” started with the notion that northern Italian capitalists had, in essence, colonised southern Italy. Gramsci examined the challenges that northern labourers and southern peasants encountered when trying to form an alliance. The majority of subsequent analyses of the “North-South differential” in Italian social theory focused solely on differences in economic development. Raul Prebisch, an Argentine economist, was a key figure in the development of dependency theory and he popularised the concept of the “core” and “periphery” in the world economy during the 1950s and 1960s. The idea was central to his analysis of economic development and international trade. The core-periphery model suggests that the world economy is divided into two main regions: the core and the periphery. The developed and industrialised countries that make up the core are typically found in the global North, whereas the less developed and resource-dependent countries that make up the periphery are typically found in the global South. The terms “North” and “South” entered the international political lexicon as a result of this struggle. Developing countries (mainly former colonies), began to articulate the idea of a “Global South” whose interests conflicted both capitalist and communist—cutting across Cold War divisions.<sup>25</sup>

The concept of the Global South represents a pivotal historical turning point dating back to the mid-1970s. This era marked the resurgence of neoliberalism, the decline of the Third World project (characterised by an emphasis on developmentalism and the pursuit of substantial political and economic sovereignty), and the ascent of what

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<sup>24</sup> Garavini, G. *After Empires: European Integration, Decolonization, and the Challenge from the Global South 1957-1986*, Oxford University Press, 2012, pp. 4-5.

<sup>25</sup> Dados, N., Connell, R., “The Global South”, *Context*, 2012.

Jan Scholte<sup>26</sup> termed “hypercapitalism”. This juncture signifies an important shift in global economic and political dynamics, influencing the trajectories and challenges faced by nations in the Global South. The term Global South now encompasses not only regions previously designated as the Third World but also includes areas within the Northern hemisphere characterised by exploitation, oppression, and neocolonial relations. This extended to communities, such as indigenous, black, and immigrant populations, situated in Western societies. Conversely, certain regions that were once part of the Third World find themselves in an ambiguous political and economic position due to swift processes of modernisation and integration into the global economy. The concept of the Global South thus reflects a more complex and dynamic understanding of geopolitical and socioeconomic realities beyond traditional categorisation.

### *1.3. The concept of Development and Development theories*

Over the past 50 years, development—the endeavour to end poverty and enhance the quality of life for those living in the Third World and Global South—has been underway. However, the peoples of Africa, Asia, and Latin America are still plagued by poverty and suffering. As Lorenzini points out, the concept of development was originally reserved for industrial economies and was synonymous with expansion, it was a civilising task, according to early 20th-century internationalists and philanthropists. Perceiving imperialism as having a pedagogical aspect meant that colonised peoples had to be taught the rules of a modernity they were not allowed to participate in by advanced civilisations. This was a shift from the end of the nineteenth century, when some peoples, mostly in Africa, were seen to be unready for civilisation. Also, people on the opposite side of the Atlantic likewise shared similar mindset. Garavini tried to explain the origin of the study of development:

“The point to note here is that a group of non-communist intellectuals, though still a minority, had begun to seriously examine the question of growth by the 1950s. These intellectuals understood that the underdeveloped countries found themselves in dire straits not because of the primitive nature of their culture and

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<sup>26</sup> Scholte, J. *Globalization: A Critical Introduction*, Palgrave Macmillan, 2005.

habits but for a variety of different reasons: Because they lacked capital; because more advanced industries had ever less need for some of their raw materials [...] Thus a segment of intellectual and academic world, especially but not exclusively in the United States, began to consider the problems of Third World development a subject worthy of study”.<sup>27</sup>

Part of the political discourse was the idea of rescuing people of colour from their predicament and introducing them to Christianity and civilisation. Civilisation was seen in the United States as a connecting thread between the United States and Europe in a worldwide endeavour. It was believed that progress meant moving towards a system of strong nations that spoke a few rich, exact languages that were understood by all. History was seen as a process from fragmentation to unification. The institutionalisation of the civilising mission in international law was, in fact, one instrument; development was now, for the first time, a legal precept guiding international politics. The concept of stages of development was introduced into the language of law through the mandate system, which converted the civilising mission into a codified legal standard. It synthesised social, demographic, and cultural factors rather than describing the economic dimension. Economic concerns were addressed separately and were referred to as “well-being.” The goal of humanitarian internationalism was to create the modern human, a monolithic being based on the Western prototype. The intention was to eliminate cultural disparities. Since this goal could not be accomplished, development was a project that might never conclude. In the field, Europeans picked up tips from locals on how to handle certain local issues and returned to the metropole with this information. Afterwards, word of this spread to other parts of the empire. A man who “knew his natives,” understood the customs and traditions of the area, spoke the language, and could interact with the locals and win their devotion was considered the ideal colonial officer in the 1920s. Having lived in colonial times, he was open to experimenting with and modifying methods from other cultures.<sup>28</sup>

During the interwar period, several colonial policies were justified by using modernity rhetoric. Modernisation could involve violence, and paradoxically, human

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<sup>27</sup> Garavini, G. *After Empires: European Integration, Decolonization, and the Challenge from the Global South 1957-1986*, Oxford University Press, 2012, pp. 24-25.

<sup>28</sup> Lorenzini, S. *Global Development: A Cold War History*, Princeton University Press, 2019.

rights rhetoric started to follow modernising discourses. The modernisation initiatives of postcolonial elites demonstrate how, as development served as a weapon for colonial authority, local elites used it as a means of conducting politics. During the Second World War, military planning as a method was encouraged by military logistics, and there was a greater focus on development. Despite being economically and militarily crippled by the conflict, European empires kept making investments in their colonies in order to obtain resources and political support. The notion that colonies should be self-sufficient and manufacture items for export in order to create financial surpluses had gained traction in the 1920s.

In an attempt to maintain control over their colonies after the war, European nations adopted a new language of colonial partnership that attempted to strike a balance between closer economic ties and the pledge to cede authority. Gunnar Myrdal correctly pointed out that colonialism was about to implode because the imperial system was becoming too costly. Projects for late colonial development were not very successful. They failed to find a solution to the conundrum of how to support the global imperatives of expansion and accumulation while stabilising rural communities.<sup>29</sup>

Following the end of the Second World War, President Harry Truman promised a “fair deal” for everyone in the world in his inaugural speech in 1949. He made a plea to the world and the United States to address the issues causing the suffering and misery of the people living in the world’s “underdeveloped areas.” He initiated, therefore, a new era of awareness and of efforts to understand the situation of poor countries the better to offer solutions to their problems. As the fourth item in his program, he instituted a policy to combat poverty, hunger, and disease by supplying underdeveloped regions with US scientific and industrial advancements. After the Second World War, and partly as a result of it, there was a shift from national to transnational, from regional to global projection. For this reason, 1945 is recognised by historiography as a political turning point. Recognising the need to unite the world community behind a common development assistance program, the US made economic assistance a central component of its foreign policy arsenal. A major influence in developing this cooperative perspective on overseas aid was President Franklin Delano Roosevelt. Roosevelt unveiled his idea to reorganise the world based on the four freedoms—freedom of expression, freedom of religion, freedom from fear, and freedom from want—in his well-known State of the Union

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<sup>29</sup> Lorenzini, S. *Global Development: A Cold War History*, Princeton University Press, 2019, p. 19.

Address that year. The latter indicated that the US was prepared to support global economic expansion and well-being.

Reconstruction was the term used back then, and it meant “economic, social, and political development or progress.”<sup>30</sup> Reconstruction was based on international economic organisations, especially the International Monetary Fund (IMF) and the International Bank for Reconstruction and Development, rather than on national political organisations like the United Nations. Development and reconstruction entwined, to the point where the World Bank—an international institution whose primary mission was to revive the pre-existing economy—took on joint responsibility for both. Around the topic of development, a growing epistemic community emerged. It was based in the US and saw development as a shared responsibility of the global community. By defining well-being in terms of economic statistics, underdevelopment was viewed as a situation that could be addressed rather than as something that was ontologically distinct from development.

Regarding the particular issues with development, the Soviet perspective was oversimplified: underdevelopment was a legacy of colonial power that survived because of capitalist frameworks. The urgency of the task increased with the decolonisation of African countries in the 1960s. Africa’s nations became sovereign states after gaining political independence. In addition, they joined the UN and raised awareness of their political, social, and economic issues. In the Cold War between the West and the Soviet Union, the leaders of newly independent African nations and those of independent Asian nations since the end of World War II convened in Bandung, Indonesia, in 1955 to form the “nonaligned movement.” Later on, joined by the countries of Latin America, independent since the 19th century, the nations of Latin America, Asia, and Africa would be grouped together as the Third World, now the Global South with the disappearance of the Soviet Union, as previously explained.

The 1960s were declared the United Nations Development Decade by the organisation, which also called on its members to step up efforts, mobilise funds, and back policies that would hasten the undeveloped world’s transition to self-sufficient economic growth. For his part, the newly elected President of the United States, John F. Kennedy, signaled a new sense of purpose in his inaugural address:

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<sup>30</sup> Economist Horac Belshaw, collaborator of the FAO, quoted in Ekbladh, *Great American Mission*, 94.

“To those peoples in the huts and villages of half the globe struggling to break the bonds of mass misery, we pledge our best efforts to help them help themselves... If a free society cannot help the many who are poor, it cannot save the few who are rich.”<sup>31</sup>

His ten-year plan, the Alliance for Progress, was introduced in March 1961 with the goal of bringing North and South America’s economies together. Through the US Alliance for Progress and the UN Development Decade, Harry Truman’s lofty vision was beginning to come true. The developed and the developing countries were embarking on a new age of partnership. In addition to the East-West confrontation, the North-South problem, manifested in the widening economic gap between developed and developing countries, was recognised as threatening the peace and prosperity of the entire world.<sup>32</sup>

Edward Said tried to explain the concept of colonialism starting from Michel Foucault thought. According to Michel Foucault, discourse is the process through which various constituencies use language for goals related to power dynamics in society. Put another way, language is a tool used to represent social reality within a field of power relations, making the modes of being of the powerful acceptable while disqualifying and even making impossible the modes of being of subordinates. It is not a neutral means of information and communication. Societies spin out through its discourse a dialectic of self and the other in which the stability and normality of the self can only be proved by demonising and estranging the other. Thus, lepers, the marginalised figures of the medieval world, were replaced by the insane, the mad of the modern world. The insane then become a threat to the social order, and the modern world develops methods and practices dealing with insanity, confining the insane to institutions which serve to police the difference between the insane within the walls of the asylum and the normal who are free to live in society. There is therefore a direct power relationship between normal and insane; in fact, the definition of normal derives from the contrary definition of mad.<sup>33</sup> Of course, the same dialectic applies to the rebel, the criminal, and the sexually deviant. Edward Said<sup>34</sup> extended Foucault’s insight to colonial and postcolonial situations, making

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<sup>31</sup> Inaugural Address of President John F. Kennedy, Washington, D.C., January 20, 1961.

<sup>32</sup> Litonjua, M.D. “Third World/Global South: From Modernization, to Dependency/Liberation, to Postdevelopment”, *Journal of Third World Studies*, Vol. 29, No. 1, Mount St. Joseph University, Cincinnati, Ohio, 2012.

<sup>33</sup> Foucault, M. *Madness and Civilization: A History of Insanity in the Age of Reason*, New York: Vintage, 1965.

<sup>34</sup> Said, E. *Orientalism*, London: Penguin Books, 1978.

the world aware that colonialism was not only a territorial, economic, and political project of control, but also a cultural formation, and opening up new ways of thinking about representations of development and the Third World/Global South. Orientalism, to put it simply, is how Europe represents the East. But the Orient is also Europe's or the West's cultural contestant, one of its deepest and most recurring images of the Other. The Orient has helped to define the West as its contrasting image, idea, personality, and experience. Orientalism raises questions of difference and the politics of representation, because orientalist cultural representations are not simply objective vocabulary, thought, and imagery. The East is portrayed as primitive, uncouth, superstitious, and mysterious because the West is advanced, civilised, scientific, and progressive. The opposing and superior self-image of the West is based on the essentialist portrayal of the East. Moreover, orientalist essentialism justifies, legitimates, and endows the right to dominate, use, and exploit. Orientalism became the tool in the domestication of the "other," the cultural handmaiden of both colonialism and imperialism.

David Brody investigates the ways that material and visual culture were crucial to discussions about empire in the United States in the late 19th and early 20th centuries in this ground-breaking study of orientalism and imperialism. He analyses outrageous images in newspapers, photographs, tattoos, maps, parades, the decorative arts, material from the world's fairs and urban planners, explores how visual imagery and design shaped the political and cultural landscape, and played an integral role in the machinery that run the colonial engine. The way Americans visualised the Orient greatly influenced the fantasies of colonial domestication that would play out in the Philippines, America's one and only formal empire. With the closing of the Western Frontier, announced by Frederick Jackson Turner,

"The Orient now hosted the continuation of an American vision of manifest destiny. . . . [T]he American press depicted the Philippines as an Oriental nation devoid of civilisation, a site waiting for American prayers as manifest in the pretense of colonisation. . . . [I]t was time to move beyond the North American frontier and colonise other places that could enhance the American individualistic character. The fantasies and military realities of empire would become more viable with the advent of

cultural mediators who represented the arena of conquest through a multifaceted lens of visibility.”<sup>35</sup>

### 1.3.1 Modernisation theory

It was over broad issues of economic development that the fiercest battles for the concept of the Third World were fought. Orthodox development economists in the 1950s and 1960s had suggested that the poverty of non-western economies was the result of low levels of savings and investment, and that these problems could best be resolved by increasing external influence over them to help local elites modernise their societies (in other words, make them more like those of the West) by providing technology and education to increase productivity and output. The blueprints for this process were provided by “modernisation theory”, which sought to identify the “transitional process” and could move societies from the “traditional” to the “modern”.<sup>36</sup>

The fall of European empires forced the United States to re-evaluate how best to reconcile growing anticolonial demands with backing for European allies. In search of fresh instruments, the US turned to modernisation theory and developed a strategy based on ideas of progress. This theory, which attracted a lot of attention, sprang from the attempts of political scientists and sociologists in the late 1950s to address the notion of progress that had been seen too solely in terms of the economy. “No economic subject more quickly captured the attention of so many as the rescue of the people of the poor countries from their poverty,”<sup>37</sup> The foundation of modernization theory was a collection of cultural presumptions typical of the postcolonial transition: the conviction that science and industrial modernity would unite humanity, the acceptance of capitalism as a means of state control, and the use of welfare programmes to resolve social disputes.<sup>38</sup>

The first, and continuing, efforts at development were undertaken, thus, under the aegis of modernisation theory which sought to remake the Third World/Global South in the image and likeness of the First World/Global North. Its theoretical prescriptions

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<sup>35</sup> Brody, D. *Visualizing American Empire: Orientalism and Imperialism in the Philippines*, Chicago, IL: University of Chicago Press, 2010, p. 149.

<sup>36</sup> Tomlison, B. R., “What was the Third World?,” *Journal of Contemporary History*, Apr., 2003, Vol. 38, No. 2, pp. 307-321.

<sup>37</sup> The quotes are from Morgenthau, H.J., “A Political Theory of Foreign Aid,” *American Political Science Review* 56, no. 2 (June 1962): 309; Galbraith, J.K., *The Nature of Mass Poverty* (Cambridge, MA: Harvard University Press, 1979), 29; Gendzier, I.L., *Managing Political Change: Social Scientists and the Third World* (Boulder, CO: Westview Press, 1985), pp. 22–48.

<sup>38</sup> Lorenzini, S. *Global Development: A Cold War History*, Princeton University Press, 2019, p. 60.

undergirded policies and programs of Western industrialised countries toward underdeveloped countries. With globalisation, the development project became incorporation into the global economy through liberalisation, deregulation, privatisation, and depoliticisation demanded by free markets.<sup>39</sup> Modernisation theory undergirded these efforts. It was the first theoretical perspective to emerge to analyse and explain the problems of underdeveloped countries, and to present solutions to them. It was based on the experience of Western countries in the sixteenth century as they transitioned from being agricultural to become industrialised countries. Modernisation theory positioned all countries on a continuum from traditional to modern, with Western countries gathered at the modern pole, while underdeveloped countries were clustered on the traditional end. As a result, it believed that developing nations were traditional societies in need of support and encouragement to transform into contemporary societies similar to those in the West. Its core idea was modernity which Talcott Parsons, then the most dominant figure in American sociology, delineated as involving the processes of structural differentiation, functional specialisation, and cultural secularisation.

As Sara Lorenzini argues, the reason modernisation theory was successful in post-World War II America was that it helped to clarify widely held beliefs about the battle between the Soviet Union and developing nations: this was not just about Cold War skirmishes, but also about a basic conflict between worldviews and ideals. Kennedy felt that the US's security was threatened by widespread poverty and disorder and that democracy and economic progress could and should coexist. He presented his plan in his aid message dated March 22, 1961. It focused on national development plans to achieve self-sustaining growth, brought together all food aid, technical assistance, and other disparate activities under one roof, and used a multilateral approach to attract other industrialised states on a larger scale. Alongside this restructuring, there was a one-third increase in funding, amounting to \$800 million beyond the previous year's budget. The extra cash was allocated to expanded efforts in Africa as well as new initiatives for South Asia and Latin America. The US had made modernisation a key component of its policymaking. It was important to convince the receivers to validate the ideal and its particular programmes, but it was evident from the start that many local leaders welcomed

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<sup>39</sup> Litonjua, M.D. "Third World/Global South: From Modernization, to Dependency/Liberation, to Postdevelopment", *Journal of Third World Studies*, Vol. 29, No. 1, Mount St. Joseph University, Cincinnati, Ohio, 2012.

assistance but disagreed with the fundamental logic of modernisation, which is the adoption of the American model.<sup>40</sup>

In the economic field, Walt W. Rostow<sup>41</sup> specified the five economic stages that Western countries had gone through and provided the vademecum for economists to follow in prescribing the economic path for Third World/Global South countries. Regarding politics, Gabriel Almond concentrated on “a functional approach to comparative politics,”<sup>42</sup> wherein he outlined the input and output functions of Western democratic systems to be applied in the analysis of political systems in the Global South and Third World to determine which functions they possessed and which they did not. American socio-political and technical assistance programs at the time embodied these twin goals of advancing political democracy and economic development.<sup>43</sup>

Modernisation theory was ethnocentric not only because it was based on the experiences of Western countries but it posited as goal and end of modernisation efforts a modernised Western country. It addressed the internal causes of traditionalism, poverty, and underdevelopment in developing nations, but it ignored the historical commonalities between colonialism and imperialism. It reflected the spirit of the times, its optimism and idealism, that the path to modernisation had already been created by the now modern nations of the West which were at one time also traditional societies. It was simply a matter for Third World/Global South countries to follow in that path, not recognising that the conditions of twentieth-century Kenya are a world apart from the situation of sixteenth-century England. Over and above everything else, modernisation theory was presented and pursued as an anti-communist alternative to the equally global project of socialism by the Soviet Union.

Modernisation theory, lastly, was a deduction from Keynesian economics which animated the New Deal of Franklin Delano Roosevelt, and the two of which lifted the world from the Great Depression and won World War II by defeating the Axis powers. Modernisation theory, therefore, looked up to the state of Western industrialised countries to provide the funds and technical expertise, to initiate policies and programs that would lead to economic growth in underdeveloped countries and eventually bring about their

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<sup>40</sup> Lorenzini, S. *Global Development: A Cold War History*, Princeton University Press, 2019, p. 60.

<sup>41</sup> Rostow, W.W. *The Stages of Economic Growth. A Non-Communist Manifesto*, London, Cambridge University Press, 1960, 21 s.

<sup>42</sup> Almond, G. A., *A Functional Approach to Comparative Politics, The Politics of the Developing Areas*, ed. By Almond, G.A. and Coleman, J.S. Princeton, NJ: Princeton University Press, 1960.

<sup>43</sup> Packenham, R.A. “Political-Development Doctrines in the American Foreign Aid Programs”, *World Politics*, 18:2, 1966.

modernisation. As for the governments of the Third World and Global South, if they were sincere and capable, they were supposed to start development initiatives that would benefit their people and make them part of the contemporary world community. These presumptions caused modernisation theory to collapse, and modernisation theory itself evolved.<sup>44</sup> It appears that modernisation theory was not widely accepted or effective, as evidenced by the numerous debates in the DAC (Development Assistance Committee) and, more obviously, by the development policy of the EEC (European Economic Community), which was founded on distinct assumptions and was therefore disconnected from the intellectual foundations of modernisation. Both the theory and its programmes came under fire, as did the implication that convergence was a necessary part of progress.<sup>45</sup>

#### *1.3.1.1. The stages of economic growth by Walter W. Rostow*

Widespread (and also readily found in Western Marxist thought), the theory of the stages of development finds its significant accommodation in the work of W. Rostow, according to whom there are at least three crucial stages through which any process of economic development must pass: the creation of preconditions, the industrial take-off (the take-off) and the transition to maturity. However, the defining element of the modernisation process is the industrial process, the stage that opens with take-off. Rostow's perspective, which has been overly hardened in some followers, basically aims to emphasise the need to focus energies and resources on specific problems and draws attention to the ways in which the political Sphere, i.e., governments, can, must, succeed in meeting the requirements of the various stages.<sup>46</sup> Rostow attempts to generalise the sweep of modern history by placing societies within one of five stages of economic growth. His theory may be summarised as follows.

The first stage is that of traditional society. This is not a static society, but the productivity of its economy is limited by the unavailability of contemporary science. It follows that a high proportion of resources is devoted to agriculture and that, consequently, social structure and political power depend largely on the ownership or

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<sup>44</sup> Litonjua, M.D. "Third World/Global South: From Modernization, to Dependency/Liberation, to Postdevelopment", *Journal of Third World Studies*, Vol. 29, No. 1, Mount St. Joseph University, Cincinnati, Ohio, 2012.

<sup>45</sup> Lorenzini, S. *Global Development: A Cold War History*, Princeton University Press, 2019, p. 88.

<sup>46</sup> [https://www.treccani.it/enciclopedia/modernizzazione\\_\(Enciclopedia-Italiana\)/](https://www.treccani.it/enciclopedia/modernizzazione_(Enciclopedia-Italiana)/)

control of land. Because the physical environment is virtually regarded as given by nature and providence, social values are geared to a long run fatalism. Within this category can be grouped the whole of the pre-Newtonian world, including the dynasties of China, the civilisations of the Middle East and the Mediterranean and medieval Europe.

When the conditions for sustained growth are established, a second stage in the shift from traditional to modern society is reached. The issue was primarily economic and technical for a few recently settled nations, such as the United States and the British Dominions. It involved building social overhead capital, particularly in the transportation sector, and identifying an economic environment that made the transition to industry profitable. For most countries, however, fundamental changes in their social and political structures, as well as in production techniques, were required. To establish these preconditions for sustained growth entails the breakup of traditional society. Values, expectations, social structures and political processes must all change fundamentally. Because most societies have made this transition under the impact of external challenge, a reactive nationalism has been the most important motive force of change. This has meant the growth of centralised political power in opposition to regionally based landed interests and to colonial power. How long the transition period takes depends substantially on the degree and speed with which the political coalition forged by xenophobic nationalism directs its attention to the modernisation of the domestic society as opposed to other possible aims of nationalism. In fact, due to the nature of the issues that must be resolved during the transition, the establishment of an efficient modern government is frequently the most crucial requirement before entering the next stage of growth.

The third stage of growth was called by Rostow the “take-off” period. This is the decisive watershed in economic development. It is not the time of greatest economic expansion or the maturation of large-scale industry. It is a short stage, concentrated within two or three decades, in which the old obstacles to self-sustaining growth are overcome. Henceforth economic growth becomes the normal condition of society. “Compound interest becomes built, as it were, into its habits and institutional structure”<sup>47</sup>. The beginnings of the take-off stage are usually associated with some sharp stimulus such as a political revolution, a technological innovation like railways, or a newly favourable or

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<sup>47</sup> Rostow. W.W. *The Stages of Economic Growth. A Non-Communist Manifesto*, London, Cambridge University Press, 1960.

challenging international economic environment. The most important single initiator, however, has been the introduction of railways.

The fourth stage of growth, that of maturity, is reached when the economy “demonstrates the capacity to move beyond the original industries which powered the take off and to absorb and apply efficiently over a wide range of its resources - if not the whole range - the most advanced fruits of (then) modern technology”<sup>48</sup>. The economy proceeds along the road to maturity by repeating endlessly in different patterns and with different leading sectors the experience of the take-off. After railways, it may be steel, chemicals, electricity and machine tools which dominate the economy and become the main engines of growth. The development of a maturing society, moreover, brings about changes in its social structure, ambitions and outlook which lead up to a set of searching choices about future objective. The focus of attention, in other words, shifts from problems of production to problems of consumption. In each case, the balance of choice is determined by geography, resources, values and political leadership. This balance has varied over time as well as between countries. In the post-mature phase, Western Europe as a whole made different decisions than did America. Only America has struck the right balance to enter the fifth and final stage of growth, the age of high consumption, though it is still gathering momentum in western Europe and in Japan.

The modernisation of transitional society, Rostow points out, took place historically within a system of nation states. The nation state has certainly exercised a powerful influence upon the writing of economic as well as political history. It is the major unit of policy making. It is not as appropriate, though, for research that looks for the primary drivers of economic expansion. For this reason, the idea of the market—which transcends political boundaries—is more significant. It is impossible to comprehend the processes of growth by restricting the analysis to the nation-state framework.<sup>49</sup>

### *1.3.2. From Modernisation to Dependency theory*

The shift occurred in the late 1970s when stagflation gripped the American economy, the combination of recession and inflation that was caused by the shockwaves

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<sup>48</sup> Rostow, W.W. *The Stages of Economic Growth. A Non-Communist Manifesto*, London, Cambridge University Press, 1960.

<sup>49</sup> Wightman, D., Cavallini, S., “The Stages of Economic Growth/Gli Stadi dello Sviluppo Economico”, *Il Politico*, Vol. 26, No. 1, pp. 128-141, Rubbettino Editore, 1961.

of the 1973 and 1979 oil embargo by the Organisation of Petroleum Exporting Countries (OPEC), and which could not be cured by Keynesian economics. Milton Friedman of the University of Chicago's monetarist and free market theories were introduced by British Prime Minister Margaret Thatcher and US President Ronald Reagan thanks to the economic crisis. Reagan would not stop saying, "Government is the problem; it is not the solution to our problem." It was intended for the market to function on its own, left to its own devices. With that, the economy began to be liberalised and deregulated, and the government was made to shrink its functions. The implicit social contract between capital, labour, and government started to shred. People were left to avail themselves of the opportunities provided by the market.<sup>50</sup>

The next, and perhaps more significant, opportunity came after the Third World/Global South debt crisis, which was caused by the sharp spikes in oil prices that followed the OPEC oil embargo of 1973 and 1979. Western, especially American, banks found themselves drowning in petrodollars, deposited to them by OPEC, and which they then lent to developing countries. It was evident by the early 1980s—that Third World and Global South nations would be unable to repay their debts, would default, and file for bankruptcy—beginning with Mexico. Fearing the effects of such bankruptcies on the entire world banking system, the IMF agreed to loan Mexico enough money to prevent a default, but required in return certain economic policies and reforms.

The 1970s was the great age of the Third World rhetoric of common cause and common action. The growing influence of dependency theory, with its argument that the Third World existed in "a global and political system marked by a deep-seated and steadily increasing asymmetry and a cause-and-effect relationship between the underdevelopment of some nations and the overdevelopment of others", helped to legitimise a common agenda for changing the structure of international relations - especially of international economic relations appeared to be the foundation for that asymmetry. In this decade, the international relations became expressed through demands for reform in the institutional structure of the international economy.<sup>51</sup>

In the 1970s, dependency theory emerged from Latin America to challenge the entire framework and basic assumptions of modernisation. The immediate background

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<sup>50</sup> Litonjua, M.D. "Third World/Global South: From Modernization, to Dependency/Liberation, to Postdevelopment", *Journal of Third World Studies*, Vol. 29, No. 1, Mount St. Joseph University, Cincinnati, Ohio, 2012.

<sup>51</sup> Tomlison, B. R., "What was the Third World?", *Journal of Contemporary History*, Apr., 2003, Vol. 38, No. 2, pp. 307-321.

was the inability of development initiatives, which have been derogatorily called “developmentalism,” or “desarollismo,” to address underdevelopment and bring about social change. In fact, many development efforts resulted in substantial upward redistribution: the rich grew richer, the middle class got nothing, and the poor were worse off. Even if economic expansion did occur, most people did not profit from it. Dependency theory emerged as a competing theoretical framework for examining the historically unique issues facing the Global South and Third World. For “dependencistas” the development of rich countries brought about and continues to maintain the underdevelopment of poor countries. Instead of modernisation’s continuum from traditional to modern, therefore, underdevelopment is the counterpart of development, the reverse side of development’s coinage.

Dependency looked back at colonisation which Third World/Global South countries share in their histories as the starting point of analysis. Centuries of colonialism deprived these nations of their natural resources, turned their economies toward satisfying the needs of the outside world rather than the needs of their own people, and created social structures that framed social inequality. Even with political independence, economic relationships with dominant economies continue to be unbalanced and unjust, rendering Third World/Global South countries vulnerable to and at the mercy of the vagaries of the world economy. Because of colonialism, countries of the Third World are not merely undeveloped, but underdeveloped, if not mal-developed. The dominance-dependence relationship, moreover, is internalised within the individual Third World/Global South country. This is the fact of internal colonialism. Small groups of elites in developing nations, whose roots are in cooperation with colonisers, dominate their nations’ political and economic structures, conspire with developed nations’ transnational interests, serve as key players in preserving their peoples’ subservient status, and profit from any economic expansion that occurs. The result is that the gap between rich and poor sectors within the poor country is added to the gap between rich and poor countries. The spiral of growth is moving upward and is becoming smaller and richer.

There was much controversy about dependency.<sup>52</sup> The dependency school was never a unified voice, and contained significant variations of opinion about whether any development was possible within the existing international economic system. Some arguments stressed the structural barriers to development that followed from the division

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<sup>52</sup> Packham, R.A. *The Dependency Movement: Scholarship and Politics in Development Studies*, Cambridge, MA: Harvard University Press, 1992.

of the world economy into “core” and “periphery”; other writers suggested that “associated dependent development” was possible given appropriate local political encouragement.<sup>53</sup> The original formulation by Andre Gunder Frank<sup>54</sup> (1969) drew attention to its stark contrasts with modernisation theory, but was considered too simplistic. The historical, structural, and dialectic approach of Fernando Henrique Cardoso and Enzo Faletto<sup>55</sup> in the analysis of concrete situations of dependency was deemed more useful and fruitful. Such an approach, for one, allowed for the possibility of associated-dependent development, which in the case of Brazil was brought about by the triple alliance of local, state, and multinational capital.<sup>56</sup>

Dependency is significant because it represented an epistemological break in the development theory, and Frank's striking contrasts were a contributing factor to this break. Dependency in particular has two unique characteristics that make its contributions relevant today. Firstly, it is a viewpoint predominantly produced by academics from the Global South and Third World. Dependency is a view from the underside of history, from below the international structures of power, from the point of poor peoples of the world as they experience the domination of powerful nations and their subordination to the latter's interests. Second, dependency is less of a formal theory than “a methodology for the analysis of concrete situations of underdevelopment.”<sup>57</sup> Development has historically been open-ended, with unpredictable change directions for those who use and find meaning in it. Dependency continues to be an important point of departure and a methodological guide in the comparative study of poverty and underdevelopment.

Gustavo Gutierrez<sup>58</sup> has pointed out that our world and our times are marked by the “irruption of the poor,” meaning that,

“Those who until now were ‘absent ’from history are gradually becoming ‘present ’in it. This new presence of the poor and oppressed is making itself felt in the popular struggles for

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<sup>53</sup> Tomlison, B. R. “What was the Third World?,” *Journal of Contemporary History*, Apr., 2003, Vol. 38, No. 2, pp. 307-321.

<sup>54</sup> Gunder Frank, A., “The Development of Underdevelopment”, *Underdevelopment or Revolution*, New York: Monthly Review Press, 1992.

<sup>55</sup> Cardoso, F. E. and Faletto, E., *Dependency and Development in Latin America*, enlarged ed. (Berkeley, CA: University of California Press, 1979).

<sup>56</sup> Cardoso, F.E., “Associated-Dependent Development: Theoretical and Practical Implications”, *Authoritarian Brazil*, ed. By Alfred Stepan, New Haven, CT: Yale University Press, 1973.

<sup>57</sup> Evans, P.B. “Dependency”, *The Oxford Companion to Politics of the World*, ed. By Joel Krieger, New York: Oxford University Press, 1993, p. 232.

<sup>58</sup> Gutierrez, G., “Liberation Theology,” p. 550.

liberation and in the historical consciousness arising from these struggles. It is also making itself felt on the social level in the rise of the basic ecclesial communities and in the theology of liberation.”

It could very well be said that history itself is marked by irruptions of the poor, from the exodus of the people of Israel from the Egypt of the Pharaohs to the explosion of protests and demonstrations against globalisation in the streets of Seattle. The irruption of the poor in the contemporary period began with the decolonisation process in the 1960s, when one country after another in Africa struggled and gained their political independence, and set out to make of themselves modern nations<sup>59</sup>. It is with this irruption of the Third World that Latin American liberation theology was in continuity with, although the irruption has since grown, spread, and diversified.<sup>60</sup>

### *1.3.3. World-systems analysis*

Another viewpoint, which examined capitalist exploitation of the periphery from the vantage point of the system's centre, surfaced in the 1970s. World systems theory is the term used to refer to this theoretical undertaking. According to this view, the world has been one integrated, capitalist economy since the 16th century, with a periphery and semi-periphery formed by core regions in decline or peripheries that are trying to reinforce their position as relative players. The latter are characterised by an international division of labour. These regions' labour divisions shaped their political structures and working conditions in addition to determining how they interacted with one another. At the centre, local bourgeoisies were able to dominate global trade and amass capital surpluses thanks to powerful central governments, vast bureaucracies, and sizable mercenary armies. Conversely, the periphery relied on oppressive labour methods and exported raw materials to the core due to their lack of strong central governments or being ruled by outsiders. Through unfair commercial connections, the core frequently appropriated the excess produced by the periphery. The semi-periphery did not profit

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<sup>59</sup> Fabella, V. and Torres, S., ed., *Irruption of the Third World: Challenge to Theology*, Maryknoll, NY: Orbis Books, 1983.

<sup>60</sup> Litonjua, M.D. “Third World/Global South: From Modernization, to Dependency/Liberation, to Postdevelopment,” *Journal of Third World Studies*, Vol. 29, No. 1, Mount St. Joseph University, Cincinnati, Ohio, 2012.

from international trade to the same degree as the core, but it did have restricted access to international banking and the production of expensive, high-quality manufactured goods.

World systems theory and dependency theory emphasise global analysis and make comparable assumptions about the structure of the international system and how it affects country development. They frequently highlight distinct political dynamics, though. Dependency theorists prefer to focus on the function of strong states and the interstate system, whereas world systems analysts tend to concentrate on the strength of transnational classes and class structures in maintaining the global economy. These viewpoints originally backed the import-substitution industrialization (ISI) plan, which attempted to have nations produce manufactured goods for their own markets rather than importing them. The long-term goal was to increase industrial diversification domestically and eventually export protected manufactured goods to a global market that is competitive.

As a response, starting in the 1970s, theorists and practitioners advocated an export-oriented strategy as a way to break free from dependency. This strategy prioritised the growth of manufacturing production for world markets and the development of a specific comparative advantage for success in global trade. The approach relied on lower wages and domestic consumption levels (initially) to enhance competitiveness in world markets and attract foreign investment and financing. However, by the 1980s, many countries following this strategy found themselves heavily indebted to foreign entities, leading to a significant decline in economic growth. Despite ongoing refinements in the theorisation of peripheral development and its connection with the international system in the 1980s and 1990s, structural theorists struggled to reach a consensus on how to end dependence and achieve nondependent growth.

#### *1.3.4. The neoclassical counterrevolution*

Postdevelopment theory is not a unified and coherent theoretical perspective. In other words, it is in the process of being rethought and solidified. Occasionally, it only starts and ends with critiques of the theory, practice, and policies of contemporary development. Oftentimes, it is unrealistic nostalgia for pre-modern times. The worst kind of radicalism is either extreme right-wing populism or radical left-wing anarchy. The majority of the time, concepts from postmodernism, poststructuralism, postcolonial

studies, deconstruction, cultural, feminist, and environmental studies, as well as the power and discourse of Michel Foucault and the orientalism and imperialism of Edward Said, appear and have an impact.<sup>61</sup> Criticisms of development ideology and proposals for alternative futures have long percolated in various corners, academic and otherwise, until they received their first full-length articulation in Arturo Escobar's *Encountering Development*<sup>62</sup>, who has since continued to address problems and issues under the heading of postdevelopment theory.

The reality of modern Third World/Global South countries following fifty years of development efforts, or *la realidad*, as Latin American liberation theology would say, serves as the foundation for postdevelopment thinking. The post-World War II utopia of developing impoverished nations in Asia, Africa, and Latin America has given way to a nightmare of exploitation, oppression, suffering, and death. The abundance promised by the discourse and strategy of development has produced, instead, the institutionalised violence of inequality, domination, and subordination of rich over poor, nations and peoples. The prosperity that was supposed to be enjoyed by all through neoliberal globalisation is limited to twenty-percent of the global population, while the bottom billion are consigned to the chaos and hopelessness of failed states. The effects of the Great Recession of 2008, which nearly brought the entire world to the brink of another Great Depression, are still being felt by those who are marginalised in society and feel helpless against forces they cannot comprehend, much less control. More importantly, the ecological crisis has brought to the fore the simple impossibility of the entire world – where twenty percent of its richest population even now consume sixty percent of its resources – being lifted to the standards of living and lifestyles of the rich countries. It would take three planets to do that. What went wrong? How explain the grand failure? After all, was the belief in development just a collective illusion? Was it all illusion? For Wolfgang Sachs:<sup>63</sup> “The idea of development stands like a ruin in the intellectual landscape.” It did not work; it has become outdated; it has grown obsolete.

Consequently, the foundational idea of postdevelopment theory is that the ideas of modernization, development, and the Third World, along with all the cultural baggage

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<sup>61</sup> Litonjua, M.D. “Third World/Global South: From Modernization, to Dependency/Liberation, to Postdevelopment”, *Journal of Third World Studies*, Vol. 29, No. 1, Mount St. Joseph University, Cincinnati, Ohio, 2012.

<sup>62</sup> Escobar, A., *Encountering Development: The Making and Unmaking of the Third World*, Princeton, NJ: Princeton University Press, 1995.

<sup>63</sup> Sachs, W., ed., *The Development Dictionary: A Guide to Knowledge as Power*, 2nd ed. London: Zed Books, 2010, p. xv.

they carry and the political and economic policies that flow from them, are all components of the development discourse, a political and cultural construct that exalts the developed world's superiority and dehumanises the peoples, nations, and cultures of the rest as the "other," the different, the subaltern, and the subservient. The goal of postdevelopment theory is to examine and analyse this incredibly effective machinery for generating knowledge and enforcing authority. That marks the beginning of social movements in the Third World and Global South's endeavour to envision a postdevelopment regime of representation and to pursue alternative futures and practices. Economic growth is the be-all and end-all of development. The goal of modernisation theory is to transform traditional societies into modern nations, whose last stage, according to W.W. Rostow, is the age of mass consumption. Development has not achieved that goal. Development will never reach that end. Over the past fifty years, the outcomes of development theory, policy, and practice have not led to universal prosperity but rather to an unfair distribution of power and wealth that benefits a select few while trapping the majority in ever-worsening suffering. The model of development does not really meet the needs and the welfare of the poor, but was created by Western geopolitical interests to satisfy their insatiable need for markets and resources. The model, which is a copycat model, puts developing nations in a headlock of deference to the decisions made by multinational corporations and international organisations.

## Chapter 2

### Dependency theory: from the point of view of the theorists

#### 2.1. *Dependency Theory*

The term “dependency” first arose in writings about Latin America; earlier works of this type were better known for their discussions of “neocolonialism”, which obscured the term's African or Asian origins. If we may use their Latin American term, the “dependencistas”, are not a homogenous group, as the different nomenclature implies. Their overall viewpoint has been demonstrated for some time in a number of locations, indicating that there are significant differences within this “school.” However, since these writers in significant ways have a common outlook, it is helpful to identify the dependencistas as a group.

The dependency school’s main characteristic is probably its insistence that the structure of the international system, especially its economic aspects, should be studied in order to understand the form that development has taken in non-communist industrialising countries, rather than the internal characteristics of individual countries. Of course, this emphasis is not the only characteristic that sets dependency literature apart. It also frequently presents itself as clearly on the side of change in the South to benefit the most marginalised and impoverished members of society there, and it tends to place greater emphasis on the interaction of political and economic forces than does its rival “developmentalism”. However, as its name suggests, the most notable aspect of dependency theory is its emphasis on the necessity of understanding the logic of modern southern development only by firmly situating it within a historically defined global context. In other words, it is necessary to consider the current political and economic developments in the South as facets of imperialism both past and present. The logic of the development process can only be correctly understood from this perspective—that is, from the standpoint of local histories that are understood globally.

Because of this, dependency literature has become an important ideological bridge that unites Marxists and southern nationalists, along with their northern allies, within the parameters of a widely accepted historical analysis. Dependency theory is not just an intellectual endeavour; its significance should not be undervalued, despite any internal conflicts. Dependistas are generally devoted to a political action because of their ideas. Thus, the literature stands out in our day's intellectual history not just as a movement but

also as an ideology and a mode of discourse that can spur major political action. Dependency theory is an attempt to bring together two of the most influential historical forces of the 20th century in a tangible and practical way, which could have a big impact on both local and global history.<sup>64</sup> The 1960s and 1970s saw the rise of dependency theory as an opposition to modernization theory. A large number of academics and proponents of the theory concentrated on Latin America.

According to earlier theories of development, all societies progress along a similar route, and the developing countries need to quicken their pace by investing, transferring technology, and joining the global market. This idea is rejected by dependency theory, which contends that developing nations have different traits and deal with different issues than do developed nations. These countries, which have never benefited from the patronage of more powerful nations, are positioned as weaker participants in a global market economy. Dependency theorists contend that developing nations should follow their own development paths that are more in line with their unique needs and less susceptible to outside pressures in order to lessen their reliance on the global market.<sup>65</sup>

The central idea can perhaps be summarised as follows: stronger countries drain “potential surplus” from weaker ones and in this way simultaneously determine their own development and the underdevelopment of others. In this way, the former come close to their “potential”, while the latter remain far from it.<sup>66</sup> This accumulation structure “penetrates the underdeveloped world in its entirety like a chain, creating an ‘internal’ underdevelopment structure”. Underdevelopment is not an external issue, it does not depend on others, but is an internal constitutive structure of subjectivities and thus of political arrangements.<sup>67</sup> It is the product of the interaction of what we call “development” and “underdevelopment” in a dialectic that always develops through relationships of dependence and conflict. The image of the “centre-periphery” chain is functional, not geographical, and new technologies (such as those implemented between the 1960s and 1980s) may well extend it and make it porous. There are cycles of hegemony in which a “centre” imposes itself on many “peripheries”. Thus, a necessarily hierarchical system in

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<sup>64</sup> Smith, T. “The Underdevelopment of Development Literature: The Case of Dependency Theory”, *World Politics*, pp. 247-288, Cambridge University Press, 1979. DOI: <https://www.jstor.org/stable/2009944>

<sup>65</sup> <https://upscsociety.in/exploring-dependency-theory-understanding-development-approaches-and-criticisms/>

<sup>66</sup> Visalli, A. *Dipendenza-capitalismo e transizione multipolare*, Meltemi editore: Milano, 2020, pp. 13-14

<sup>67</sup> *Ivi*, p. 14

which certain forces, organised into an imperial dominus, exercise a hegemony that can only be overcome by another, more powerful and effective hegemony.<sup>68</sup>

Today more than ever, this key to understanding is urgent and topical, when the long-term consequences of the social and economic, hence political, division that was produced in the concatenation of the crises and partial responses of the twentieth century become increasingly evident. A “social division produced in the twenty-first century between a ‘high’, a world above, economically integrated, and a ‘low’, a world below, relegated to marginality” has widened.<sup>69</sup> Considering all this, it can be said that we need new tools to interpret the world in order to change it.<sup>70</sup>

The literature identifies two main theoretical and political strands at the origin of the “dependency school”, to which intellectuals and researchers from different disciplines and different countries adhered: the experience of ECLAC (Economic Commission for Latin America and the Caribbean), the UN Commission for Latin America established in 1948 as a regional organ of the United Nations, and the Marxist tradition taken up by predominantly North American scholars.

## *2.2. Economic Commission for Latin America and the Caribbean (ECLAC)*

In the early 1950s, largely influenced by Keynesian thought, structuralism emerged. The structuralists were essentially scholars from the United Nations Economic Commission for Latin America (or Economic Commission for Latin America and the Caribbean, Eclac), of which Raúl Prebisch (1901-1986) - one of the most prominent exponents of structuralism - was secretary for a long time (1950 to 1962). In line with the Keynesian approach to economic policy, the structuralists considered a certain amount of public intervention to be indispensable to correct the imbalances generated by market forces. In the specific case represented by the countries of South America, state intervention was considered necessary to remedy the serious problems that plagued the local economies. These problems, according to ECLAC’s experts, were not cyclical, but structural in nature. The state, therefore, had to play an active role, not only in an anti-cyclical function.

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<sup>68</sup> *Ivi*, p. 23

<sup>69</sup> *Ivi*, p. 15

<sup>70</sup> *Ivi*, p. 19

The starting point of the structuralist analysis is the debate on the opposition between externally-oriented and internally-oriented growth. According to the first approach, development is fostered by the export of raw materials and the subsequent initiation of industrialisation based on on-site processing of raw materials. The strong export orientation, however, makes the economy vulnerable to both cyclical fluctuations in international demand and the structural changes that periodically alter the productive organisation of advanced capitalist countries. Such exposure to exogenous macroeconomic trends raised, among ECLAC experts, strong doubts about the ability of market forces alone to sustain spontaneous industrialisation in South America. The second growth strategy, the inward-oriented one, argued instead for the need to support industrialisation through public intervention and import substitution. The structuralists considered this strategy more suitable overall to promote development, given also the constraints arising from the relationship between centre and periphery historically articulated, on a global scale, by capitalism. The ECLAC began its work with the aim of fostering the spread of modernising values and attitudes and increasing the international trade of Latin American economies. Under the impetus of Prebisch and his studies, however, the Commission elaborated and disseminated ideas that were increasingly critical of the initial assumptions, which prefigured Latin America specialising in the production and export of primary products.

### *2.2.1. Raul Prebisch and Hans Singer*

Using a structuralist method, the Argentinian economist Raúl Prebisch, known as the father of ECLAC, initiated the debates on Dependency Theories. Raúl Prebisch, who was born in Tucuman in 1901, attended the University of Buenos Aires, which at the time had the best economic theory department in Latin America (the Faculty of Economics). As an insider's insider, Prebisch showed every indication of having a distinguished career within Argentina's economic establishment. After earning his master's degree in economics in 1923, he received an invitation to become a member of the university staff. Prebisch thus developed an understanding of the global economic system from his very first professional endeavours. He also had a strong interest in policy matters from the beginning of his career. Following his termination from the Central Bank in 1943, Prebisch initiated a thorough reading of contemporary economic literature. When he

temporarily went back to teaching, he prepared a set of lectures in 1944 during which he used the terms “centre” and “periphery” for the first time.

Prebisch’s search for an answer to Argentina’s issues led him to consider Latin America and its interactions with the United States more broadly. His initial focus in this regard was a 1940 plan aimed at uniting Argentina’s economy with that of the United States, which included exporting manufactured goods and was likely drafted by Prebisch but presented to Congress by Finance Minister Pinedo. At the second meeting of the hemisphere's central bankers, which was called by the Banco de México, in 1946, Prebisch used the term “center-periphery” for the first time in print. Prebisch now characterised Latin America as the “periphery of the economic system” and the United States as the “cyclical centre.” The focus was on the trade cycle, the patterns of which the US economy established for the global economy as a whole. The single hegemonically organised system was implicit in this centre-periphery theory. While the term “hegemony” was not used in this initial application of center-periphery terminology, Prebisch would use it years later to describe the interactions between the two components of the global economy.

The U.N. Economic and Social Council gave the organisation its approval in February 1948, and in June of the same year, ECLAC convened for the first time in Santiago, Chile. The leaders of Chile were already familiar with Prebisch's ideas, and the main result of the meeting was a resolution to study the terms of trade in Latin America. This resolution would have a significant impact on the future of ECLAC, or at least its most well-known thesis. In 1948, Prebisch declined the initial offer to lead ECLAC due to his concern that a global institution such as the United Nations would not allow developing nations to independently assess economic issues; he specifically referenced the League of Nations' disinterest in less developed regions. However, a few months later, following approval at the first ECLAC meeting, he received another invitation to travel to Santiago to work on a special assignment as editor and writer of the introduction to an economic report on Latin America. *The Economic Development of Latin America and Its Principal Problems*<sup>71</sup>, published in Spanish in May 1949 and dubbed the “ECLAC Manifesto” in clear reference to the Communist Manifesto by economist Albert Hirschman, contained Prebisch's further elaboration of his theses on the worsening terms of trade in Santiago. According to Prebisch, with the Industrial Revolution in the United

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<sup>71</sup> <https://repositorio.cepal.org/server/api/core/bitstreams/77466a7c-2c03-4168-81d0-4886825819dc/content>

Kingdom, the process of irradiation of modern manufacturing technology on a global scale began. In the following centuries, the original industrial core expanded, following rather uneven and irregular territorial propagation dynamics. The final outcome of the worldwide spread of capitalism is the functional separation between a centre, industrially developed and technologically advanced, and a vast - as much as heterogeneous - periphery, made up of non-industrialised countries. The centre-periphery relationship is a projection of the international capitalist division of labour. The different productive specialisations of the two blocs ultimately depend on the different technological capabilities of the central and peripheral economies.<sup>72</sup>

In particular, the centre has homogeneous and diversified production structures, the periphery heterogeneous and specialised structures. The homogeneity of the production apparatus of the central countries refers to the production technologies employed, which are modern in all sectors of the economy. The diversified character, on the other hand, refers to the production capacities of these economies, which span a very wide range of goods. The centre is thus able to manufacture any type of product, even the most technologically advanced ones. The periphery, for its part, has completely mirror-image production capacities. The heterogeneous character of the productive apparatus of the peripheral countries is attributable to the dualistic conformation of these economies - in which a modern and a traditional sector commonly coexist - and to the different technological endowments of the two segments. In the traditional sector, obsolete and poorly productive technologies are used, while the modern sector makes use of advanced technologies. Peripheral production structures, on the other hand, are defined as specialised because they are allocated around a very limited range of products. The features of peripheral economies emerged as a result of the opening up to international trade, only to crystallise over time, thus remaining trapped in low-tech specialisations. Trade between the two areas is based on the interchange between industrial products, on the one hand, and the flow of raw materials and agricultural products, on the other, from the peripheral economies. The asymmetrical relations between centre and periphery are, according to Prebisch, the primary cause of the inequalities in income distribution on a global scale, the progressive concentration of wealth in the central areas and the collateral

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<sup>72</sup> Russo, A. *Stato e mercato. Storia del pensiero*, Utet Università, 2017. DOI: <https://www.utetuniversita.it/repository/4610/Par.%206.3.pdf>

stagnation of the peripheries. This dynamic is fueled by the tendential deterioration of the terms of trade to the detriment of peripheral countries.<sup>73</sup>

Prebisch is often referred to as a heretic, and his importance lies precisely in the fact that he questioned the economic ideas of his time, which were mainly based on the unconditional reliance on international trade as a means to develop peripheral countries. He believed that the existence of underdevelopment was determined by both the international and internal structure of individual countries and therefore distanced himself from Eurocentric economic currents. He elaborated a doctrine in which the internal conditions of Latin American countries are related to their international context and short-term instability to long-term structural vulnerability.<sup>74</sup>

The center-periphery thesis put forth by Prebisch in the 1940s presented an argument that is still difficult for the majority of economists in the US and Western Europe to accept. Even in the event that the relative positions of the “primary” and “secondary” centres shifted, it suggested a hegemonic relationship between two distinct components within a single economic system. Furthermore, the idea of unequal exchange between the two elements was developed, leading to the conclusion that the periphery contributed some of the center's wealth (though not all, according to Prebisch, because of the center's contribution to technological advancement). Moreover, the notion that the relationship was long-lasting was implicit in the original plan. Peripheral areas could only form new centres if they broke away from the original centre. The paths towards that break were where many of Prebisch's left-wing critics diverged from him, rather than the nature of the international system.

Prebisch believed that industrialisation was the best development model for Latin American countries and used ECLAC to spread this model. In Argentina he had already tried this in the 1940s -when he was advisor to the Ministers of Agriculture and Finance- participating in the formulation of the “Plan de Reactivación Económica”. Thanks to industrialisation, the peripheral countries could finally get out of the logic of dependency and start reaping the benefits of technical progress. The only question that tormented Prebisch was: “Could an industry develop in the peripheral countries when production

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<sup>73</sup> Russo, A. *Stato e mercato. Storia del pensiero*, Utet Università, 2017. DOI: <https://www.utetuniversita.it/repository/4610/Par.%206.3.pdf>

<sup>74</sup> Ferrer, A. *Raúl Prebisch y el dilema del desarrollo en el mundo global*, in: “Revista CEPAL”, no. 101, 2010.

costs were higher than in the centre?”<sup>75</sup> In fact, producing manufacturing goods within the country would have entailed higher costs than importing the same goods from the centre. The solution was to implement industrialisation by import substitution (ISI model), supported by a moderate government protection policy, in order to avoid the deterioration of the terms of trade. Prebisch maintained that in order for these countries to attain self-sustaining development, some level of trade protectionism is necessary. For developing nations, import substitution industrialisation (ISI) has been suggested as the best course of action instead of a trade-and-export focus.

Another UN economist, Hans Singer (1910-2006), contended in a 1950 article, the year following the ECLAC manifesto, that technological advancement in manufacturing was manifested in developed countries as higher incomes, while in developing countries it was manifested as lower prices for food and raw materials produced. An extrapolation of Ernst Engel's law, which states that the percentage of income spent on food decreases as income rises, explained the differential effects of technical progress in terms of different income elasticities of demand for primary and industrial goods as well as the “absence of pressure of producers for higher incomes” in developing nations. According to Singer, those who purchased manufactured goods in international trade were more likely to reside in developing nations than those who purchased raw materials, meaning that the latter group enjoyed the best of both worlds while the former had the worst. This concept was associated with Prebisch's, and the theories of the two men were soon called the Prebisch-Singer thesis. However, according to both economists, there was no direct exchange of ideas when the related sets of propositions were developed, using the same U.N. data.<sup>76</sup>

Prebisch and Singer examined the overall terms of trade of these exchanges using trade data between wealthier, northern nations and Latin America. They came to the conclusion that an inherent imbalance in this exchange caused capital to constantly flow out of Latin America. Although Latin American nations exported raw materials to the Global North, such as food items, lumber, and minerals, these same nations also frequently imported manufactured goods. The added value to these manufactured goods, which were usually made from the original imported raw materials, brought in money for

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<sup>75</sup> Prebisch, R. *Cinco etapas de mi pensamiento sobre el desarrollo*, in: “Comercio Exterior”, vol. 37, no. 15, 1987.

<sup>76</sup> Love, J.L. “Raul Prebisch and the Origins of the Doctrine of Unequal Exchange”, *Latin American Research Review*, The Latin American Studies Association, 1980, pp. 45-72. DOI: <https://www.jstor.org/stable/2502991>

the northern nations while keeping Latin American nations in a constant state of trade deficit. A low-income periphery and this affluent global core are in a semi-permanent extractive relationship.<sup>77</sup>

### 2.2.2. *Celso Furtado*

The analytical scheme of the international economy proposed by Prebisch, based on the division between a developed centre and a backward periphery, was taken up and deepened by Celso Furtado (1920-2004), one of the most radical scholars belonging to ECLAC. The Brazilian economist interpreted the centre-periphery relationship not only in terms of the asymmetrical distribution of the benefits of development between the two macro-areas, as Prebisch had already argued, but as a relationship of dependence and exploitation of the periphery by the centre. Furtado's analysis, in particular, focuses on the internal and external constraints on the development of Latin American countries.<sup>78</sup> The external constraints on the development of the periphery, on a historical level, thickened as a consequence of the imbalances in the formation of the system of international division of labour, established following the Industrial Revolution. In the original accumulation phase, some countries (the central ones) specialised in sectors that benefited greatly and immediately from the rapid technological advances taking place. The peripheral countries, on the other hand, focused on sectors where natural resources gave them some comparative advantage, becoming trapped in positioning themselves in sectors that were unproductive and receptive to innovation. Thus, the latter became importers of the new consumer goods, obtained through technological innovations introduced in the core areas, specialising in the export of raw materials and agricultural products to the centre of the world economy. The outcome was the emergence in the non-industrialised countries of a peripheral capitalism, incapable of promoting innovation, and therefore dependent on decisions taken externally.<sup>79</sup>

Given the particular specialisation in production imposed by the international division of labour, peripheral countries (unlike central ones) cannot benefit much from technological innovation, nor even experience significant productivity gains.

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<sup>77</sup> Schmidt, S. "Latin American Dependency Theory." *Global South Studies: A Collective Publication with The Global South*, 2018. DOI: <https://globalsouthstudies.as.virginia.edu/key-thinkers/latin-american-dependency-theory>

<sup>78</sup> Russo, A. *Stato e mercato. Storia del pensiero*, Utet Università, 2017. DOI: <https://www.utetuniversita.it/repository/4610/Par.%206.3.pdf>

<sup>79</sup> *Ibidem*

Incidentally, even when such changes occur, they do not translate into wage increases, but only into higher profits for a minority of owners, which are then squandered on luxury consumption. In the periphery, the bourgeoisie is not an entrepreneur, but a “comprador”: that is, it uses the profits, gained from monopolistic enterprises, for property or land speculation, and for opulent consumption. As far as internal constraints are concerned, according to Furtado they represent the main vehicle through which the centre induces the dependency of the peripheries. These constraints derive from the diffusion of modern consumption styles, typical of advanced central countries, in a qualitatively relevant share of the peripheral population. The lifestyle and consumption patterns of the higher-income population in the periphery tend to follow the evolution of fashions in vogue in high-productivity countries. This creates a significant demand for consumer goods produced in the core countries, thanks to the production technologies monopolised by these economies and not present in the periphery. Given Prebisch-Singer's thesis, this demand will lead to a persistent imbalance in the trade balance of peripheral countries.

The international division of labour imposes on peripheral economies a structural dependence on consumer demand from central metropolises, and on the cyclical fluctuations of the international economic system. Peripheral markets, in parallel, become a conquering ground for central multinationals, which progressively take control of the local companies created through import substitution strategies. This is how Furtado describes these complex constraints:

“In underdeveloped economies, development tends to increase international ties in the sense that, in the vast majority of cases, it is linked to the expansion of the activities of a company whose centre of decision-making lies outside the subsystem itself. Since this development implies the adoption of a new model of consumption, or the diffusion of it, and since these new models bring with them an international type of linkage (import of inputs, payment of royalties, patents, etc.) it can be said that this development is a structural transformation of the global system, which tends to tighten dependency relations”<sup>80</sup>.

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<sup>80</sup> Russo, A. *Stato e mercato. Storia del pensiero*, Utet Università, 2017, p. 5. DOI: <https://www.utetuniversita.it/repository/4610/Par.%206.3.pdf>. Translation by Isabel Gessi.

Import substitution, even within the analytical scheme formulated by Furtado, represents a strategy to disarticulate the real flows between centre and periphery, which strengthen and progressively radicalise the condition of dependency. Replacement industrialisation also fulfils the function of inducing the forced assimilation of new production technologies in geo-economic contexts previously unaffected by significant innovation processes. In this way, highly dynamic elements would be inoculated within historically stagnant productive assets. Furtado also identifies the state as the most relevant coordinating centre for macroeconomic decisions aimed at disarticulating the condition of underdevelopment. He states in this regard:

“To the extent that it has become clear that underdevelopment is a manifestation of complex relations of domination-dependence between peoples, and that it tends to self-perpetuate under changing forms, attention will tend to focus on its political aspects. Thus, it has become one of the fundamental concerns of dependent peoples to equip themselves with viable national decision-making centres, which in many cases presupposes profound processes of social reconstruction.”<sup>81</sup>

### 2.3. *Fernando Henrique Cardoso and Enzo Faletto*

The dependency theory was deepened by Fernando Henrique Cardoso, a Brazilian sociologist and politician. Cardoso contributed significantly to the understanding of the economic dependence of Latin American countries in relation to advanced economies. Cardoso contributed to dependency theory through the concept of “dependent development”. According to him, the process of economic development in dependent countries is significantly influenced by the dynamics of international economic relations. Cardoso emphasised the importance of understanding the role of national social classes in the perpetuation of dependency, highlighting how certain sectors of society in these countries can benefit from dependency by maintaining a social and economic structure that does not promote an equitable distribution of resources. The sociologist and statesman Fernando Henrique Cardoso of Brazil rose to prominence as a scholar who

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<sup>81</sup> Russo, A. *Stato e mercato. Storia del pensiero*, Utet Università, 2017. DOI: <https://www.utetuniversita.it/repository/4610/Par.%206.3.pdf>. Translation by Isabel Gessi.

promoted dependency theory, a position he eventually abandoned. From 1995 to 2002, he served as Brazil's president. Cardoso studied sociology at the University of São Paulo under Roger Bastide and Florestan Fernandes. He taught there until the military coup in 1964, at which point he departed Brazil. Cardoso made a significant contribution to dependency analysis during his exile in Santiago, Chile, at a time when import substitution industrialisation (ISI) appeared to have failed. Cardoso and his associate Enzo Faletto expanded the analysis into social relations in the middle and late 1960s. Because of his earlier research, which made him pessimistic about the development led by national bourgeoisies, Cardoso saw dependency as a historical situation in which dependent countries of the less-industrialised periphery also experienced a complex internal dynamic of class conflict. This meant that dependency was not solely determined by a dynamic capitalist centre. He agreed with structuralists that the periphery's declining terms of trade benefit the centre more from exchange than the periphery. However, he emphasised the shared interests of social classes in the global system, especially the bourgeoisies in the centre and the periphery.<sup>82</sup>

The famous *Dependency and Development in Latin America*<sup>83</sup> was published in 1969 at the request of the Economic Commission for Latin America (ECLAC) by Brazilian sociologists Fernando Henrique Cardoso and Enzo Faletto. This text is the outcome of the heated discourse that was prevalent in Santiago, Chile during that time. Cardoso believed that monopoly capitalism and development did not have to be mutually exclusive. In fact, he admitted that capitalism could generate development, even though it was a development destined only for a narrow and privileged section of society. Together with Faletto, Cardoso studied the historical-structural process of dependency from class relations, coming to the conclusion that capitalist development can coexist with concrete situations of dependency in Latin America. Dependency is thus determined by historically given relations and the cause of underdevelopment is not only to be sought outside, but also within the state, in its socio-political structure. This view is called unorthodox Marxist and is based on the historical process, the dynamics of class relations and the political aspect of economic processes.

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<sup>82</sup><https://www.encyclopedia.com/humanities/encyclopedias-almanacs-transcripts-and-maps/cardoso-fernando-henrique-1931>

<sup>83</sup> Cardoso, F.H., Faletto, E. *Dependencia y desarrollo en América Latina*, Buenos Aires, Siglo XXI Editores, 1977.

Dependency is, in some respects, a condition that is imposed by the centre but, even more, it is an autonomous process beyond the control of any entity. For Cardoso, the nature of dependency can change, as it has done in recent years due to the advent of technology, which has reduced the need for land, resources and cheap labour in the production process.<sup>84</sup> Cardoso's proposal to get out of the condition of dependency is to focus on the state, improving its position through internal reforms:

“A decent future for the countries of the South will only be possible through more education, a better state, productivity enhanced by its human capital, a great leap forward in technology (IT, new materials, respect for the environment, new organisational models). It also requires a democratic society and state (necessary conditions for the marriage of production, education, and society, in an atmosphere of freedom leading to organisational and technological innovation).”<sup>85</sup>

Cardoso and Faletto sought to organise an analysis that considered the political dynamics that exist within the social classes and groups within each nation, as well as the “web of political relationships and interests that by joining sections of two types of economies—developed and underdeveloped—shaped different forms of political and social development in each country in the region.” The authors' goal was to avoid mistakes that could arise from characterising traditional and modern societies in a way that would force attempts to explain only the transition between the two, rather than their relationship.

#### 2.4. Paul A. Baran and Paul Sweezy: *the Monthly Review*

Based on the theories of Paul Baran (1909-1964), the Marxian theory of dependency offers a critical analysis of the economic dynamics between developed and developing countries. This method is based on the work of Baran, as described in his book *The Political Economy of Growth*. Scholars are still drawn to it because of its similarities

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<sup>84</sup> Cardoso, F.H., *As idéias e o seu lugar: Ensaio sobre as teorias do desenvolvimento*, Petrópolis, Vozes, 1993, pp. 151-6.

<sup>85</sup> *Ivi*, p. 157. Translation by Isabel Gessi.

to previous Marxist theories of imperialism. Baran's examination of economic surplus was the main source of his contribution to the Marxian theory of dependency. After basic needs are met, he defined economic surplus as the resources that can be reinvested in profitable ventures. But he also pointed out the ways in which this excess could be abused, for example, by foreign powers engaging in profit repatriation, military spending, or ostentatious consumption. According to Baran's historical analysis, the colonial era's extraction of this surplus was the primary cause of the poverty in developing nations. He maintained that colonialism prevented progress and continued poverty by stifling the potential for change. Baran claims that the continuation of poverty and underdevelopment is a result of the dominance of both domestic and foreign capitalists, who exacerbated the oppression left over from feudalism.<sup>86</sup> At the same time a second thing has happened,

“The class struggle has become completely ‘internationalised’, and thus ‘the revolutionary initiative against capitalism, which in Marx's time belonged to the proletariat of the advanced countries, has passed to the dispossessed masses of the underdeveloped countries who are struggling to free themselves from imperialist domination and exploitation.’”<sup>87</sup>

Today's developed capitalist countries have never been underdeveloped, if anything, they have been undeveloped: underdevelopment is not an “original state” from which all societies started to develop. Underdevelopment is not caused by the social and economic structures of poor countries but is the historical product of the relations that have been established between these countries and the developed metropolises. Underdevelopment is therefore not a lack of development but a particular condition produced by capitalist development, it is a function of a particular position in the structure of the world system established by capitalism.<sup>88</sup> For Baran, thus, it is not the lack of capitalism that causes underdevelopment at all, but its presence. Capitalism, by extending its exploitative practices, determines a hierarchy of development centres organised in a chain with connections that make underdevelopment the necessary other side of

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<sup>86</sup><https://upscsociology.in/exploring-dependency-theory-understanding-development-approaches-and-criticisms/>

<sup>87</sup> Visalli, A. *Dipendenza-capitalismo e transizione multipolare*, Meltemi editore: Milano, 2020 p. 65. Translation by Isabel Gessi.

<sup>88</sup> Baran P., *Il Surplus economico* (1957), Feltrinelli, Milano 1962.

development. Development, the primary focus of his attention, is not a matter of mere material multiplication of resources. On the contrary,

“Historically, economic development has always meant a real transformation of the economic, political and social structure of society, of the prevailing organisation of production, distribution and consumption. Economic development has always been promoted by the classes and groups interested in a new economic and social order, and has always been opposed and obstructed by those interested in the preservation of the status quo, by those who, clinging to the structures, customs, traditions and institutions of the existing society, derive innumerable benefits from it as well as their own way of thinking. It has always been marked by more or less violent clashes, it has swung through arrests and advances, it has suffered setbacks and gained ground - it has never been a harmonious process, unfolding peacefully in time and space.”<sup>89</sup>

The 1966 book, *Monopoly Capital*<sup>90</sup>, is the culmination of the theoretical reflection of Paul Baran, who unfortunately died suddenly at the age of only 55 in 1964, and Paul Sweezy, who will survive him almost forty years, continuing his work and carrying it forward. Paul Sweezy was one of the most important figures of the North American left: after graduating from Harvard, he began his teaching career at that university, but his Marxist views forced him to take a back seat. In 1949, he founded the *Monthly Review, An Independent Socialist Magazine* with Leo Huberman.<sup>91</sup> Sweezy was until 2004, the year of his death, thus, a major reference in Marxist studies.<sup>92</sup> In 1942, he wrote *The Theory of Capitalist Development*<sup>93</sup>.

The nature of the system determines, in short, for the authors, the psychology of its components “and not vice versa”. “The economy of large joint-stock companies is

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<sup>89</sup> *Ivi*, p. 15. Translation by Isabel Gessi.

<sup>90</sup> Baran P., Sweezy P., *Il capitale monopolistico* (1966), Einaudi, Torino 1968.

<sup>91</sup> Published every month in New York City, *The Monthly Review* is an independent communist magazine. The magazine, which has been published continuously in the United States since 1949, is the longest-running communist or socialist publication.

<sup>92</sup> Visalli, A. *Dipendenza-capitalismo e transizione multipolare*, Meltemi editore: Milano, 2020 p. 62.

<sup>93</sup> Sweezy, P. *La teoria dello sviluppo capitalistico*, Boringhieri, Torino 1942.

dominated by the logic of profit more, not less, than the economy of small entrepreneurs”.<sup>94</sup> The economic system is thus dialysing, dividing into a few giants, monopolist, multinational enterprises and a large number of smaller enterprises that follow. Because the prime mover is the big ones, the smaller enterprises merely react, but have no initiative of their own and are like part of the environment of the big ones.<sup>95</sup> For the authors, “Monopoly capitalism is an inherently contradictory system”, it has a tendency to create surplus but not the necessary consumption and investment outlets to “realise” it. So, this remains mostly “potential” and tends to grow, and its normal state is stagnation (with small cycles). The solution to the dilemma of surplus absorption is to be found essentially in capitalism's main characteristic of being, since time immemorial, an international and hierarchical system, consisting of one or more metropolises and a chain of exploited suburbs. Capitalism everywhere generates wealth on the one hand and misery on the other.<sup>96</sup> However, if at the centre it is “slim”, at the “periphery” interconnected to the chains of exploitation and extraction of surplus potential it is reborn. It is in the periphery, thus, where it becomes still possible to mobilise the forces needed to escape from a system that lives on the irruption of waste, corrupting and emptying the meaning of life. It is here, in short, that one can fight. This struggle will not have to take place, where Marx expected it, in the place of maximum development of the productive forces, but in the places where (world) development determines (local) underdevelopment. So, to recapitulate, capitalism in the monopoly phase tends towards stagnation (“secular”, according to some economists) and is only kept in check by exogenous drives of which the main ones are political, i.e., public spending, particularly military or related to “imperial” management. The relevant thing about the phase we call 'globalisation' is that, with capital made globally mobile and the world less segmented, workers in advanced countries are put in direct competition with lower paid workers in the Third World. The gulf between productivity and wages is therefore now, and has been for some time, quite evident (in fact it has been since the 1970s).<sup>97</sup>

The question becomes whether relations between “centres” and “peripheries” are defined by equilibrium exchanges that are in principle equal, or assume unequal relations of exploitation. The “regional sciences” originated around this kind of question and were

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<sup>94</sup> Visalli, A. *Dipendenza-capitalismo e transizione multipolare*, Meltemi editore: Milano, 2020 p. 67.

<sup>95</sup> *Ivi*, p. 68

<sup>96</sup> *Ivi*, p. 76

<sup>97</sup> *Ivi*, p. 89

initiated in the 1940s by Alfred Loesch, but were profoundly renewed in the 1960s on the basis of a reinterpretation that also made use of Marxist categories. At the centre is the idea that economic development, at all scales, is not a linear process in which the optimal allocation of resources and the economic interest of the actors is spontaneously realised, but a discontinuous and unbalancing process in which inequalities, and therefore power, are produced.<sup>98</sup> Underdevelopment is more than “backwardness”, it is more the effect of domination. The fundamental idea is that the capitalist system, far from being the crowning achievement of history, has a chance of survival only as long as it does not become an obstacle to further economic and social progress.<sup>99</sup>

At the end of the 19th century, the world was changing hands: the first phase of industrialisation was coming to an end, producing an enormous expansion of heavy industry, based on new energy sources and technologies (coal and steam). Along with this change in the technological platform, an enormous process of concentration and centralisation of capital was also produced with the emergence of large dominant companies. Social relations, power elections in society and class dynamics changed drastically. Competitive capitalism was eventually destroyed and monopolies and declining investment opportunities arose.

Western penetration into backward and colonial countries, which was supposed to spread the benefits of Western civilisation to every remote corner of the globe, actually meant ruthless oppression and exploitation of the subjugated nations.<sup>100</sup> Baran's crucial thesis is of a comparative nature: the development offered by the planned economy is superior, and more socially balanced and sustainable, than that possible in the disorderly capitalist economy in the monopoly form.<sup>101</sup> Therefore, in a capitalist system, one can expect neither maximum output, rationally divided between investment and consumption, nor a balance between the level of production and “softening the burden of labour”. Economic development in underdeveloped countries is deeply hostile to dominant interests in advanced capitalist countries. By supplying the industrialised countries with many important raw materials and offering their corporations vast profits and investment outlets, the backward countries have always represented the indispensable hinterland of the highly developed capitalist West.<sup>102</sup>

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<sup>98</sup> Visalli, A. *Dipendenza-capitalismo e transizione multipolare*, Meltemi editore: Milano, 2020 p. 91.

<sup>99</sup> *Ivi*, p. 29.

<sup>100</sup> Baran P., *Il Surplus economico* (1957), Feltrinelli, Milano 1962, p. 18.

<sup>101</sup> *Ivi*, p. 20.

<sup>102</sup> Visalli, A. *Dipendenza-capitalismo e transizione multipolare*, Meltemi editore: Milano, 2020 p. 32.

What is the gist of this discussion? It can be briefly summarised as follows. In the monopolistic phase of capitalist development, the mechanism of the equalisation of profit rates only works in the very small competitive sector of the economic system. Here, the profit rates are small and the mass of profits available for investment relatively small. In the monopolistic and oligopolistic sphere of the economy, profit rates on invested capital are unequal but generally high and the mass of profits available for investment prodigiously large. This tends to reduce the volume of overall investment, because the relatively few monopolistic and oligopolistic enterprises to which the bulk of the profits flow do not find it profitable to reinvest them in their own enterprises and find it increasingly difficult to invest them elsewhere in the economy. The latter becomes increasingly “heavy” to the extent that more and more segments of the competitive sector become “oligopolised” and the possibilities of founding new industries that do not compete with the established oligopolistic enterprises become more reduced. Thus, in each situation the volume of investment tends to be less than the volume of economic surplus that would be produced under conditions of full employment. There is thus a tendency towards underemployment and stagnation, a tendency towards overproduction that was precisely identified by Marx a hundred years ago.<sup>103</sup>

The point put forward by Baran, in the face of these dynamics, is that there is no automatic tendency to get out of them. It is precisely on this conviction that the need for rational action and hence planning is founded. The composition of disconnected individual actions, but oriented by the same necessary logic and therefore coordinated, leads to over-exploitation of some resources, under-exploitation of others, and under-investment relative to potential. All this can only be resolved “through changes in the economic-social structure which, in turn, result in changes in customs and values, which determine the desires and behaviour of individuals”.<sup>104</sup> But such an impulse can only emerge from the deliberate action of a collective actor that can act in the long term: the state. An example of this is the collapse of the 1930s and the response given by the New Deal. The ruling groups adjusted to the new ideological position, but as soon as the worst was over, big capital took over again.<sup>105</sup>

The characteristic of underdevelopment can be seen in particular in the way the economic surplus is used for luxury and identity consumption imported from the

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<sup>103</sup> *Ivi*, p. 36.

<sup>104</sup> *Ivi*, p. 37.

<sup>105</sup> Visalli, A. *Dipendenza-capitalismo e transizione multipolare*, Meltemi editore: Milano, 2020 p. 37

developed countries and towards which they retain some awe, not only material. In essence, the country inexorably becomes “an appendage of the Western domestic market”, stimulating development in a sense, but in the West, while extinguishing its spark in underdeveloped countries. In other words: internal and international specialisation, organised in such a way that one participant specialises in “destitution” while the other takes on the white man's “burden” of reaping the profits, can hardly be considered a satisfactory arrangement for achieving maximum happiness for the greatest number of people. The aim remains the same: “to prevent, or if this is impossible, to slow down and control the economic development of underdeveloped countries”, because development necessarily leads to a reduction in profits. In conclusion, what the “underdeveloped” countries lack is not capital at all, but the possibility of utilising their actual economic surplus, since it is absorbed by the “buying” elites and spent on voluptuous imports or hoarded abroad.<sup>106</sup> Capitalism, in its monopoly phase, is, that is, morally bankrupt. All that remains in the end is the prospect of socialism to contribute to the birth of a new society, in which the conditions of life which surround men and which have hitherto dominated them can now “come under the dominion and control of men who now, for the first time, become conscious and effective masters of nature, because and insofar as they become masters of their own organisation of society.”<sup>107</sup> Of course, the condition for this utopian achievement is the overcoming of the law of the core, and it presupposes the creation of a human type accustomed to the duties of a socialist cooperative society, instead of the fratricidal struggle in the capitalist market. This will be, in a sense, the point at which the utopian energies of the “gang of four”<sup>108</sup>, after the end of the millennium, will diverge.<sup>109</sup>

### 2.5. *Andre Gunder Frank: the development of underdevelopment*

The main exponent of this formulation was the German sociologist and economist André Gunder Frank (1929-2005). He taught at several American universities and moved to Latin America in 1962, where he lived for several years. He fled Brazil after the military coup d'état of 1964 and found asylum and academic placement at the University

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<sup>106</sup> Visalli, A. *Dipendenza-capitalismo e transizione multipolare*, Meltemi editore: Milano, 2020 p. 32

<sup>107</sup> Baran P., *Il Surplus economico* (1957), Feltrinelli, Milano 1962, p. 18.

<sup>108</sup> The so-called “gang of four” was an affectionate way of calling the group of scholars working on the analysis (and abolition) of global capitalism that included Samir Amin, Andre Gunder Frank and my doctoral advisor Giovanni Arrighi.

<sup>109</sup> Visalli, A. *Dipendenza-capitalismo e transizione multipolare*, Meltemi editore: Milano, 2020 p. 47

of Santiago de Chile, where he collaborated with many Brazilian scholars and researchers, who were engaged in political militancy and therefore exposed to long periods of exile in various Latin American countries to escape military dictatorships. Supported by the fact that he wrote in English, unlike all other Latin American scholars, he played the role of spokesman and first ambassador of the dependency theory. He firmly denied the starting point of the modernisation theorists, i.e., that the existing world economic organisation could allow the backward countries to develop their economy independently. On the contrary, he believed that capitalist development of the centre inevitably produced underdevelopment of the periphery. For Frank, development and underdevelopment are two sides of the same coin. This line directly influences Andre Gunder Frank's "development of underdevelopment" thesis, unfolding from the early essays of the 1960s to the tragic Chilean experience, collected in the two texts *Capitalism and Underdevelopment in Latin America*<sup>110</sup> and *Latin America: Underdevelopment or Revolution*<sup>111</sup>, separated by a few years. The thesis is that it is not the lack of capitalism that causes underdevelopment at all, but its very presence. In other words, there is a structural condition whereby the characteristics of backward countries are the product of the secular exploitation of the capitalist mode of production.

He wrote:

"Today's developed countries were never underdeveloped, although they may have been undeveloped. It is commonly believed that a country's contemporary underdevelopment can be seen as the product or reflection only of its political, economic, social and cultural characteristics or structures. However, historical research shows that contemporary underdevelopment is partly the historical product of past, and still present, economic and other relationships between the satellite and underdeveloped countries and the now-developed metropolitan nations. These relations, moreover, are an essential part of capitalist development on a global scale as a whole."<sup>112</sup>

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<sup>110</sup> Gunder Frank, A. *Capitalismo e sottosviluppo in America Latina*, Einaudi, Torino 1967.

<sup>111</sup> Gunder Frank, A. *America Latina: sottosviluppo o rivoluzione?*, Einaudi, Torino 1969.

<sup>112</sup> Gunder Frank, A. *Lo sviluppo del sottosviluppo*, AA. VV., *Il nuovo marxismo latinoamericano*, cit., p. 147. Translation by Isabel Gessi.

Furthermore, in open opposition to Rostow's evolutionary finalism of historical processes, Frank writes:

“We cannot hope to formulate a theory and policy of development for the majority of the world's population suffering underdevelopment without first studying how its past economic and social history has given rise to its present underdevelopment [...]. Most of our theoretical categories and indications for a development policy have been derived exclusively from the historical experience of the advanced capitalist nations of Europe and North America [...]. Our ignorance of the history of underdeveloped countries leads us to assume that their past, and hence their present, resemble earlier stages in the history of today's developed countries.”<sup>113</sup>

The theoretical point is that the institutions and economic (but also social and cultural, or political) relations that are observed in the “central” and “developed” world, and those observed in the “peripheries” and “underdeveloped” are the product of each other in a dialectic that develops through mutual relations of dependence, conflict in mutual connection. The stronger countries drain “potential surplus” (Baran) from the weaker ones and in this way determine their underdevelopment. In this way, the former come closer to their “potential”, while the latter remain distant from it. They are part of the power bloc that determines this extractive relationship: the “buying” bourgeoisies, the monopolistic industries (dependent on foreign capital and thus powerful extractors of local capital), the foreign multinational corporations, the enslaved and parasitic ruling classes. All these are “interdependent parts of a totality” and as a whole the expression of a mode of production that is necessarily extended to the world scale. The accumulation of capital that takes place in this form is therefore in its essence and of necessity unequal.

Frank, on the basis of lengthy analyses of the Chilean and Brazilian historical situations, concludes that one of the main reasons for underdevelopment is that the middle classes are dependent on existing economic structures, and these are dependent on foreign

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<sup>113</sup> *Ivi*, p. 141. Translation by Isabel Gessi.

countries, and are, if threatened, ready to support right-wing solutions. The “immediate enemy” is therefore the national bourgeoisie, and the local bourgeoisie in the countryside, although the “strategic enemy” is imperialism. The class struggle, therefore, has a strategic coincidence with the anti-imperialist struggle, but this also has a tactical priority. Without it, the national bourgeoisie will always make national liberation from imperialism, and thus the interruption of the “development of underdevelopment”, impossible. This bourgeoisie, living off the results of these outflows, “is not linked to internal development”, whereas it is linked to foreign relations.<sup>114</sup>

According to André Gunder Frank, the underdeveloped condition of the periphery emerges coinciding with the expansion of capitalism on a global scale. At this juncture, the colonies of European countries are transformed into capitalist economies, i.e., whose production is market and profit-oriented. Given the fundamentally monopolistic conformation of capitalism, this transformation lays the foundations for the establishment of a hierarchical chain of exploitative relations, articulated on an international scale by the centre-periphery relationship. While the central countries appropriate the surplus produced by the periphery, the periphery is subordinated to highly asymmetrical trade relations, with benefits entirely perceived by the centre. The integration into the circuits of world capitalism of the periphery is functional to the extortion of the surplus from it. Frank describes the centre-periphery relationship in these terms:

“The metropolis appropriates the economic surplus of the satellites, and takes possession of it to sustain its own economic development. The satellites remain underdeveloped due to the lack of access to their surplus and as a consequence of the very polarisation and contradictions of exploitation introduced by the metropolis and maintained in the internal economic structure of the satellite. The combination of these contradictions, once introduced with stable roots, reinforces the development process of the increasingly predominant metropolis, and the underdevelopment of the increasingly dependent satellites, until

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<sup>114</sup> <http://tempofertile.blogspot.com/2019/07/sviluppi-della-teoria-della-dipendenza.html>

this is resolved, through the abandonment of capitalism by one or more interdependent parties”<sup>115</sup>.

The salient elements of the dependency theory proposed by Frank can be summarised as follows: firstly, underdevelopment represents a consequence of the global expansion of capitalism in its imperialist phase. The inclusion of underdeveloped countries in world market circuits, within the dependency’s perspective, instead of stimulating their development has perpetuated their condition of subalternity. Frank spoke in this sense of the “development of underdevelopment”<sup>116</sup> to describe the effects generated by the global expansion of capitalism. Subjugated by capitalist relations to the domination of the central metropolises, the satellites become victims of systematic resource depredation by the centre. This drainage represents the fundamental dynamic that has rendered underdeveloped a large part of the countries of the so-called Third World, which have thus become satellite states of the central ones, thanks to the relations of dependence woven by capitalism. Development and underdevelopment, therefore, do not constitute the arrival and departure stages of a single evolutionary process (as argued by the classical modernisation theory), but represent the outcome of the centre-periphery relations structured by capitalism, mirror projections of its affirmation process. Capitalism is the cause, past and present, of underdevelopment;<sup>117</sup>

Consequently, given these relationships, peripheral countries became “underdeveloped” following the establishment of capitalism as the dominant economic system worldwide.<sup>118</sup> Only when the peripheries became functionally dependent on the centre did, they acquire the characteristics and features of underdevelopment. The causes of the latter, according to Frank, are not ascribable to the inadequacy of the institutional set-up of the backward countries, but to the dynamics inherent in capitalism and the functional position assumed within the world economy. The underdevelopment of the periphery, based on a constellation of forces that feed and reproduce it, constitutes a self-propulsive dynamic. Given its condition of dependency, no peripheral country has any chance of developing; similarly, the core countries have never been properly “underdeveloped”, nor have they ever exhibited those structural characteristics typical of

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<sup>115</sup> Gunder Frank, A. *America Latina: sottosviluppo o rivoluzione*, Einaudi, Torino 1969. Translation by Isabel Gessi.

<sup>116</sup> Gunder Frank, A. *Capitalismo e sottosviluppo in America Latina*, Einaudi, Torino 1967.

<sup>117</sup> Gunder Frank, A. *America Latina: sottosviluppo o rivoluzione*, Einaudi, Torino 1969.

<sup>118</sup> Gunder Frank, A. *Capitalismo e sottosviluppo in America Latina*, Einaudi, Torino 1967.

underdevelopment, such as dependence on external centres. Within the perspective of the dependency theory, the core countries, in the past, while not being properly “developed”, were nevertheless not “underdeveloped”. The development of the centre, like the underdevelopment of the periphery, represent two different, closely interrelated outcomes of the same historical process: the worldwide rise of capitalism; finally, the mechanism, endogenous to capitalism, that crystallises the asymmetrical centre-periphery relationship is identified, by dependency theorists, in unequal exchange, an asymmetrical relationship that transfers and reallocates the economic surplus of the peripheries to the benefit of the centre. The extraction of surplus from the peripheries is further reinforced by dynamics of political, as well as economic, subordination of the periphery.

## 2.6. *Samir Amin*

The same paradigm-building phase is expressed in the work, albeit with partially different intellectual roots, of Samir Amin in the 1960s, later organised by the 1973 text *Unequal Development*. Samir Amin was a naturalised French Egyptian economist, political scientist and activist. He was a Marxist-educated researcher and intellectual, particularly distinguishing himself as a pioneer of the so-called dependency theory in political economy. He is also known for having introduced the term Eurocentrism into the common lexicon in one of his famous writings in 1988.

Here we start from the geographic gravitational analysis of Perroux (who was his teacher) in which, albeit within a neoclassical theoretical framework, the notion of space as a field of both centripetal and centrifugal forces is identified, which determine the attraction and repulsion of economic actors (here enterprises) towards certain places rather than others; in this way, “growth poles” are generated from which economic development originates as the location of “motive activities”. The motive enterprise exerts a domination, both over related enterprises and over the regional space involved, in function of its innovative capacity (read in the Schumpeterian sense), i.e., says Perroux of the force “to impose on suppliers a purchase price of their inputs that is lower than market prices”. This theoretical observation is taken up and used systematically by Amin to explain the unequal development in which the world's peripheries are trapped.

The central idea is that economic development is not a linear process in which the optimal allocation of resources and the economic interest of the actors is spontaneously realised, but a discontinuous and unbalancing process in which inequalities, and thus

power, are produced. For Amin, underdevelopment is not “backwardness”, rather domination. For him, the overriding interest of a country is to develop productive centres that can trigger self-sustained growth. And this depends essentially on the growth of real incomes for a majority share of the population, as a consequence of the expansion of domestic demand. Trade is not in itself (tautologically) fair, in fact:

“Exchange is unequal essentially because productivity is unequal (and this inequality is linked to different organic compositions [of capital]), and, secondarily, because the different organic compositions determine, through the equalisation of the profit rate, different production prices of the values in isolation.”<sup>119</sup>

In this way, through trade at international prices, transfers of value from the periphery to the centre are disguised. Determining and aggravating this situation is the exercise of monopolies, and the most absolute of these: that of technology. Technological progress is, moreover, capital using and thus raises the organic composition of capital. Under these conditions, in order to try to overcome the difficulties of realising surplus-value, capital tries to put in place at the periphery those modern productions that are ‘unprofitable’ in the countries of the centre. By benefiting from low wages, even in relation to productivity (thanks to technology) this effect is achieved. But the surpluses are to a large extent again extracted and transferred to the centre either through undervaluation of prices or through the re-importation of the profits nevertheless achieved.

Some have drawn from this lesson, and from the whole school, the undue and moralistic implication that it is the workers in the centre who contribute to the exploitation of those on the periphery. For Amin, however, it makes “no sense” to “attribute to this the meaning that ‘workers in the centre exploit those in the periphery’, because only the ownership of capital permits exploitation”. At most, it is the dominant social classes that exploit each other, or in his words, “the bourgeoisie of the centre, the only one that has a world dimension, exploits the proletariat everywhere, in the centre as well as on the periphery, but exploits that of the periphery even more brutally”.

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<sup>119</sup> <http://tempofertile.blogspot.com/2019/07/sviluppi-della-teoria-della-dipendenza.html>. Translation by Isabel Gessi.

What distinguishes, in essence, the developed economy from the periphery, in Amin's view, is the density of internal versus external exchanges. That is, the degree of extraversion. An economy where the latter prevails is 'disjointed'.

“The underdeveloped economy is made up of juxtaposed sectors and enterprises, poorly integrated with each other but strongly integrated, separately from each other, in complexes whose centre of gravity is located in capitalist centres. There is no real nation in the economic sense of the term, no integrated internal market.”<sup>120</sup>

In addition, according to Samir Amin, the development of the periphery is inhibited by its integration into world capitalism, which limits its accumulation capacity by draining the generated surplus outside. The underdevelopment of peripheral countries is self-feeding, and any attempt to break out of this condition appears doomed to failure. The perverse circle could only be broken if the underdeveloped countries left the world economic system and the unequal exchange mechanisms it implies. In the capitalist mode of production, for Amin, the formation of surplus is concealed by a veil. It is certainly on this issue that the fundamental contribution of *Capital* is made: the transformation of surplus value into profit. The true religion of capitalist society is “economism,” consumerism.<sup>121</sup> The necessary conditions for the development of capitalism are precisely two: proletarianisation and the accumulation of money capital. While the accumulation of money capital is found in all eastern, ancient and feudal mercantile societies, it in itself never led to the development of capitalist relations because there was no free and available labor. This process of proletarianisation (i.e., exclusion of a part of the rural population from the village community) is explained, for Europe, by the disintegration of feudal relations<sup>122</sup>. Until the industrial revolution, the capitalist mode of production as such did not yet exist. It is only in the capitalist mode of production that commerce becomes a capitalist activity like industrial production and that, as a result, commercial

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<sup>120</sup> <http://tempofertile.blogspot.com/2019/07/sviluppi-della-teoria-della-dipendenza.html>. Translation by Isabel Gessi.

<sup>121</sup> Amin, S., Ferrero, M. *Lo sviluppo ineguale: saggio sulle formazioni sociali del capitalismo periferico*. Einaudi, 1977, pp. 16-17.

<sup>122</sup> *Ivi*, p. 22

capital appears as a fraction of social capital<sup>123</sup>. It is the set of major social phenomena that seems to support the thesis that the internal evolution of European rural society is at the origin of capitalism, without the role of Atlantic trade having been decisive in this path<sup>124</sup>.

In defining the capitalist mode of production, he explained,

“We have taken as our starting point the exclusive appropriation, by one class, of means of production that are themselves the product of social labour. We are in the presence of capitalism from the moment that the means of production, produced by social labour, are directed not by the whole of society, but by a part, which therefore becomes ‘bourgeoisie.’ Capitalism makes its appearance when the development of the productive forces has reached such a degree that these means of production, which are themselves products, are no longer simple enough to be within the reach of their producer.”<sup>125</sup>

It is competition that in turn determines a peculiarity of the capitalist mode of production: the endogenous character of the progress of the productive forces in relation to the functioning of the system, whereby the entrepreneur who introduces a more advanced technique forces others to imitate him. Capitalism is thus permanently in search of new outlets, and foreign trade goes on whether the economic structures are different or similar, since even in the latter case there are, at all times, multiple “specific” products or products considered as such. It is just that these advantages are constantly changing and the sphere of international trade expands unceasingly, not because everyone specialises more, but rather because production diversifies.<sup>126</sup>

The *déconnexion* (Amin 1985) from capitalism, i.e., an autarkic closure, is identified by Amin as the only strategy that peripheral countries can implement to emancipate themselves from the perverse spiral of dependence on international trade circuits, and to break the imperialistic link that connects the periphery to the centre. In

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<sup>123</sup> *Ivi*, p. 24

<sup>124</sup> *Ivi*, p. 27

<sup>125</sup> *Ivi*, p. 53. Translation by Isabel Gessi.

<sup>126</sup> *Ivi*, p. 179

addition to external domination by the central countries, peripheral economies, according to Amin, have the following characteristic features: a dualistic economic system with predominance, within the national economy, of the agrarian sector; the presence of a local bourgeoisie dependent on foreign capital, concentrated mainly in the trade sector; a tendency towards bureaucratisation, caused by a large, expensive and inefficient public sector.

In terms of economic history, the satellites are characterised by rather controversial cyclical dynamics. The rapid surges in GDP that periodically occur in peripheral countries are usually followed by long phases of stagnation or even impoverishment. Economic growth, in the periphery, is an ephemeral phenomenon, inevitably destined to be short-lived, occurring between protracted phases of stagnation or decline. The centre-periphery divide is a constant element of capitalism, one of its endogenous features.

In reality, Amin notes, two distinct models of capitalism operate simultaneously on a global scale: self-centred capitalism, typical of the core countries, is capable of generating smooth and self-propulsive development; extraverted capitalism, typical of the periphery, is decidedly less dynamic than the former. Unable to generate development, it condemns the satellites to an irreversible state of stagnation. The two models of capitalism are integrated and structurally interconnected within the same world economic system, which fuels the development of the centre and the underdevelopment of the periphery. The only viable way to deconstruct the vicious circles of extraverted capitalism is to exit the pattern of world capitalist accumulation through *déconnexion*. Disconnection from world capitalism implies a socialist-type revolution, and goes far beyond the simple implementation of ISI strategies oriented towards economic independence. In order to arrive at a model of a self-centred, dynamic and propulsive economy, it is necessary, according to Amin, to resort to a solution that is decidedly more radical than the one implemented so far in many areas of the Third World.

The alternative facing the periphery, according to him, is as follows: either a dependent development, or a self-centred development that must necessarily be original to that of the currently developed countries. We still find the law of the unequal development of civilisations: the periphery cannot catch up with the capitalist model, but is forced to go beyond it. It actually has to undergo a radical revision of the capitalist model of resource allocation and reject the criteria of profitability. The transition process, seen on a global scale, starts with the liberation of the periphery. But it is only to the

extent that the goal of maturing and developing socialist consciousness is not sacrificed, at any stage, to that of economic progress that a strategy can rightly be called a transition strategy.<sup>127</sup>

## 2.7. *World-systems analysis*

1973, the year of the coup d'état in Chile, is a turning point after which the phase of capital recall put in place by American capitalism, in order to defend itself against competition from emerging industrialised countries, leads to a progressive rethinking of the “disconnection” hypothesis. It is in this context of progressive, and then increasingly pronounced, retreat that the paradigm of the ‘world system’ is formed. The “gang of four” (Wallerstein, Arrighi, Amin, Frank) works in the context of the Ferdinand Braudel Centre in Birmingham and sees the progressive emergence of Giovanni Arrighi’s hunger.

The paradigm produces a decisive shift of many concepts already developed in the previous phase from methodological nationalism to a globalism nourished by the spirit of the times and fuelled by the critique of Eurocentrism. The approach is strongly interdisciplinary and also influenced by the cultural climate associated with post-modernism and “complexity sciences”, and postulates a “structural” relationship co-originally determined by the historical and social evolution of economic circuits of exchange and production and the system of political relations.

Consistent with this shift, and somewhat following the spirit of the times Frank and the other exponents of the “world-system school”, Wallerstein in primis, attempt to shift the focus from nation-states to a global unit of analysis. From a more strongly historical perspective, the analysis refocuses on the problem of the emergence of Western hegemony and its characteristics. The concept of “mode of production” becomes more central and the old school concepts of “constellations of centres and peripheries”, “drainage of surplus”, “unequal exchange” is reincorporated. The dominant idea is that capitalism is the modern form of a total, planet-wide relationship that expands progressively destroying the weaker “modes of production” and related civilisations.<sup>128</sup> The school was formed at the beginning of the 1980s and remained in preparation and incubation during the same, Wallerstein began to systematise it in *The World System of*

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<sup>127</sup> Amin, S., Ferrero, M. *Lo sviluppo ineguale: saggio sulle formazioni sociali del capitalismo periferico*. Einaudi, 1977, p. 315.

<sup>128</sup> <http://tempofertile.blogspot.com/2019/07/sviluppi-della-teoria-della-dipendenza.html>

*Modern Economics* from 1974 (three volumes, 1974, 1980, 1989) then consolidated during the 1990s. One of the first books to present a large-scale reading of modern capitalism in the key that would later be “world-systems” is Samir Amin's 1971 book, *Accumulation on a World Scale*, along with this, from 1972, the book that introduces the concept of “unequal exchange”: Arghiri Emmanuel, *The Unequal Exchange*. In 1978 Andre Gunder Frank published a final summary of his ‘first’ position in *World accumulation 1492-1789*.

### 2.7.1. Immanuel Wallerstein

Immanuel Maurice Wallerstein represents the main exponent of the system-world theory. The theory incorporates the insights of Prebisch’s centre-periphery model, the dependentistas (while criticising many aspects of it), the contributions of Marxist theorists of imperialism and the historical research of Fernand Braudel. The world-system represents the key concept of Wallerstein’s theory, defined as “a spatial/temporal domain that cuts across many political and cultural units, representing an integrated area of activities and institutions that obey certain systemic rules”. The world-system constitutes an entity capable of ensuring, in an endogenous and self-sustaining manner, its own development through an efficient division of labour between its components.

Wallerstein introduced the concept of the semi-periphery, which further complicated the concepts of “centre” and “periphery.” However, both world systems theorists and dependentistas were adopting a systemic perspective. The dependentistas used the concepts of transnational capital diffusion and internal market internationalisation to observe the world. This theory concentrated on the expansion of multinational firms and methods of organising capital and labour, not on any particular nation-state. Wallerstein, meantime, was worried about the other historical end. Dependentistas and Wallerstein were looking at two distinct points in the historical development of the global system's emergence.<sup>129</sup> To these world systems are added the mini-systems, based on subsistence economies. Long dominant in human history, especially in its early stages, mini-systems are now completely overtaken by historical evolution.

It should be made clear that, when Wallerstein speaks of world-systems, world-empires or world-economies, he is not referring to systems, empires and economies that

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<sup>129</sup> <https://jacobin.com/2022/07/cepal-latin-america-theorists-third-world-global-economy>

come to cover and encompass the entire world within themselves (this rarely happens), but to systems, empires and economies that are a world, i.e., completely self-sufficient entities. As already mentioned, the world-economy is defined by Wallerstein as a large geographical area, endowed with its own division of labour and significant internal circulation of capital, labour and product flows. The world-economy typically encompasses multiple independent political units and cultures that are not necessarily homogeneous. A world-economy takes on capitalist connotations when it is based on a continuous accumulation of capital. In this respect, it is only in the modern era that the world-system becomes properly capitalist.<sup>130</sup> Precisely because it is capitalist, the modern world-economy is based on unequal exchange, the projection of a labour division model that articulates a functional tripartition between centre, semi-periphery and periphery in the world-system.

The capitalist world-economy is thus characterised by an axial division of labour between central and peripheral production processes. Axial division is an “expression used to articulate the thesis that what maintains the integrity of the capitalist world-economy is an invisible axis that holds central and peripheral processes together”.

Central production processes make central countries rich, while poor countries are rich because of their peripheral production processes. But what makes a production process central or peripheral? The difference, in the sense suggested by Wallerstein, lies in the degree of relative monopoly or free market of the production processes. Relatively monopolised (central) ones are considerably more profitable than free-market (peripheral) ones. Thus, monopolistic and more profitable processes give central countries a decisive advantage over peripheral ones. Given the higher value of monopolistic goods compared to those with many producers in the market, the final outcome is an unequal exchange involving a transfer of surplus value (i.e., profits generated by peripheral production) to the advantage of the states where the central processes are located.

The capitalist world-economy has represented the most historically enduring form of world-economy. Lacking a unitary political structure (the modern world-economy encompasses a myriad of autonomous political units), the unifying element is represented by the effectiveness of the system of division of labour; effectiveness, concretely, is commensurate with the capacity of the division of labour to generate wealth. The long

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<sup>130</sup> Wallerstein E. *World-systems Analysis: An Introduction*, Duke University Press, 2004.

survival of the modern world-economy is thus guaranteed by the intrinsic propensity of capitalism to incessantly support the accumulation of capital.

In order for a capitalist system to exist and prosper, however, it is also necessary for a delicate balance in the distribution of power between the holders of political power and the capitalists. If the formers are too strong, their interests systematically prevail over those of the entrepreneurs. This slows down the accumulation of capital to the extent that other (political) objectives are given priority, and accumulation subordinated to them.<sup>131</sup>

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<sup>131</sup> <https://www.utetuniversita.it/repository/4610/Par.%206.3.pdf>

## Chapter 3

### Case study: Latin America, a story of dependency

Latin America is where the ideas of dependency theory were developed. It can therefore be considered an excellent case study of a developing country with a colonial history full of oppression. The history of Latin America is heterogeneous and invertebrate in the sense that through a process of successive foreign influences, a Latin American civilisations and cultures are being formed - by reaction. These cultures, in its essence, are not the result of a homogeneous evolution of its own, but are formed and shaped according to the irradiations that come from outside, and which, crossing the Atlantic, take on mythical characteristics.<sup>132</sup>

Latin America has experienced a long process of clear divergence from developed countries. Nevertheless, it has been a dynamic region, in the sense that it has significantly improved its per capita income, its standards and its life expectancy, at levels far above those of less developed nations. Perhaps this trajectory helps to understand the important tradition in the studies of economic history that the continent possesses. This is why Latin American history is so attentive to the future as to the past. This can be partly explained by the fact that the type of economic transformations that have taken place in the developed regions are challenges that Latin America faces. The image that Latin America presents, apart from its exotic characteristics, is that of a continent criss-crossed by age-old conflicts, situations of extreme poverty, and recurrent manifestations of political ungovernability: in a natural context characterised by immense resources, and for this reason, by enormous potential that, however, fails to unlock and generate processes of economic growth, equitable development and fair distribution of economic and political power.<sup>133</sup>

#### 3.1. *The origin of Modernity*

Enrique Dussel, an Argentine-Mexican academic, historian and philosopher, in the book *1492: El encubrimiento del otro hacia el origen de la modernidad*<sup>134</sup> talks about the “myth of modernity”. Modernity, for him, has a rational emancipatory concept. But,

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<sup>132</sup> Dussel, E., *América Latina: dependencia y liberación*. Buenos Aires: Fernando García Cambeiro, 1973.

<sup>133</sup> Echeverría, J. *I rapporti tra stato, società ed economia in America Latina*. Quaderni del dipartimento di Politica Sociale; 18. Trento: Università degli Studi di Trento. Dipartimento di Politica Sociale, 1991.

<sup>134</sup> Dussel E., *1492: el encubrimiento del otro hacia el origen de la modernidad*, 1992, p. 12.

at the same time, it develops an irrational “myth”, of justification of violence, which should be denied, overcome. 1492, according to his central thesis, is the date of the “birth” of Modernity, even if its gestation - like the foetus - takes some time of intrauterine growth. Modernity originated in the free, medieval European cities, centres of enormous creativity. But it was born when Europe was able to confront “the Other” and control it, defeat it, do violence to it; when it was able to define itself as an “ego” discoverer, conqueror, coloniser of the Alterity constitutive of Modernity itself. In any case, this Other was not “un-covered” as “Other”, but was “en-covered” as “the Same” that Europe had always been. So, 1492, for the author, was be the moment of the birth of Modernity as a concept, the concrete moment of the origin of a very particular “myth” of sacrificial violence and, at the same time, a process of “en-covering” of the non-European.<sup>135</sup>

The first point of the “historical constitution” of Modernity is crossed, from 1492 to 1636 (the year that Descartes articulated the ego cogito in the Discourse on Method). Spain and Portugal at the end of the 15th century were Renaissance nations: they were the first step towards Modernity proper. It was the first region of Europe to have the original “experience” of constituting the Other as dominated under the control of the conqueror, of the domination of the centre over a periphery. Europe is, thus, constituted as the “Centre” of the world (in its planetary sense). For the author, it is important to include Spain in the original process of Modernity, since at the end of the 15th century it was the only European power with the capacity for external territorial “conquest” (and it had proved it in the “reconquest” of Granada).

Referring to Latin America he affirms:

“We were the first ‘periphery’ of modern Europe; that is, we suffered globally from our origin a constitutive process of ‘modernisation’ (although this word was not used at that time) that later will be applied to Africa and Asia. Although our continent was already known -as evidenced by the world map of Henricus Martellus in Rome in 1489- only Spain, thanks to the political ability of King Ferdinand of Aragon and the daring of Columbus, tried formally and publicly, with the corresponding rights granted (and in open competition with Portugal), launch

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<sup>135</sup> Bértola, L., Rodríguez Weber, J. and Bonvini, A. Source: *Contemporanea*, Vol. 20, No. 3 (luglio-settembre 2017), pp. 484-490.

into the Atlantic to reach India. This process is not anecdotal or simply historical; it is, moreover, the original process of the constitution of modern subjectivity.”<sup>136</sup>

The idea of the “centre” of world history was so established. Indeed, since world history moves from the East to the West, it was necessary first to discard Latin America (which was not situated in the East of the Far East, but to the West of the Atlantic) and Africa (the barbarous, immature, anthropophagous, bestial South): “Asia is the part of the world where the beginning as such takes place [. ...] But Europe is absolutely the Centre and the End (das Zentrum und das Ende) of the ancient world and the West as such, Asia the absolute East”<sup>137</sup>. In other words, for Hegel, modern Christian Europe has nothing to learn from other worlds, other cultures, it has a principle in itself and is its full “realisation”. The English, according to the German philosopher, are responsible for Modernity’s culmination: “The English determined to become the missionaries of civilisation throughout the world (Missionarien der Zivilisation in der ganzen Welt)”<sup>138</sup>. That people, the North, Europe (Germany and England in particular for Hegel), thus had an “absolute right”. This is the best definition not only of “Eurocentrism” but of the very sacralisation of the imperial power of the North or the Centre over the South, the Periphery, the former colonial and dependent world. The “Periphery” of Europe thus serves as a “free space” for the poor, the fruit of capitalism, to become capitalist owners in the colonies. For Habermas, as for Hegel, the discovery of America is not a constitutive determinant of modernity. The experience not only of the “Discovery”, but especially of the “Conquest” will be essential in the constitution of the modern ego, but not only as subjectivity, but as subjectivity “centre” and “end” of history.

The idea of this first figure —the “invention of America”—belongs to Edmundo O’Gorman<sup>139</sup>. In a historical-philosophical analysis the great Mexican historian describes the “ontological experience” as it was lived - and which can be proved by the documents that have come down- by Christopher Columbus. After a reconstructive adventure he came to the conclusion that Columbus did not discover America, in a strict ontological

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<sup>136</sup> Dussel E., *1492: el encubrimiento del otro hacia el origen de la modernidad*, 1992, p. 12. Translation by Isabel Gessi.

<sup>137</sup> Dussel E., *1492: el encubrimiento del otro hacia el origen de la modernidad*, 1992, p. 16.

<sup>138</sup> Hegel, *Vorlesungen über die Philosophie der Geschichte*, en *Werke*, Suhr- kamp, Frankfurt, t. 12, p. 413.

<sup>139</sup> O’Gorman, E., *La invención de América, México*, fce, 1977.

sense - in the vocabulary of the aforementioned author. This is what he calls the “invention” of the “Asian-ness” of America. That is to say, the “Asian-ness” of this continent only existed in the “imagination” of those Renaissance Europeans. Columbus politically and officially opened the door to Asia through the West in Europe. The “Asian-being” of the found was, thus, “invented”. In any case, the “invention” in America of its “Asian” moment transformed the Ocean Sea, the Atlantic, into the “Centre” between Europe and the continent west of the Ocean. Columbus, in this way, can be considered as the first “modern” man, or rather, he is the beginning of its history. He is the first to officially “leave” (with powers, no longer being a clandestine voyage, like many of the previous ones) Latin - anti-Muslim - Europe, to begin the constitution of the existential experience of a Western, Atlantic Europe, the “centre” of history. The “Asian-being” - and nothing else - is an invention that existed only in the imagination, in the aesthetic and contemplative fantasy of the great navigators of the Mediterranean. It is the way in which the Other “disappeared”, the “Indian”, was not discovered as Other, but as “the Same” already known (the Asian) and only re-known (then denied as Other): “en-covered”.

To give a European definition of Modernity - as Habermas does, for example - is to fail to understand that Europe’s Modernity constitutes all other cultures as its “Periphery”. It is to arrive at a global definition of Modernity (in which Europe’s Other will be denied and forced to follow a process of modernisation, which is not the same as Modernity). And this is why Modernity (as a “concept”, and not as a “myth”) is born here, strictly and historically-existentially, from about 1502.

For O’ Gorman, in its ontological foundation, this experience is not a discovery of the new, but simply the recognition of a matter or power where the European begins to invent his own image and likeness. America is not discovered as something that resists as distinct, as the “Other”, but as the matter to which the “Same” is projected. It is not then the “appearance of the Other”, but the “projection of the Same”: en-covering.

### *3.2. The Conquest*

Conquest is another important figure for Dussell. Now the figure is practical, Person-Person relationship, political, military; not of recognition and inspection - with mapping and description of climates, topography, flora or fauna - of new territories, but of domination of people, of Indians. It is no longer the theory; it is now the praxis of domination. Once the territories had been recognised geographically, the next step was to

control the bodies, the people: it was necessary to “pacify them”. Whoever establishes domination over other peoples in the Spanish world (and later in the European world in general) is a militiaman, a warrior. The Conqueror is the first active, practical, modern man who imposes his violent individuality on other people, on the Other. The Conquest is a military, practical, violent process that dialectically includes the Other as the Same. The Other, in its distinction, is denied as Other and is forced, subsumed, alienated to be incorporated into the dominating totality as thing, as instrument, as oppressed, as “encomendado”, as “salaried” (in the future haciendas), or as African slave (in the sugar mills or other tropical products). The subjectivity of the “Conquistador”, for its part, was being constituted, slowly unfolding in praxis. Cortés<sup>140</sup>, who “that year [1518] was mayor, and as he was cheerful and proud and knew how to treat everyone according to his inclination”<sup>141</sup>, was appointed by Velázquez, “as captain general” of the conquest to be carried out in the newly discovered lands. Thus, was established, for the first time, a relationship with the Other, the “Outside”, the absolute foreigner who came like the Sun from the infinite East of the ocean, unnavigable for the Mexicans. It was what would give meaning to the New Age of the World: the relationship with the absolute Foreigner, the domination under the Foreigner, divine, who came to conquer, to dominate, to kill. The first relationship then was one of violence: a military relationship of conqueror-conquered; of a developed military technology against an under-developed military technology. The first modern experience was of the quasi-divine superiority of the European “I” over the primitive, rustic, inferior Other. It is a violent-military “I” that “covets”, that craves wealth, power, glory. Indeed, a “world” was coming to an end - and that is why it is totally euphemistic to speak of the “meeting of two worlds”, when one of them was destroyed in its essential structure. It was inevitably the Aztec “end of the world”. The colonisation of the everyday life of the Indian, of the African slave soon after, was the first European process of modernisation, of civilisation, of subsuming (or alienating), the Other as Self; but now no longer as the object of a warlike praxis, of pure violence - as in the case of Cortes against the Aztec armies, or of Pizarro against the Incas - but of an erotic, pedagogical, cultural, political, economic praxis, i.e. of the domination

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<sup>140</sup> Hernán Cortés Monroy Pizarro Altamirano was born in Medellín, Extremadura (Spain), then territory of the Spanish crown, in 1485. A Spanish leader, he is known in the history books for having reduced the living indigenous peoples to obedience during the period of the conquest of the New World, bringing down the legendary Aztec Empire with his men, submitting it to the Kingdom of Spain. Among his nicknames is the still famous one of “El Conquistador”.

<sup>141</sup> Dussell E., *1492: el encubrimiento del otro hacia el origen de la modernidad*, 1992, p. 40. Translation by Isabel Gessi.

of bodies by sexual machismo, of culture, of types of work, of institutions created by a new political bureaucracy, etc., domination of the Other. It is the beginning of the domestication, structuring, colonisation of the way in which these people lived and reproduced their human life. It is on the effect of this colonisation of the world of life that the later Latin America will be built: a mestizo race, a syncretic, hybrid culture, a colonial state, a capitalist economy (first mercantilist and then industrial) dependent and peripheral from the beginning, from the origin of Modernity.

The “I” colonise the Other, the woman, the defeated male, in an alienating eroticism, in a capitalist mercantile economy, follows the course of the ‘I conquer’ towards the modern “ego cogito”. Civilisation, modernisation begins its ambiguous course: rationality against primitive mythical explanations, but myth in the end, which conceals the sacrificial violence of the Other. Descartes’ expression of the ego cogito in 1636 will be the ontological result of the process: the ego, absolute origin of a solipsistic discourse.

### *3.2.1. The Spiritual Conquest*

With the expression “spiritual conquest” it is meant the domination that Europeans exercised over the imaginary of the native, previously conquered by the violence of arms. It is a contradictory process on many levels. The love of a religion (Christianity) is preached in the midst of an irrational and violent conquest. The Indians are denied their own rights, their own civilisation, their culture, their world, their gods in the name of a “foreign god” and of a modern reason that has given the conquerors the legitimacy to conquer. It is a process of rationalisation typical of Modernity: it elaborates a myth of its goodness (civilising myth) with which it justifies violence and declares itself innocent of the murder of the Other. The arrival of the first twelve Franciscan missionaries in Mexico in 1524 formally initiated what could be called the “spiritual conquest” in its strongest sense. This process would last approximately until 1551, the date of the first Provincial Council in Lima, or 1568, the date of the Junta Magna convened by Philip II. For thirty or forty years - an extremely short space of time - the Christian doctrine would be preached in the regions of urban civilisation throughout the continent (more than 50% of the total population), from the north of the Aztec empire in Mexico to the south of the Inca empire in Chile. At best the Indians were considered rude, children, immature in need of evangelising patience: they were barbarians. José de Acosta

defines barbarians as “those who reject right reason and the common way of men, and thus treat them with barbarous rudeness, barbarous savagery”<sup>142</sup>. From this he explains that the Chinese, Japanese and other provinces of the East Indies, although barbarians, should be treated “in a manner analogous to that in which the apostles preached to the Greeks and Romans”. As for the Indians, the Aztecs or Incas were classified with a second lower grade of barbarians, “because they did not attain to the use of writing or to the knowledge of the philosophers”. The Indians not belonging to the urban American cultures of the Andes are a third class of barbarians.

The concept of “encounter” is, in this sense, concealing because it could not then be an encounter between two cultures - an “argumentative community” where the members are respected as equal persons - but an asymmetrical relationship, where the “world of the Other” is excluded from all possible rationality and religious validity. Indeed, such exclusion is justified by a covertly theological argument: it is about the superiority - acknowledged or unacknowledged - of Christianity over indigenous religions.

“America is the only continent of which we know the precise date of beginning, and the only one formed by universal participation. It was born to be something else. It was created by thousands, millions of immigrant Europeans, who came to found their own homes in a land of opportunities never known before. They have united their creative efforts with those of the Indians who were excited about the Republic, and the Africans who came here to conquer their emancipation: the emancipation they had not found in their lands of origin, subjected to those of their own blood”.<sup>143</sup>

### 3.3. *Bartolomé De Las Casas and the “destruction of the Myth”*

In effect, the myth of Modernity is an enormous inversion: the innocent victim is transformed into the guilty, the guilty victimiser is considered innocent. Paradoxically, the reasoning of the humanist and modern Ginés de Sepúlveda ends up falling into

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<sup>142</sup> Comentarios reales de los incas, en BAE, Madrid, t III, 1960, p. 51 (F. Mires, La colonización de las almas), DEI, San José, 1991, p. 57.

<sup>143</sup> Dussel E., *1492: el encubrimiento del otro hacia el origen de la modernidad*, 1992, p. 19. Translation by Isabel Gessi.

irrationalism, like all subsequent Modernity, by justifying the use of violence instead of arguing for the inclusion of the Other in the “community of communication”. For Bartolomé De Las Casas, on the other hand, one must try to modernise the Indian without destroying his Otherness; to assume Modernity without legitimising its myth<sup>144</sup>.

First of all, the attitude of the great Spanish humanist, Ginés de Sepúlveda, who, even in the scholastic language of his time, expresses with cynical frankness the concept and myth of modernity, conceived as emancipation, which implies violence and the sacrifice of the other, who is guilty of his own immaturity or minority. In summary, Sepúlveda’s argument, which identifies every difference with inferiority, is based on four descriptive propositions: Indians are inferior by nature, they practise cannibalism, they sacrifice human beings, they ignore the Christian religion; and on a prescriptive postulate, according to which the Spaniards have the right-duty to impose the good, that is, what they consider to be good according to their Eurocentric perspective. From an ethical perspective, the “classical” idea that puts the common, trans-individual good ahead of the individual good must be considered. This is opposed by the approach of De Las Casas, according to which the personal good (e.g., life) has a priority over the common good. He vigorously rejects the use of irrationality and coercion to bring the other into the community of communication, in which one must proceed by the rational method and through dialogue on the basis of the recognition of equal dignity and equal rights. It is a matter of establishing, in today’s language, the conditions of rational possibility for joining the community of communication without resorting to violence and war, the harmful consequences of which he lists with lucid awareness. Las Casas seeks to modernise the indigenous without destroying its otherness, nor retreating into pre-modern nostalgic dreams. All this is based on the anthropological and ethical premises of Las Casas, according to which “every rational creature has a natural aptitude to be convinced (...) as long as he voluntarily listens, voluntarily obeys and voluntarily gives his adhesion (...)”<sup>145</sup>. He outlined, based on the contributions of the classical world (Seneca and

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<sup>144</sup> The debate over the conquest of America culminated in the famous Valladolid dispute of 1550-51. The Emperor Charles V, tormented by doubts of conscience about the legitimacy of the ultramarine enterprise, doubts to which the constant pressure of the Bishop of Chiapas, the Dominican friar Bartolomé de Las Casas, who enjoyed great prestige at court, was no stranger, decided to convene yet another junta of theologians and jurists to resolve the issue “definitively”.

The main theologians and jurists of the time gathered in Valladolid to listen to the arguments of the two disputing parties, represented on one side by Juan Ginés de Sepúlveda, apologist for the conquistadores, and on the other by Bartolomé de Las Casas, defender of the arguments of the natives.

<sup>145</sup> De Las Casas, B., *De único modo de atraer a todo los pueblos a la verdadera religión*, 1536, México 1975, 2, p. 71. Translation by Isabel Gessi.

Cicero), Aristotelian-Thomistic thought and the herasmists, a metaphysical anthropology on which he founded natural rights and human rights that presuppose a predictable human nature of all individuals marked by equal dignity. With the encounter between different civilisations rose, thus, the very first series of debates on human rights.

Modernity not confronted with pre-Modernity or anti-Modernity, but as modernisation from Alterity and not from the Same of the “system” is a project that attempts an innovated system from a “trans-systematic” moment: from creative Alterity. It is here that Bartolomé confronts at its very origin the “Myth of Modernity”. Modernity, as a myth, will always justify civilising violence - in the 16th century as a reason to preach Christianity, later to propagate democracy, the free market, and so on. Bartolomé destroys the myth of Modernity in advance, because he shows that violence is not justified by any “guilt” (Kant’s “guilty immaturity”) of the indigenus. The core of the myth of Modernity is thus destroyed. It has taken the side of the Other, of the oppressed, and has questioned the premises of Modernity as civilising violence: if Christian Europe is more developed, it must show by the way in which it develops other peoples its alleged superiority. But it should do so by relying on the culture of the Other, on the respect of its Otherness, on its free creative collaboration. All these demands were not respected.

The “resistance”, which is the action that starts from American soil, is fiercer and more protracted than many have led people to believe. But in the end, in most cases, there is the inevitable defeat due to the disparity of interpretative development of facts and military technology; it is the disappearance of the old order of things (in the case of the Aztecs, control over the Empire); all is consummated. The obvious conclusion, from the logic of Amerindian thought, had to be accepted: it is the “end of the world”.

In any case, resistance always continued in the colonial era. In fact, it was only in the great empires, such as the Aztecs, that there was a clear awareness that political and military control had passed into the hands of the invaders. It is there that this figure (the resistance) was clearly followed by another figure, that of the “end of the world”, as the consciousness shared by the dominated people of having reached the end of one epoch, and thus the beginning of another. Indeed, the Portuguese in Africa and Asia, the Spanish in Latin America, were looking for gold and silver, the world money that allowed them to get rich on “the whole planet” newly constituted as such. The “world market”, E. Wallerstein’s “world-system”, invented by the Portuguese and the Spaniards, organised its tentacles, which as a world-wide web allowed the “sacrificial myth” to consume its new victims in every corner of the earth. The “mimetic desire” by which each conqueror

tried to do the same as the others - and which led, for example, to the civil war in Peru between pizarristas and almagristas - moved these first modern individuals to try to possess without measure the universal “mediation” of power of the new system: money, the nascent universal equivalent, gold and silver - at the time of the original accumulation of capital. Money, in fact, the abstract equivalent of all value (in the Arab world, in Bantu Africa, in India or in China) was used by Europe as a way of accumulating exchange value, a means of transferring value, of effectively exercising the new North-South, Centre-Periphery domination. “The discovery of the gold and silver regions of America, the extermination, enslavement and burying of the aboriginal population in the mines, the conquest and plunder of the West Indies, the transformation of Africa into a preserve reserved for the commercial hunting of black skins, characterise the dawn of the era (the “Sixth Sun”) of capitalist production”<sup>146</sup>.

Modernity, in its rational core, is humanity’s emancipation from a state of cultural, civilisational immaturity. But as a myth, on the world horizon, it immolates the men and women of the peripheral, colonial world (which the Amerindians were the first to suffer), as exploited victims, whose victimisation is covered up with the argument of the sacrifice or cost of modernisation. This irrational myth is the horizon that must transcend the act of liberation (rational, as deconstructive of the myth; practical-political, as action that overcomes capitalism and modernity in a trans-modern type of ecological civilisation, popular democracy and economic justice). The invasion and subsequent colonisation excluded from the hegemonic communication community many faces, historical subjects, the oppressed. They are the “other-face” of Modernity: the Others covered by discovery, the oppressed of the peripheral nations (then suffering a double domination), the innocent victims of the sacrifice. They are a “social bloc” - in Antonio Gramsci’s terminology - which is constituted as a people, as a “historical subject” at certain moments; as, for example, in the national emancipation at the beginning of the 19th century.

From 1492 to 1992 the long history took place, in the time of the “Sixth Sun”, in which that Latin American people, the social bloc of the oppressed, created their own culture. On it impacted the pretension of a modernisation that ignores its own history, since it was the invisible “other-face” of modernity. It is, in the name of the rational and emancipatory nucleus of Modernity (as an ‘exit’ from immaturity, but not guilty), to deny the “sacrificial myth”, Eurocentric and developmentalist of Modernity itself. Therefore,

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<sup>146</sup> Amin S. “Eurocentrism”, *Monthly Review Press*, New York, 1989. Translation by Isabel Gessi.

the “liberating project” was at the same time an attempt to overcome Modernity, a project of liberation and “trans-modernity”. A project of extended rationality, where the reason of the Other takes place in a community of communication in which all humans (as proposed by Bartolomé de las Casas in the debate of Valladolid in 1550) can participate as equals, but at the same time in respect to his Otherness, to his Other-self, “otherness” which must be guaranteed even at the level of the “ideal situation of speech” (to speak like Habermas) or in the “ideal communication community” or “transcendental”.

### 3.4. *After the Independence*

From an economic point of view, or rather, from the point of view of government management, the colonies were subject to a mercantilist system where the metropolis held the monopoly - in this case Spain. After the Independence, because of the colonial pact of the liberal powers (both England and the United States), the young nations could not, in fact, have full power over the way they produced and sold their products. Latin America soon became a colony, verbally and politically free, but economically and actually enslaved. In the interior, the Hispanic elites were replaced by foreignising, capitalist and liberal Creole<sup>147</sup> oligarchies - Europeanised in their culture.<sup>148</sup>

The Latin American people experienced in the emancipation actions - against France, Spain or Portugal, and in the case of Jamaica, Curaçao or other Latin American colonies with respect to England or Holland - an experience of their “historical unity”, largely as a negation of their colonial past: that is, all united by the common enemy. The emancipation process of the 19th century, hegemonised by the creoles, quickly split internally, since the creoles were unable to assume, subsume or affirm the historical projects of the indigenous people, Africans emancipated from slavery, mestizos and other groups that made up the social bloc of the oppressed. In fact, it was the creoles who monopolised power in the new nation states. The people who opposed the Iberian metropolises were divided. A new “social bloc” of the oppressed took the place of the old one: now the creoles were the dominators, conservatives or federalists, liberals or unitarians; in the end all (with greater or lesser participation of mestizos and even indigenous and mulattoes) were classes, fractions or groups that managed dependence,

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<sup>147</sup> This term was used to designate all those born in America of parents both born in Europe or Africa. Later the term came to designate the mixed-blood descendants of the original creoles, thus becoming identified with mestizo (the prevailing meaning today).

<sup>148</sup> Dussel, E., *América Latina: dependencia y liberación*. Buenos Aires: Fernando García Cambeiro, 1973.

no longer on Spain or Portugal, but on England or France, and finally on the United States. The “consciousness of dependency” is sufficient for an “assumptive” project<sup>149</sup>, but it is not a popular ‘project of liberation’ (of indigenous people, Afro-Latin Americans, peasants, workers, marginalised people): the other-face of Modernity. The projects of national emancipation, heirs to the project of the creoles who led the Latin American people in the process of emancipation from the metropolis in the 19th century, founded the modern nation-state.

The industrial revolution - subsequent to mercantile capitalism in its monetary stage inaugurated by Portugal and Spain at the end of the 15th century, as previously explained -, first carried out in England in the middle of the 18th century, would be implemented in Latin America at the end of the 19th century. It would be an industrial revolution that is originally “dependent”. The industrial revolution in Latin America correlated with the political independence gained in the early 19th century, which gave rise, based on the administrative and demographic fabric woven during the colonial era, to a group of countries that would converge on England. The flows of goods and, later, of capital, had their point of connection there: ignoring each other, the new countries linked up directly with the English metropolis and, in accordance with the latter’s requirements, began to produce and export raw materials in exchange for consumer goods and - when exports exceeded imports - debts.<sup>150</sup> From this point on, Latin America’s interactions with the capitalist centres of Europe were incorporated into a predetermined framework known as the international division of labour, which would ultimately shape the future of the region. In other words, it is from then on, that dependence took shape, understood as a relationship of subordination between formally independent nations, in the framework of which the relations of production of the subordinate nations were determined by the international division of labour, which would determine the course of the region’s subsequent development. The production relations of the subordinate nations were modified or recreated to ensure the expanded re-production of dependence<sup>151</sup>.

In terms of international relations, Latin America was crucial to the development of the global capitalist economy, primarily through its production of precious metals in the sixteenth and seventeenth centuries, but particularly in the eighteenth century due to the coincidence of the English manufacturing boom and the discovery of Brazilian gold.

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<sup>149</sup> Dussel E., *1492: el encubrimiento del otro hacia el origen de la modernidad*, 1992, p. 12.

<sup>150</sup> Marini, R. M., Sader, E. *Dialéctica de la dependencia* (Vol. 22). México DF: Ediciones Era, p. 17, 1977.

<sup>151</sup> *Ibidem*.

However, its full integration with this global economy did not occur until the late nineteenth century, namely after 1840<sup>152</sup>. That is why the Latin American national bourgeoisies would manage a “weak” capital, since it structurally transferred value to the “central” capital of the metropolis (mainly England, and from 1945 to the United States first, and later to the new powers of transnational capitalism: Japan and Germany with the European Common Market). Faced with weak capital, the worker would be over-exploited, in Mauro Marini’s clear position<sup>153</sup>: the excessive increase in working hours (mere absolute surplus value), by the intensity and rhythm of work (a type of relative surplus value), by the disproportionate decrease in the absolute and relative value of their wages (the minimum wage is 45 dollars a month in Haiti, 60 in Brazil or just over 100 in Mexico). Peripheral capital must “compensate” for the transfer of value to “central” capital. This whole problematic is completely missing from the whole discussion of Modernity and Post-Modernity, Eurocentric (or North American) philosophies without global consciousness. The millions of workers in Latin America (the same in Asia or Africa) were the most exploited part of world capital, they were the wretched of that epoch, foreshadowed by Hegel in his Philosophy of Right when he predicts that “bourgeois society” would solve its contradictions by looking outside for their solutions.

With the proclamation of independence, Latin American countries entered, thus, the international division of labour as producers of raw materials and consumers of industrial products mainly from Great Britain. The interests of this power had long been clearly delineated towards a solution that would allow it to liberalise the trade of the Spanish colonies thus avoiding the rich smuggling. The positions of Great Britain could therefore only be an encouragement to the Latin American rebels. When independence was a *fait accompli*, the new states saw themselves in need of recourse to Great Britain both for the granting of loans that would enable them to meet debts incurred during the war and to secure a market for their products. And England was ready to take full advantage of this. The next step, in order to strengthen the ties of dependence that were emerging so clearly, was to counter Bolivar’s attempt to aggregate the former Spanish colonies into a single independent state. By leveraging inevitable rivalries and conflicts of interest and, above all, by granting generous loans, England was able to promote the satellite navigation of the vast Latin American territory. The many states that arose were often too weak and/or too small to aspire to non-formal independence from the European

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<sup>152</sup> *Ibidem*.

<sup>153</sup> Marini, R. M., Sader, E. *Dialéctica de la dependencia* (Vol. 22). México DF: Ediciones Era, 1977.

nation. The consequence for Latin America was the expansion of the primary sector and the growth of the tertiary sector, in the context of a world situation dominated by England. All Latin American states went through this model, which Prebisch called “outward growth”. In reality, the integration of the economies of the former colonies into international trade and the consequent development of single production had other effects and not all secondary ones. For example, as regards the Latin American industrial sector, especially after the general adoption of free trade, the local industries implanted in the colonial period found themselves having to compete not with an internal artisanal production but with the products of the strongest capitalist power of the period. There is also another aspect: the inclusion of Latin America in the world market as a producer of raw materials made it possible to expand exports by leveraging spare capacity during the colonial period. This made it possible to face this phase without having to introduce technological changes and without having to modify the socio-economic structure.

Regarding the foreign capital, the first thing that is noticeable is the low interest that they show, in this period, for direct investment in the production of goods for export. To explain this phenomenon, it can be used the interpretations of Cardoso and Faletto: from the point of view of the whole of the world capitalist system - whose hegemonic centre was England - it was related to the periphery through the need to supply raw materials; the European capitalism of the nineteenth century characterised itself as a commercial and financial capitalism: investment was mainly directed towards sectors which local economies were not in a position to develop. The hegemonic centre basically controlled the commerce of the periphery, although it did not replace the local economic class, which had inherited from the colony its productive base. The sectors to which foreign private capital was directed were: on the one hand they flowed towards the marketing of certain items and towards shipping companies and, on the other, towards some strategic sectors, especially mines. The first type of investment allowed to control the outlet of the products and the selling price and allowed considerable gains in the fixing of the hires. The second type of investment, however, occurred precisely for those products whose demand was constantly increasing and would remain so for a long time. In addition to this import-export activity, the British commercial companies carried out another one, no less important: they functioned as real banking institutions. It is easy to see the distorting effects of this situation: since these were the driving forces behind investment, loans were granted only to sectors that were deemed useful by the dominant powers. In addition to the massive penetration in the railway network, foreign capitalists

exercised a real monopoly in the fields of gas, water, electricity and urban transport. All this vast field of control outside local elements had important consequences for economic and social development. There is also another consequence that is far from negligible: the degree of dependence increased considerably. The expansion of exportable excellence in a Latin American country almost always dependent on infrastructure investments financed by foreign capital, that became accessible when the inclusion of the increase of production in international markets corresponded to the expectations of the centres of command of the world economy. The most important aspect of the contribution of foreign capital is that relating to loans granted by the UK and that served to make the economic dependence institutional.

### *3.5. From 1870 to 1930*

In 1850 the Latin American countries began to assimilate and implement the free-trade doctrines, a phenomenon made possible by the now undisputed domination of the internal bourgeoisie linked to international trade and of the mining and agricultural export sectors. Two events that would have a significant impact on the economics of Latin America emerged in the years starting in 1870: the beginning of the deterioration of the reasons for trade and the change in the quantitative and qualitative direction of foreign direct investment. As regards the first, it can be observed that the deterioration is particularly sensitive after 1913. The reasons for this phenomenon are to be found in the above-mentioned possibility for the central countries to intervene in the price formation of Latin American products, but also and above all in the rise of new productive traditions and in the development of similar productions and artificial substitutes, as well as in the trend of an increasing volume of trade between the capitalist nations. During this period, foreign capital moves from the commercial and financial sector to the primary production sector. The causes of this change of attitude are, in general, identified in the changes that occurred after 1875 in the capitalistically advanced countries. In particular, it stresses the role played by the emergence of monopolies and their need to find fields of application for their capital outside their country of origin. The expansion of the penetration of foreign capital into production was extremely rapid and, in a short time, became, alongside foreign trade and loans, another element of dependence for Latin America. The most important consequence is highlighted by Marini: “Unlike [...] the external claims that were previously used and corresponded to commercial compensatory transactions,

the function that foreign capital now assumes in Latin America is to openly subtract a part of the surplus value that is generated within each national economy.”<sup>154</sup> The effects of this penetration were not, of course, the same for all Latin American nations but varied according to the degree of control that foreign capital could exert on the economic structure. According to a distinction made by Córdova, there were countries in which foreign capital, while deeply penetrating the local economy, could not prevail over domestic producers (Brazil, Argentina, Uruguay), the countries in which it exceeded the importance of the traditional sector (Venezuela, Guatemala), and countries in which it completely absorbed this sector (Cuba). The consequences of this different presence of foreign capital were of great importance: in the countries in which it reached dominant positions; the ancient oligarchies were deprived of economic power. To them remained only the political power and, through the control of the state, they were indissolubly linked to foreign groups, from which they received the most of the revenue through royalties and taxes, which were the only part remaining in the country of the surplus produced in the export sector. But this distribution, among the members of the ruling classes, of tax revenue simply increased the demand for imported goods, reducing the possibilities for investment in the fields remaining reserved for them, such as secondary export activities and the domestic market.

During the period considered there was a particular phase, that of 1880 to 1910, of notable expansion for the Latin American economy; foreign investment followed, exports increased to a dizzying rate and so also imports. Despite the abrupt interruption in the process of expansion, the foundations were thus created for changes that will affect a part of Latin American territory, mark the end of a certain type of political domination and determine a new social order. Faced with the crisis of the Latin American development model after 1910 there is an alliance between these two new classes (the bourgeoisie and the urban popular classes) against the ruling oligarchies, with a democratisation of internal life expressed through elections (is the case of Argentina, Uruguay and Chile) or through revolutionary forms (Mexico). In many countries this group of forces manages to exert power both predominantly and in alliance with the old oligarchies. However, the Latin American oligarchic domination would not be definitively defeated precisely because it was based on an economic system that was mainly directed towards the outside world.

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<sup>154</sup> Marini, R. M., Sader, E. *Dialéctica de la dependencia* (Vol. 22). México DF: Ediciones Era, 1977. Translation by Isabel Gessi.

The moment that goes from 1870 to 1930 knows therefore remarkable moments of expansion but sees also an increase of the dependence, whose causes are the same of the preceding period, aggravates the extension of the process of the direct investment from foreigners. Many authors saw in the interruption of contacts with Europe, during the First World War, an element of rupture that would have allowed Latin America to embark on an autonomous development. Frank himself insisted on the subject. In any case, for all of Latin America at the end of the war, a new period of foreign economic penetration loomed: the crisis must be expected in 1929 because a process of industrialisation based on the substitution of imports. From 1870 to 1930 it was also the period when Latin America saw the birth and expansion of North American capital. The beginning of this process can be identified in the conflict with Spain of 1895-98 which gave the United States Puerto Rico and control of Cuba, but it was on the occasion of the separation of Panama from Colombia, desired and fomented by the Americans, that England had its first defeat in Latin America. The motivations that pushed them towards direct investment were the usual ones for all the capitalist countries, but in addition it was important to have finished the phase of expansion of the frontier and therefore to have a mass of capital in search of outlets. Within thirty years, the US armed forces intervened, on several occasions, in six countries and in one (Cuba) sanctioned in the Constitution the right to their armed intervention. Until the First World War, America's penetration developed in Central America and the Caribbean, but from then until 1929 it extended to the countries of the Pacific side of South America to a lesser extent, also in Brazil, Argentina and Uruguay, without resorting to military expeditions like in Central America. An attempt was also made to institutionalise relations between the United States and Latin America; the first step was the convening in Washington of the Pan-American Conference of 1889-90, which included the unification of monetary regulations and the customs union. Latin American dependence, therefore, in this new phase passes through the interventions of the most powerful neighbour and through direct investment. To complete the picture, mention should be made of unfair trade agreements: is the era in which the Trade Reciprocity Conventions were developed, which established reductions in import duties for Latin American products in the United States and much higher reductions for North American goods in Central American countries.<sup>155</sup>

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<sup>155</sup> Trento, A. "Fasi e caratteri dell'intervento del capitale straniero in America Latina". *Quaderni Storici*, 9(25 (1)), 9-45, 1974. Doi: <http://www.jstor.org/stable/43778649>

### 3.6. 1930 and industrialisation

The period that began in 1930 saw, for Latin America, a series of economic and social upheavals whose effects lasted until the end of the Korean War. The consequences of the crisis range from the fall in world prices of primary products to the further worsening of the terms of trade, the collapse of the international financial market, to the fact that industrial countries now import capital instead of exporting it. The effects of depression, while being decisive for the whole of Latin America, were felt differently in different countries. The 1929 crisis had another important effect: it gave a strong impetus to industrialisation in the subcontinent. The weakening of economic ties and the reduction of the political interference of the metropolis, Frank explains<sup>156</sup>, began with the depression of 1930, continued with the recession of 1937 and later with the Second World War and the post-war reconstructions until the early 1950s. This pushed Latin America towards a nationalist policy and an independent industrialisation never occurred since immediately following independence.

In this period, in fact, the industrialisation process based on the substitution of imports, previously mentioned, took place. The disorganisation of the world market made it indispensable to try to produce locally a series of goods previously imported and therefore to develop a national industrial sector. The consequences were different for the various countries of South America. Some effects were: widespread return to subsistence economies, establishment of strong regimes, maintenance of the positions of political domination by the old oligarchies, accentuation of dependence on the United States, narrow internal market, industrial activity extremely small. Other countries, however, managed to change the existing economic structure. This happened where the middle classes prevailed, over time, over the oligarchy in the control of political power, such as in Chile, Venezuela and Mexico. However, in these countries industrialisation was characterised by strong state intervention, unlike countries such as Argentina and, to a lesser extent, Brazil, which already had industrial bases and an internal market not despicable and in which at least the initial phase of industrialisation was carried out by private capitalists.

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<sup>156</sup> Gunder Frank, A. *Capitalismo e sottosviluppo in America latina*, Torino 1969; *Lumpenborghesia: lumpensviluppo*, Milano 1971; *Sul Sottosviluppo capitalista*, Milano 1971; *America latina: sottosviluppo o rivoluzione*, Torino 1971, p. 339.

Immediately after the crisis there were, in Latin America, a series of devaluations of the currency that provoked, internally, inflationary movements. This acted, of course, in favour of local industry, defended by these indirect protectionist elements. However, since these measures alone proved insufficient to guarantee industrial take-off, the State intervened through the establishment of multiple exchange rates and widespread protectionism. From this moment State action would become more and more consistent and would be felt both with the first plans for industrialisation and with the creation and conversion of infrastructure with attempts to control the export sector, both with the beginnings of economic planning, and finally with the direct management of businesses, especially in the field of intermediate and basic goods. The process of industrialisation began to lose momentum in the 1950s, which would mark a new stage for Latin America: the massive penetration of foreign capital in the industrial sector. The Latin American economy continued to depend on the external sector to the extent that it was able to procure foreign exchange to purchase machinery and raw materials necessary for the industry. In this way, the growth of the industrial system was closely linked to the evolution of the prices of raw materials on the international market, not controlled by Latin Americans. At a time when the terms of trade worsened, foreign borrowing had to be used to finance imports, thus re-presenting, through a cumulative effect, increasingly stable constraints of dependence.

Since 1953, due to the deterioration in terms of trade, several countries have been faced with an irrefutable contradiction: either to enlarge the internal market or to try to significantly compress the profits of the exporting sectors. In both cases this meant the break of that alliance that had lasted more than twenty years. As for the type of industry introduced in these countries, in the whole period the one producing consumer goods prevails, and the reason is quite simple. The 1930s, when the process of industrialisation began, saw a very precise structure of demand: saleable goods were those destined for the consumption of the upper and middle classes. These were, of course, goods procured through importation, which diversified as the domestic bourgeoisie and oligarchy acquired consumption patterns mediated by the advanced countries. To this is added the development of the production of construction materials, linked to the galloping urbanisation. These sectors saw rapid growth in the early years, that is, until the actual phase of substitution of imports lasted, however, it was precisely the composition of demand that caused this process to end, having an extremely limited power of diffusion.

Following the end of the Korean War, the Latin American economy saw a period of stagnation marked by a decline in agricultural production per capita, a fresh decline in commerce, and a decline in the region's participation in international trade. Latin American industry was fully aware of the deep foreign participation especially from 1950. Between 1950 and 1963, North American direct investment increased almost twice as much throughout Latin America (from \$4.7 billion to \$6.6 billion), but industrial investment tripled (from \$780 million to \$2.1 billion). This is the period in which large monopolies began their evolution towards forms of multinational companies. The large amount of capital in the hands of these companies made it essential to invest abroad, insofar as domestic outlets are exhausted. Added to this was the increase in technological progress, which was making the period of validity of the machines that have become obsolete and were installed in the peripheral countries ever shorter. The consequences of penetration involve various aspects of the Latin American economy. Firstly, there was a progressive denationalisation of local industry. Dependence increased: investment decisions taken abroad that took into account only partially the local market; profits that left, in part, the national territory, marginalisation of vast popular strata due to the use of a "capital intensive" technology; accentuation of the need to import machinery, spare parts, etc. of parent companies abroad<sup>157</sup>.

### 3.7. *The 1980s crisis*

In the early 1980s Latin America faced a deep economic crisis, comparable only to the Great Depression of the 1930s. In the development of this crisis, it can perceive the operation not only of internal causes, but also of a set of factors originating in the behaviour of the economies of advanced industrial countries. One of the most striking aspects of the crisis was its extent, reaching all the countries in the area. Another aspect concerned its duration and depth. The phenomenon began in the three-year period 1981-1983 and continued throughout the 1980s, without any significant changes in the trend of the main crisis indicators. The latter had a density and depth capable of compromising the entire economic-productive process, characterised as a strong economic contraction that affected both the components of the internal front (spectacular fall in gross domestic product and per capita income, reduction in investment rates, unprecedented increase in

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<sup>157</sup> Trento, A. "Fasi e caratteri dell'intervento del capitale straniero in America Latina." *Quaderni Storici*, 9(25 (1)), 9-45, 1974. Doi: <http://www.jstor.org/stable/43778649>

inflation, rise in unemployment), as well as the components of the external front (unfavourable change in exchange rates and unprecedented increase in foreign debt).

One of the most characteristic features of world economic growth in recent decades has been the expansion of international trade. This dynamic has also affected some developing societies such as several Asian countries; however, this has not been the case for Latin American economies, which have shown a negative trend (substantially reducing their participation in the world market). Thus, the share of Latin American exports in total world exports fell from 12.42% in 1950 to 5.41% in 1985; the weight of imports fell from 10.14% in 1960 to 3.98% in 1985. The ratio between the incomes of industrial economies and developing countries was 10 to 1 in 1970, rising to 10.9 in 1985. The gross domestic product per inhabitant in Latin America reached 20.80% of that of the industrialised economies in 1985. However, it is necessary to note another central feature of the dimension of the crisis, which macroeconomic indicators sometimes conceal. The performance of the economies of the various countries, as well as the performance, within each country, of individual economic sectors had a heterogeneous nature. One example will suffice: two-thirds of gross capital formation in Latin America depends on just two Latin American economies, those of Mexico and Brazil. A structural heterogeneity that tends to increase due to the relationship of dependence on the central economies, but which also refers to the internal social and productive structures of each country. The pre-existing gap between the central and Latin American economies became more acute from 1981 onwards, when the external debt crisis began to manifest itself in dramatic terms. In the course of three years, Latin America went from being an importer to an exporter of financial resources. During the 1970s, thanks to an unprecedented permissiveness of the international financial system in lending to Latin America, Latin American governments relied on growth based almost exclusively on the availability of credit resources. In the 1980s, conversely, the deepening recession in industrialised countries resulted in higher international interest rates and an abrupt slowdown in the flow of credit. Within this new context, growth in the area in question shrank considerably. Therefore, in order to prevent the disastrous collapse of their economies, governments had to concentrate their efforts on paying off their foreign debt. As it is obvious to deduce, the margin of availability of economic resources to finance internal development in Latin America has shrunk considerably. The reduction in investment capacity, combined with the distortions typical of internal development models, created

an internal market structure that causes the social situation of vast sectors to regress to critical conditions of marginality and poverty.<sup>158</sup>

The Latin American crisis presented itself as part of the crisis of the capitalist development model in force in both the central and peripheral economies: a model centred on industrialisation, albeit articulated in two sub-models (mass industrialisation, for the former economies; industrialisation implemented through import substitution, for the latter). From the second point of view, according to a structural approach, the crisis presented itself as the result of an asymmetric interaction between the two sub-models mentioned above. In this respect, the crisis manifested itself as an expression of the structural imbalances typical of the interdependence relations between Latin American economies and the central capitalist economies. This latter characterisation of the crisis - conceived as the result of an asymmetrical mode of interdependence between the advanced economies and the “peripheral” or “underdeveloped” ones - constituted the “Gordian knot” that Latin American social sciences had to untie for almost three decades; it is not by chance that during this fifteen-year period, the highest point of reflection in Latin America consisted in the elaboration of the so-called “theory of dependence”. It is in a situation of dependency that Latin American economies became part of the world economic system. The formula is simple: while the central countries of Western Europe and later the United States specialise in the industrial processing of goods within the international division of labour, Latin America and the Third World specialise in the production and export of raw materials. This initial relationship triggered a process whereby the most intensive and dynamic valorisation of capital would take place in the central economies: which would open a gap due not to an ephemeral matrix, but to permanent structural factors; and, thus, destined never to close, and indeed to deepen further. The attempts to break out of this structural block have, thus, characterised all development policies since the Second World War.

What is interesting to highlight, in the historical approach, is the substantial lack until the middle of the last century, in Latin America, of social and productive transformations in the bourgeois-industrial, such as to modify the structure of land ownership and to carry out internal accumulation processes capable of triggering industrialisation processes to some extent autonomous. This does not imply denying that there have been popular and national revolutions in Latin America, such as the Mexican

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<sup>158</sup> Echeverría, J. *I rapporti tra stato, società ed economia in America Latina*. Quaderni del dipartimento di Politica Sociale; 18. Trento: Università degli Studi di Trento. Dipartimento di Politica Sociale, 1991.

or Bolivian Revolution, or other movements of a similar nature; or that there have been attempts at industrialisation; but it only implies that the industrial changes triggered by these attempts were, for the most part, on a small and sectoral scale, and in any case heavily dependent on fluctuations in the international market. The historical result to be highlighted, therefore, must be identified in the lack of encounter between political revolutions and industrial development models: a result that partly explains the backwardness and the low density of modernisation. The factors mentioned are still present today; and partly explain the characteristics of the new dependence and crisis in Latin America.

The model of industrial development as a substitute for imports was based on the dynamic action of domestic markets. To this end, emphasis had to be placed on economic policy instruments such as those aimed at promoting the control and selection of imports, and to impose exchange-rate restrictions aimed at defending national production or preventing the reduction of the international monetary reserve. Instruments, in any case, aimed at directing domestic and external savings towards investment in priority sectors, to be supported also through efforts to maintain an adequate level of aggregate demand. This set of economic policies characterised the models in Latin America, from the post-war period to the middle of the 70s; and until then it reached, at least in appearance, a good degree of success.<sup>159</sup> Latin America's overall growth rate between 1950 and 1980 was 5.5%. Industry grew at an average annual rate of 7% between 1950 and 1975. The industrial sector experienced a notable development process as a result of these policies; agriculture modernised its sectors, particularly the agro-export sectors; the State expanded its scope, encouraged the development of sectors associated with the expansion of public policies and planning, established infrastructure development projects for the study of energy sources, and directly intervened in the industrial sector by taking an entrepreneurial role in the establishment of public or semi-public enterprises. To help the lowest segments of society, significant social projects in the areas of housing, health, and education were introduced. On the other hand, one of the flaws in the industrialisation by substitution of imports policy was that it allowed an incorrect notion of economic autarchy to be smuggled in, albeit subtly, by ignoring the structural links of interdependence. These links will soon become clear when unfavourable changes in terms of interchange occur. Protectionist policies and autarchic closure soon highlighted the

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<sup>159</sup> Echeverria, J. *I rapporti tra stato, società ed economia in America Latina*. Quaderni del dipartimento di Politica Sociale; 18. Trento: Università degli Studi di Trento. Dipartimento di Politica Sociale, 1991.

limitations of domestic markets, while those policies of regional integration that could have fostered productive growth remained in the dream book. The problems that began to arise even then, even if destined to explode only in the 80s, were those of an unbalanced development that contrasted with the expectations prefigured by the theories and models mentioned above. Development was not homogeneous for all the countries of the region; and similarly, within each country the progress of some industrial sectors contrasted with the backwardness of others: in the context of major regional imbalances and dramatic changes in the direction of increasing urbanisation, not accompanied by the development of basic social services and infrastructure that can be outlined, in some way, the image of an integral development of economic systems.

What was initially presented as an integral model of development, centred on streamlining dynamics, would have begun in the mid-1970s to highlight the signs of the crisis. Instead of nurturing a dynamic sector, driving the economy as a whole, the protection of industry favoured the formation of pressure groups that could not define their clear identity, based on the ability to use the available resources for an enlarged and to some extent self-sufficient reproduction. These cross-cutting links which concerned the interests of the import-related sectors, on the one hand, and those of sectors protected by autarkic industrialisation policies, on the other hand, they systematically prevented the take-off of adequate synergies between the public sector and potential stakeholders with a view to creating a well-defined power bloc on which to base the viability of the strategy as a whole.

The cycle of economic and financial dependence continued to recur, as the maintenance of growth levels became increasingly dependent on the protection of public intervention, and this in turn on those external financial flows that allowed, until the late 1970s, to conceal the structural and virtually catastrophic dimension of the crisis. Recession and inflation due to rising raw material costs and rising domestic labour costs, led central economies to a political and economic restructuring aimed at increasing internal productivity through greater flexibility of work organisation processes (process technological innovation); to prevent the political impact of labour force organisations: and to introduce substantial changes in order to break the dependence of industrial transformation processes - conceived, in particular, in terms of technological innovation - from primary energy sources (from oil, first, but also from other essential raw materials). The reduction in the importance of raw materials and agricultural goods would introduce

a trend in the opposite direction to the specialisation of the external sector of the Latin American economies.

The 1980s crisis in Latin America and the economic and technological restructurings that occurred in the central economies closed the expansive phase of the post-war world economy, and opened the way to a new phase of expansion characterised by internal changes in production processes: changes designed to transform the very structure of industrial development. First, as has already been mentioned, the technological and productive restructuring of the central economies substantially reduced the importance of raw materials and agricultural goods: this reduced the amount of Latin-American revenue from export. This led to problems in financing internal development, which would clearly lead to a financial crisis in development itself. Faced with the complex of transformations known as the “third Industrial Revolution” there was a significant reduction in prices of raw materials, which have been partly replaced by so-called “new materials”.

The growing indebtedness of Latin American economies had a stopping point in 1981 with the sudden breaking of the flow loans from private banks, and by implementing adjustment policies to make the payment of debts conditional on the disbursement of new cash flows. The International Monetary Fund and the World Bank - in the predominant role of financial mediators - continued to contribute to the recovery of indebted economies. In this context, adjustment policies within indebted economies channelled existing resources to those sectors that are considered most dynamic and best suited to safeguarding the march of the economy. This favoured the exporting sectors to the disadvantage of those oriented towards the domestic market. Hence the effects of economic stagnation and increasing and uncontrolled inflation.

### *3.7.1. The era of ideologies*

Among the actors in question, the State, considered in its form, in its dimension, in its way of operating, takes on particular prominence. The State presents itself as the central actor in development; and the 1980s crisis in Latin America presented itself as a crisis of this actor, as a crisis of the State. When speaking about the State as an actor of development, it can not only be referred to the administrative apparatus, but above all to the State as a ‘form’ or as an organisational synthesis of society. In turn it includes a number of actors. And within it, alongside these actors, the political dynamics that shape

the forms of government, the types of regime and political resources take on importance; in other words, the ways in which the processes of elaboration of social questions and expectations relate, on the one hand, and the decision-making or governance processes of development on the other.

The Latin American state model has its roots in the culture of administration of the Spanish and Portuguese overseas colonies. The process of independence developed in the nineteenth century did not substantially change this tradition. Only presidentialism, as a typical form of government, has a different origin; and it dates back to the influence of the United States (already from the take-off phase of the latter). Independence from Spain and Portugal did not entail a substantial change in the absolutist-Catholic structure of the state. On the contrary: the ideology of independence concealed, and therefore strengthened, the political mechanisms -paternalistic matrix- patriarchal and bureaucratic-administrative- inherited from the structure above.

The era of ideologies in Latin America began with the rise of liberalism. A collection of doctrines that seem to support the modernisation of society and the State have come with this advent. Every ideology, in order to assert itself, presupposes a social actor or subject interested in promoting it; and an area of socio-economic reference on which to rest and in the name of which to form a political strategy. In the case of Latin American liberalism, ideology was called to assume the role of an active pole, capable of transforming the world of mythical and religious beliefs of archaic and traditional origin. But this program of modernisation was affected by the lack of encounter with an actor or subject able to carry it forward, as well as the narrow nature of the economic interests on which the same programmatic platform was based; and, consequently, reduced its scope to formal-institutional transformations, without the world of beliefs and the ancestral culture of social actors - not excluding the elites and the bureaucracies of the State - undergoing a substantial change. In its initial affirmation phase, however, this ideology introduced political reforms that shaped the institutional structure of all Latin American states; the separation of the Church from the State, secularisation as a program of the State, the extension of individual rights, the limitation of presidential absolutism as part of a policy of reducing the State towards the Society: these are the reforms put in place.

Liberals thought that modernisation - as in England, France and the United States - would be the work of the bourgeoisie and the middle class. But this was not the case in Latin America. The downsizing of the state became compatible with the orientation towards the export of raw materials and with the acceptance of the dominant rules in

international trade. If liberalism in Europe and the United States was the ideology of the economic growth of capitalism, in Latin America it was the ideology of the preservation of the oligarchic classes, under the banner of a complex measure - within the productive and organisational processes of society - institutional modernisation and traditionalism. This liberalism lasted until the Great Depression of the 1930s, when the catastrophic dimness of the crisis showed that the main components of this ideology - the laissez faire and the guardian state - could not represent the path of modernisation for the new Latin American societies that arose from the serious social and political situation caused by the Great Depression.

This new configuration, known under the generic term “desarrollismo”, combined two different innovative elements of them with respect to liberalism: statism and populism. Two ideological strands united by a certain vision of progress as achievable through the interventionist role of the State; and by a certain anti-liberalism that is expressed as an emphasis on safeguarding social rights above individual rights. The very varied set of theories, models and instruments of economic policy that have been inspired by this orientation lend themselves to being traced back, in schematic terms, to some central aspects, in a relationship between them. These were the elements of a general strategy to modernise economic and social structures: a strategy to be accompanied by a progressive cultural rationalisation, as a basis for support for stability and political continuity. But this strategy, carried out in almost all the countries of Latin America - albeit with different rhythms, intensity, depth - proved substantially unfinished. The resulting attempts at modernisation always assumed the character of top-down changes, sometimes mass mobilisations, but always in the absence of social-political revolutions.

The new economic classes born of industrialist modernisation represented the undifferentiated fusion of a set of bourgeois sectors - belonging to industry, trade and finance - with the latifundist sectors. This intertwining or combination explains the semi-bourgeois character of the dominant sectors on the continent and the difficulty for them to participate in the open competition for political power. Furthermore, industrialist modernisation brought about changes in rural-city relations, class structure and social stratification. A complex and varied social stratification, within which modern components are subject to intertwining of various kinds with pre-capitalist and traditionalist forms of social and cultural reproduction. Faced with the crisis of the liberal model manifested by its insufficient capacity to establish a dynamic of economic market integration, the state takes on this latter function, becoming the central node of the

processes of accumulation, as well as those of production and reproduction of social actors. The impossibility of an integration strategy of capital accumulation has generated the conditions for the development of social movements of the ‘populist’ type, i.e., movements lacking an organisational dimension that possesses clear connotations of collective identity and the capacity to elaborate political projects of broad historical scope.

The various dimensions of the 1980s crisis ended up being reinforced by the processes of di-democratisation taking place in most Latin American countries. The withdrawal of state intervention, brought about by economic readjustment policies, increased the extent of the unsatisfied social demands of large sectors of the population. Under these conditions, the crisis manifested itself as a crisis of governability of democracies. Economic and social dynamics test the institutional culture that characterised the genesis and development of the state in Latin America. The impact with the political-institutional implications of the crisis has forced Latin American sciences to rethink the issue of state modernisation. What seems to be an established fact in the current debate is that re-democratisation is incompatible with the culture of state intervention; which implies moving from a vertical mode of intervention - authoritarian, clientelistic, or paternalistic - to a culture of rationality, participation and representation that is transparent, transparent, and transparent. The processes of re-democratization denote a consistent propensity to define a greater institutional density that guarantees the permanence of the democratic structure over time.

### *3.8. After the Cold War*

International organisations and affluent nations used a combination of loans and aid to promote development and combat poverty in developing countries, including much of Latin America, between the 1950s and the 1970s. Following the debt crisis of the 1980s, there was a little shift in strategy with an emphasis on using “structural adjustment” packages to encourage macroeconomic development. This development strategy—often referred to as the Washington Consensus<sup>160</sup>—supported particular fiscal policies in addition to trade and market liberalisation. The advantages of free trade were

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<sup>160</sup> An expression coined in 1989 by economist J. Williamson to refer to the set of economic policies shared in particular by the World Bank, International Monetary Fund and the U.S. Treasury Department (all Washington-based institutions), aimed at recreating within the less industrialized economies the favorable conditions for achieving stability and economic growth in the short term.

often the focus of policymakers' attention. Proponents of free trade in the US anticipated that increased market access would benefit US consumers and businesses in addition to opening up significant economic prospects for Latin America and lowering the number of illegal immigrants entering the country.

Market liberalisation and formal trade agreements between the US and Latin American nations have expanded commerce and benefited both parties in a number of other ways since the 1980s. Trade has nearly tripled between the US, Canada, and Mexico since the implementation of NAFTA. Mexico is now the second-biggest consumer of American goods and the third-largest trade partner of the United States as a result of improved intellectual property protection, dispute resolution procedures, and labour and environmental standards in Mexico thanks to NAFTA rules and regulations. More recent trade deals, including Peru and the DR-CAFTA, aim to boost both trade and economic prospects. However, the impact of all these initiatives on the creation of jobs and the reduction of poverty has been less than first thought. Poverty and structural inequality have not significantly decreased despite the opening of the economies of Latin America, the effective repair of macroeconomic imbalances, and the reform of economic governance institutions. The continuation of U.S. government policies, such as agricultural subsidies and rules-of-origin limitations on garments, which limit Latin American exports precisely in the sectors in which the region has a competitive advantage, contributes to the explanation of these deficiencies. However, a lot of governments in Latin America have not put in place the local laws required to guarantee that the advantages of free markets are distributed more fairly. The resistance to trade reform and globalisation has been weakened by these institutional and political barriers at home, both in Washington and in Latin America.<sup>161</sup>

Latin America has tried to take the path of overcoming economic dependence by modifying the unequal terms of international economic exchange; but to no avail. A failure largely due to the limitations of the models of political development characterised by a top-down and technocratic, and therefore unable to mobilise and rely on vast social sectors. The lesson to be drawn from this is that there is no prospect of changing the historical Latin American dependence without internal democratisation of economic processes. Such democratisation is an indispensable prerequisite for the effective transformation of political structures: structures still marked by the pre-eminence of

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<sup>161</sup> Barshefsky, C., Hill, J. T. *US-Latin America Relations: A New Direction for a New Reality: Report of an Independent Task Force* (Vol. 60). Council on Foreign Relations, 2008.

oligarchic forces and the exclusion of large sections of the population from social processes, economic and political.

### *3.8.1. New forms of dependence*

In general terms forms of dependence manifest themselves through the consequences of the policies of readjustment and economic restructuring carried out by governments; policies that aim to ensure a minimum inflow of external financing to avoid the collapse of economies. The generalised indebtedness of the Latin-American economies is but the manifestation of the historical-structural limits of a productive stagnation hitherto never unblocked: this has prevented their asymmetric interdependence with central economies from changing.

As regarding the new forms of dependence in Latin America, while the latter tried to industrialise itself in order to overcome its condition as exporter of raw materials, the central economies have undergone industrial conversion processes that have increased the technological and financial gap compared to the countries of Latin America itself. These processes have, among other things, led to a reduction in the importance of raw materials and, with it, the possibility for Latin American companies to finance their development without changing the internal production structure<sup>162</sup>. The end of the Cold War and the fall of the Berlin Wall not only removed the obstacles that had slowed the political development of the region, but also suspended, to a large extent, the application of the Monroe principle<sup>163</sup>, allowing new players in the multipolar world to find spaces in the continent. Globalisation did the rest, integrating the Latin American national economies with those of the rest of the world. Economic growth and democratic dialectics, together with the stimuli and contributions from the Latin diasporas that occurred predominantly in the United States, have supported both the population growth of the region and the emergence of a new educated middle class, open to the rest of the world and demanding of the state. However, these positive dynamics of state-building have frequently developed in contexts also characterised by strong structural imbalances,

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<sup>162</sup> Echeverria, J. *I rapporti tra stato, società ed economia in America Latina*. Quaderni del dipartimento di Politica Sociale; 18. Trento: Università degli Studi di Trento. Dipartimento di Politica Sociale, 1991.

<sup>163</sup> The Monroe Doctrine refers to an ideological message by James Monroe contained in his State of the Union address delivered before Congress on 2 December 1823, expressing the idea of the supremacy of the United States on the American continent. Monroe stated in that speech that the United States would not tolerate any meddling in American affairs. Moreover, for Monroe, Latin America's independence processes could not be quelled by any European power (Spain above all).

and through processes that instead of filling existing imbalances have aggravated them. The same economic model that was adopted in the region to a large extent at the end of the last century, and which was mainly based on the development of extractive and export-oriented sectors, exposed the growth of the region to the constant danger of exogenous crises, that they punctually eroded when they did not cancel the new wealth acquired and the social peace achieved.

The end of bipolarity and the Cold War accelerated the process of transition of many Latin American states to forms of real democracy, characterised by multi-party and political alternation in the administration of the territory at different administrative levels. The historical-political context generated by the end of bipolarism and the progressive economic integration of the region within the global economy have accelerated the process of building nation states, almost definitively eliminating the most intrusive manifestations of the Monroe principle. The internal balances/imbbalances peculiar to each of the countries of the region, as well as the pre-existing economic and social conditions, have clearly determined the speed with which the forms of democratic administration have expressed themselves on the territory. In this process the pre-existence of unresolved conflicts, the ethnic homogeneity of the population, the size of the territory and the consequent ability of the state to control it, the forms and structures of the state administration have played an important role (federal, centralised).

Although the process of decolonisation from Spain and Portugal ended in 1828, democratic practice is in fact a relatively recent conquest of the region. The post-colonial political history of this area is characterised by frequent regime changes, the authoritarian form taken by many of its governments, and the frequent recourse to violence, to seize power. The democratic parliamentary systems established immediately after decolonisation were more or less periodically replaced by authoritarian regimes that over time took different forms. Regardless of its form, power remained predominantly in the hands of narrow economic financial oligarchies, the military, or cadres belonging to political parties. The absence of a real culture of alternation, and the authoritarian character of governments, have meant that power transitions often occurred through coups d'état. The vastness of the territory and in it the scarce presence of the state, the internal flows of the populations, their dynamics of colonisation of new spaces and the

marginalisation of indigenous peoples have fuelled and continue to fuel conflicts that in some cases have resulted in real civil wars.<sup>164</sup>

The 1860s and 1870s constitute the golden age of Latin American economic history. At the time, most economists were studying development problems and paying close attention to long-term trends, while at the same time making production structures and processes of institutional transformation a key component of their conception of the continent's economic problems. At the same time, historians were influenced by currents, such as the school of the "Annales"<sup>165</sup> and Marxist thought, that not only favoured economic processes, but were also attentive to the role that institutions and political dynamics played in them. Sociology and the - then young - discipline of political science were also very interested in analysing the interaction between economic, social and political processes and structures. Economic history thus constituted a field of convergence between the separate social sciences. At the same time, Latin American literature on economic history was influenced by conflicting ideologies. A topic of heated debate at the time was whether and how the continent followed the course of Western development or whether it should instead proceed along its own, alternative trajectory. During the 1980s and 1990s, most Latin American countries abandoned the Desarrollist agenda and moved towards implementing structural reforms inspired by the Washington Consensus. Among economists, the fall of socialist regimes - which deepened the crisis of Marxism and other macro-theories - facilitated the complete dominance of the neoclassical approach. Meanwhile, historians, sociologists and political scientists lost interest in economic history. This, which had played a bridging role between the social sciences in the 1960s, was now on the fringes of research. In particular, historians tended to abandon their interest in the theory, methods and approach of economics and also abandoned economic history. Nevertheless, since the mid-1990s, there has been a

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<sup>164</sup> Mazzitelli, A. "Democrazia, sviluppo, stato di diritto ed organizzazioni criminali in America Latina: I casi del Messico e della Colombia attraverso le esperienze dei cartelli." *Rivista di Studi e Ricerche sulla criminalità organizzata*, 2021, 7(4)

<sup>165</sup> The term *Nouvelle Histoire* (in Italian, *Nuova Storia*) refers to a current of historical thought that aims to broaden the historian's horizon of observation through the discovery of new objects and the study of the social sciences by resorting to increasingly sophisticated quantitative methods. It was expressed by the *École des Annales*: this is arguably the most important group of French historians of the 20th century and became famous for introducing such relevant methodological innovations in historiography. The name of the group - which is usually referred to simply as *Les Annales* - derives from the journal, founded in 1929 by Marc Bloch and Lucien Febvre, *Annales d'histoire économique et sociale*, which still exists and has been published since 1994 under the title *Annales, Histoire, Sciences sociales*. This, places history among the social sciences, a new field of knowledge that emerged in the early 1900s, on the basis of two fundamental characteristics: its integral renewal and its rootedness in ancient and solid traditions.

renewed interest in the study of historical-economic processes. This “renaissance” differs from the “golden age” by a diminished role of grand theories, a more professional approach, and less ideological and sectarian commitment on the part of scholars. On the other hand, quantitative historical investigation has gained great strength. The concern to link global processes to local issues has also gained ground and this has resulted in a positive multiplication of research networks between countries and institutions of different nations.

### *3.9. The 21<sup>st</sup> century*

South America’s entry into the new century was not triumphant, at least in economic terms. Contaminated by the effects on the financial markets of the Russian crisis, the region’s economy plunged, between 1999 and 2002, into flat stagnation or even, like Argentina in 2001, into a crisis with dramatic contours. Since then, however, and until 2008, economic growth has been sustained and steady everywhere, at average rates of about 6 percent per year, which is double the area’s historical trend, and thus, overall, truly exceptional. Not only that, but while it was higher in some countries, it affected all without exception, regardless of the economic and ideological orientations of individual governments. Finally, towards the end of the decade, the new turbulence that hit the world economy in the wake of the U.S. financial crisis put the economies of South America to the test, measuring the consistency of what had been built up over the years of prosperity and forcing them to take stock.

However, the picture of the South American economy at the beginning of the 21st century would be incomplete if it did not include other assessments and factors, some of which are likely to become increasingly influential in determining its stability or vulnerability in the future. Prominent among them is undoubtedly the emergence of new economic partners, both on the trade and financial fronts. Trade with China, in particular, a residual partner in the region just at the turn of the century, has multiplied roughly tenfold in the space of a few years, to the point of making it, for countries such as Argentina, Brazil, Chile and Peru, a strategic reference point and a significant counterweight to traditional U.S. influence. And this in the context of a veritable boom in South American foreign trade which roughly tripled in the first eight years of the 21st century.

If one only casts a hasty glance at the political landscape of South America in the first decade of the 21st century, one runs the risk of failing to grasp, taking it for granted, the element that perhaps characterizes it more than any other, at least from a historical perspective: the fact that, albeit often amidst limitations and imperfections, challenges and threats, all the countries in the region have been living in democracy, in most cases for two decades or more, and the form of that democracy is the representative one typical of Western political regimes. Having observed this unprecedented phenomenon in terms of duration and extension in South American history, such that many social scientists seize on it as an indicator of the South American path toward accomplished Westernization, there remain, however, to be seen the state of health of these democracies, the tendencies of the governments that have led or are leading them, the impact on them of old or new social actors, the unsolved problems that still afflict them and those that they will presumably face in the near future.

Seen from South America, the world of the beginning of the 21st century is, thus, different from that of two decades earlier, and not only because the Cold War is now a distant memory and therefore the region is no longer as it once was placed at crossroads of competition between great powers, but also for other, equally important reasons. Beyond trade and financial flows, which have risen to the point that today the entire area is a much more open economic space than it used to be and therefore more permeable to external events and more autonomous in the search for partners and markets, there are essentially two novelties: the first is the dimension, much more concrete than in the past, assumed in the South American political agenda by the theme of regional integration at all possible levels; the second is the attenuation of U.S. influence, whether in political, economic or diplomatic terms, or in terms of moral or ideological hegemony<sup>166</sup>. All in all, in summary, the entire region manifests on the level of international relations a greater maturity and independence than in the past, enjoyed by both those who wield the flags of nationalism and those, conversely, who maintain friendly relations with the rest of the West, a fact that entails both opportunities and risks.

Regarding the first aspect, that is, the issue of regional integration, there is no doubt that it finds itself encouraged by the challenges of globalization, the need to strengthen the region's negotiating power in international forums, the universal tendency to create regional macro-areas, and the consolidation of democratic institutions and

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<sup>166</sup> Hakim, P. "Is Washington losing Latin America?," *Foreign affairs*, 2006, 85, 1, pp. 39-53.

values as the common foundation of a hypothetical South American community. In fact, the network of regional political and economic organizations, functional bodies in this or that area, or even permanent forums for consultation of South American countries with other world areas, is now denser than ever. The idea, both new and old at the same time, is of course to gradually converge the already existing institutions, especially MERCOSUR (Mercado Común del Sur) and CAN (Comunidad Andina de Naciones), into a single regional body and to gradually move from the purely commercial sphere to the monetary, military and political ones.

With the exception of the Colombian case, which due to political violence, drug trafficking and the risk of destabilizing the entire region is a priority for the United States (which has in Colombia the most trusted ally in the entire area), there is no doubt that on the whole, since the end of the Cold War, South America has not been at the top of the interests and concerns of past presidents from the White House, who have been engaged on entirely other chessboards<sup>167</sup>. Similarly, the crisis of the so-called Washington consensus at the end of the 20th century and George W. Bush's unilateral impulses after September 11, 2001, reawakened the region's atavistic anti-Americanism, where in the first decade of the new century the popularity of the United States and its president took a nosedive, albeit much more among the elderly and middle-aged than among the young, largely unrelated to the weight of the history of U.S. interference in the area. This does not mean that the influence of the United States has suddenly evaporated, or that it is resigned to seeing the decline of the hegemony over the hemisphere pursued for two centuries and fundamental to its security and prosperity: history and geopolitics, as well as enormous economic interests, lead one to rule it out and to foresee an imminent U.S. offensive aimed at regaining the trust of South American public opinion and governments. Nothing, however, one can be sure, will ever return to the way it once was, since precisely as a result of the now several decades of globalization, South Americans have broadened their international horizons and cultivate with more intensity than they once did their relations with other partners, for whom they show with increasing frequency interest and admiration, whether it be the European Union, Russia or the "tigers" of the Far East, including China.

Although South America has inaugurated unprecedented forms of political, technological and cultural cooperation with many countries that were once alien to its

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<sup>167</sup> Crandall, R.C. *The United States and Latin America after the cold war*, New York 2008.

interests, it remains a peripheral region in the new international order, whose swirling changes it experiences in a more attenuated form than other areas, yet suffers less than others its violent traumas. Still furrowed by internal divisions, it is struggling to make its voice heard unequivocally and to be perceived as a cohesive area in the defence of common interests. Among the countries of the region, after all, only Brazil possesses the potential and prestige necessary to be a protagonist in international relations, a role it has been pursuing for more than a decade now by stepping up its action in multilateral forums, in groups formed by the middle powers, and at the United Nations in an attempt to promote a reform that recognizes its implicit role as a regional spokesman. Other countries, on the other hand, have prestige but not power, like Chile, and also a lot of ambition but too much ideology, like Venezuela, or still a lot of potential but too little reliability, like Argentina, and therefore proceed in random order, with greater or less success, within the current global politics.

The impression, for all that analyses bordering on adventurous prophecies are worth, is that, while walking together, South America is proceeding in random order and at different places along different paths that the assiduous call to integrate is struggling for now to converge: that the countries of the Southern Cone, more homogeneous in population, culture and civilization and historically more shaped by their ties to Europe, tend roughly to follow, some more linearly others amidst a thousand tears, the path taken in various ways and times by the rest of the West<sup>168</sup>; and that those, on the other hand, of the Andean area, more heterogeneous and furrowed by ancient ethnic or social faults and historical traumas that have never been absorbed, will still live for a long time among dangerous convulsions in search of a peculiar path that perhaps exists and perhaps does not.

In conclusion, to summarize: as can be seen from this analysis, the history of Latin America is and has been a history of dependence from the very beginning, born precisely as a colony and the world's first "periphery." Despite its independence, the area has continued to depend to a greater or lesser degree on superior powers, on the West, first becoming an exporter of raw materials and continuously maintaining asymmetrical relations with central economies. It has never been able to completely break away. This case study is useful to understand that it is necessary to study and deepen the history, especially of the areas of the so-called "global south" in order to understand what

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<sup>168</sup> Carmagnani, M. *L'altro Occidente. L'America Latina dall'invasione europea al nuovo millennio*, Torino 2003.

mistakes were made and to understand what can be improved and not repeated for the future.

## Conclusions

The unstable course of contemporary Central (Latin) America and the tensions expressed by the various components that have characterised it make it possible to grasp valuable indications with a view to a now necessary adjustment of perspective. It is evident how the fallacy of positions held for a long time is evident when faced with a more critical analysis and with a strong tendency to contextualise and historicise the events and the actors that have been the protagonists. Despite the undoubted merit of the work of many scholars, the current situation is characterised by a complexity that has long been denied and which calls for new studies that start from new assumptions.

A similar sense of debt has infected several other disciplines over time, giving rise to a current of study and analysis that, by shifting perspective, has focused on the history of those whom modernity has classified as “losers”. All too often, however, such productions have suffered from an excessive radicalisation in positioning, perhaps due to excessive remorse or wounds still open depending on the context. However, there have been many cases in which the famous “sense of debt” has not been enough, in which a simple empathy, even if it resulted in a crude self-accusation, proved to be totally insufficient. As Bell Hooks explains, the idea of a universal humanism is very often revealed as a form of white domination in discourses on multiculturalism. Again, the legacy of the conqueror is expressed in a new power relationship that denies the other the possibility of its own perspective and role in the making of a history.<sup>169</sup>

In this new inadequacy, new perspectives of study acquire value that take into account not only the need to atone for the condemnation of the “vanquished” by carrying some of its weight, at least on a theoretical level, but also the more topical need to give voice to the “history of the vanquished”. It is essential, thus, to give a voice to those whose voice has been constantly taken away, even at the risk of gaining a biased perspective as long as one is aware of what is being achieved.

As previously explained, a multipolar world order seems to be emerging with an increasingly important participation of the countries of the South, which are accumulating growing local capacities for scientific and technological production, for organising global value chains, for redefining the global military industrial complex, and are in a position to dispute cutting-edge technologies in strategic areas such as information and

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<sup>169</sup> Hooks, B. *Black Looks*, South End Press, Boston, 1992.

communication technologies, the production of clean and renewable energy, new materials and a series of other low-carbon technological cycles. In other words, the world is facing a very complex situation of geopolitical disputes and hegemonic transitions.<sup>170</sup>

Such multipolarism, however, requires and demands the protagonism of the “South” of the world, i.e., autonomy conducted from below, from the point of view of those directly concerned, and not granted from above. Putting the issue in these terms also means disavowing a logic of modernisation as an expression of immanent and necessary “laws”, and the determinism of history. History is not determined by laws, but is the product of conflict. It is determined by social reactions to trends expressed by technology, economics and forms of power, and creates the social relations that, in turn, constitute the framework in which these operate. In which, that is, they are embedded. Thus, history is created both by resistance and by the impulses provided by the “pure” logic of capitalist accumulation (the so-called market logic, with its competition, short-term profit orientation, and technical instrumentality), which together create the possibilities and forms of expansion that evolve within the organisational framework they impose. In essence, it is a matter of: reclaiming one’s capacity to be autonomous, not to be dependent and subordinate; always deconstructing, in ourselves and in things, the relations of power and domination; disconnecting from the constraints of capital, specifically from the logic of the savage competition of globalisation, while also raising the question of sovereignty.<sup>171</sup>

Compared to the old “dependency theory”, it is now assumed that one must, in short, start from relations between parts within a world totality and not only between “centres” and “peripheries”. Even the “centre”, the global North, did not naturally develop endogenously, according to a vertical, self-centred idea of modernisation. Gunder Frank therefore, in this regard, proposes that every development should always be seen as the effect of a worldwide extended relationship.<sup>172</sup> However, as he pointed out, the problem with the old analysis was not the “dependency”, which exists and was a correct analysis, but the political prescription. The “disengagement”, to which Samir Amin remained attached until the end, in fact “did not take place”, “was impossible” and therefore “would not work”: it was “an illusion”. In short, although the problem is there,

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<sup>170</sup>[https://www.jstor.org/stable/pdf/j.ctv2v88ff9.7.pdf?refreqid=fastly-default%3Ab59a36e30d6da802a6c7576644ab681b&ab\\_segments=0%2Fbasic\\_search\\_gsv2%2Fcontrol&origin=&initiator=&acceptTC=1](https://www.jstor.org/stable/pdf/j.ctv2v88ff9.7.pdf?refreqid=fastly-default%3Ab59a36e30d6da802a6c7576644ab681b&ab_segments=0%2Fbasic_search_gsv2%2Fcontrol&origin=&initiator=&acceptTC=1)

<sup>171</sup> Visalli, A. *Dipendenza-capitalismo e transizione multipolare*, Meltemi editore: Milano, 2020, p. 373.

<sup>172</sup> *Ivi*, p. 351.

there are no alternatives, nor, indeed, do we know of any. All that remains is the “world system, its structure, its cycles and its transformation”. A perspective that in fact runs through his entire oeuvre since the 1960s, as he claims; however, in the “critical” phase, aimed at liberation, it was somewhat bracketed, whereas in the post-1999 “descriptive” phase it comes to the fore, and then comes at most to denunciation. There is, of course, a considerable difference, if only in attitude. After 1999 Andre Gunder Frank feels, like many others, defeated. The author wrote in 1969 that “it is a system in which the monopoly - which in the future will increasingly have its basis in technology - exerts its control even over the most powerful bourgeoisie”. In his view, it follows that “the periphery can only develop if it breaks the relations that have kept it underdeveloped, or if it succeeds in destroying the whole system”. There is no possibility of self-sustained growth in an economy that is based on exports but subordinated to the strength of monopolies and “giants”, and which is also dependent on a foreign market of which it has no control and whose instability can, at any moment, spill over into induced disaster. An economy affected by a super-dilated service sector, where, moreover, basic industries and domestic capital goods are in the hands of foreign capital. One of the main reasons for this is that the middle classes are dependent on existing economic structures, and these are dependent on foreign countries, and are, if threatened, ready to support right-wing solutions. The “immediate enemy” is therefore the national bourgeoisie, and the local bourgeoisie in the countryside, although the “strategic enemy” is imperialism. The class struggle, therefore, has a strategic coincidence with the anti-imperialist struggle, but this also has a tactical priority. Without it, the national bourgeoisie will always make national liberation from imperialism, and thus the interruption of the “development of underdevelopment”, impossible.<sup>173</sup>

On the other hand, for Arrighi the key concept is hegemony, as already seen. It is not a matter of descriptions of “domination”, of the powerful and the subordinate and their possibly opposing wills (or “desires”): what is at stake here is a capacity that cannot be planned and that arises from the combination of a situation and a struggle, that of uniting domination with consensus. When you give hegemony, you create subjectivities and take charge, to some extent, of their interests (of those within the field of meaning defined by the hegemonic bloc) and, thanks to a coherent set of power bases and values, representations, techniques and rules, you succeed in making a portion of the world

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<sup>173</sup> Visalli, A. *Dipendenza-capitalismo e transizione multipolare*, Meltemi editore: Milano, 2020, p. 230.

become a “system”. In fact, as long as hegemony lasts, it makes the cooperative (but intimately hierarchical, even if unnoticed) moment prevail over the competitive one. The crisis is thus the disintegration and to some extent reversal of this effect.<sup>174</sup>

Another perspective is that of Samir Amin, who supports the idea that capitalism’s tendency to crush the peripheries and extract value from them (core of the “dependency thesis”) should therefore be defeated point by point, to force capitalism to come to terms with popular forces. It should focus on: autonomy, de-construction of power relations and domination; disconnection from the constraints of capital. Concrete struggles should start from the local and specific, national, conditions of domination and be aimed at conquering power, but to make a counter-network (the model is always the Bandung agreement of the non-aligned countries) to oppose the global logic and disconnect from it. Then in turn “disconnect” and impose “elements of socialism”, i.e., elements that would force capitalism to adapt to a logic that is not its own. In order to arrive at a multipolar world, it would then be necessary to arrive at a regionalised order, constructed in the light of the demands of international justice, and a non-polarised model of globalisation. That is, to what Amin calls “a polycentric and pluralist model of globalisation”.<sup>175</sup>

For Amin, then, the perspective is certainly not to go back to the old regulations, which are long gone, but to develop local struggles determined by the ever-changing conditions of domination and dependence, “in their own way globalised”. Struggles that can shift power relations, as the coordinated struggles of colonial countries once did, to get there. To build a truly “polycentric” world, one that is “capable of ensuring that peoples and nations have sufficient margins of autonomy to allow democratic and social progress - in other words, ‘another globalisation’”<sup>176</sup>. This formula, so much of the 1990s, may create some problems for today’s sensibilities, but as Alessandro Visalli explains in his book, it should be understood in its own terms. Globalisation means the liberation of different development paths and wills to assert themselves; it means ensuring that there is not just domination. And ensuring this by overcoming the current dependence of the political and social system on the competition between the owners of dominant capital,

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<sup>174</sup> Visalli, A. *Dipendenza-capitalismo e transizione multipolare*, Meltemi editore: Milano, 2020, p. 335.

<sup>175</sup> Amin, S. *Per un mondo multipolare*, Edizioni Punto Rosso, Milano, 2006, p. 133. Translation by Isabel Gessi.

<sup>176</sup> Amin, S. *La crisi*. Edizioni Punto Rosso, Milano, 2009, p. 100. Translation by Isabel Gessi.

i.e., “capitalism”. This does not necessarily mean, however, overcoming capitalism immediately, but at least restoring the proper relationship between economy and politics.

The suggested geopolitical perspective is to work towards regionalisation on the level of independence and partial disconnection. Some fifteen regions organised around hegemonic powers on the local scale and able to promote and spread effective social compromises and stability within them. A long transition starting with radical reforms capable, “without breaking completely with the logic of the system in all its dimensions”, of transforming the scope and preparing for its overcoming. In essence, it is a matter of confronting four challenges: the market; the economy-world; democracy; national and cultural pluralism. Balancing these challenges and overcoming the fundamental limits of capitalism (alienation of labour, polarisation, short-term economic calculation according to an ill-understood law of value) will require a long transition, as when feudalism turned into capitalism, overcoming a long phase of coexistence. But the goal is decisive: “to regiment the market and put it at the service of a social reproduction that ensures maximum social progress.” On its own, the market will never do this, it will never settle into a “general equilibrium”, as neo-liberal dogmatics would have it. On the contrary, it will move unceasingly from one imbalance to another. The possibility of general equilibrium, abstractly conceivable, is in fact concretely and constantly prevented by the compartmentalisation of capital and thus by the competition of all against all. Thus, it is simple: “capitalism is a symptom of permanent disequilibrium”. Or, put another way, “capitalism does not exist outside the class struggle, the conflict between states and politics.”<sup>177</sup>

Therefore, the regional agreement structures, NAFTA and Mercosur, Cotonou and the EU, or the Apec projects, Euromed, Cedao, Comesa and so on, must be rethought in the light of the interests and needs of international justice and a non-polarised model. They must not only serve the needs of dominant capital and hegemonic states, but also the legitimate aspirations and needs of the world's peoples. These regional arrangements must be political spaces, in which the economy is embedded and incorporated, not economic spaces that subjugate politics. This also implies, for Amin, that gradually the sovereignty of states will have to be flanked and then replaced by a democratic sovereignty of peoples, capable of mobilising energies and recognising differences.

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<sup>177</sup> Visalli, A. *Dipendenza-capitalismo e transizione multipolare*, Meltemi editore: Milano, 2020 pp. 365/366. Translation by Isabel Gessi.

Autonomy to be real cannot therefore be blind to social conditions and cultural differences. This “debate” could lead in the direction of strengthening the common government of the UN and a “world parliament” but only when, and if, popular democracy is properly extended, or, as Amin puts it, knowing that “democracy cannot advance on a universal scale faster than it can within the nations concerned”.<sup>178</sup>

The “dependency theory” and the “development of underdevelopment” was eventually obscured by the triumphant global world, objectively deactivated, only remaining anchored in political action by Samir Amin. The economist in the latter part of his life recovered his earlier motives for this and again took up a “heretical” position by returning to talk about “disconnection” and not just a vague “other-worldliness”. In the 1990s, there was a perceived drive to transform the world and eliminate injustice and underdevelopment. The main problem, however, is that the same breadth of vision and emphasis on interconnectedness fundamentally impeded collective action. Both “reformist” and “revolutionary” hypotheses no longer seem viable without the backing of a strong socialist and an equally strong “non-aligned countries” pole. This stems, after the end of the 1970s, from the weakness and then dissolution of the geostrategic socialist countervailing power, along with the hopes it directly or indirectly aroused.

The limitations of this “school” led to a division of thought: on the one hand, Amin who intends to hold firm against all hope of emancipation, and thus progressively approaches local national action for “disconnection” by claiming self-government. On the other, Frank, who abandons any hypothesis of collective emancipation and attention to a narrative of progress, coming to the conclusion that “there is no alternative system”, and one can only be limited to being the voice echoing in the wilderness. Arrighi, on the other hand, in attempting to explain the long processes of transition currently underway, questions the idea that capitalism is a kind of destiny of the world, a stage in a necessary process of humanity’s self-overcoming, which from here, and necessarily from here, will eventually reach the pacified condition of socialism.

What we have seen during this research thesis, i.e., the ideas behind the “dependency theory” are that development is not self-equilibrating and does not essentially depend on investment, equipment or technology. Over-investment, and especially its organisation for the needs of foreign markets, causes dependency and thus crisis. Vice versa, the free play of market forces causes increased inequalities by

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<sup>178</sup> Visalli, A. *Dipendenza-capitalismo e transizione multipolare*, Meltemi editore: Milano, 2020, p. 370. Translation by Isabel Gessi.

favouring the concentration of resources in strong localities and “reflux effects” on those of origin. This is accentuated by the tendency to reduce effective competition, ensure monopoly effects and thus accumulation of growing surpluses.

Capital accumulation is, in this sense, a geographical issue. As mentioned, the different levels of development, maturity and cohesion, and thus of surpluses, force a constant struggle to subdue space and thus determine dependencies at different scales. This internal need for equilibrium (of social power relations) thus constantly creates, on the geopolitical level, subordinate economies, forces the structured coherences of these to be “incomplete” (and only complete them with the contribution of imported surpluses) and the related “class alliances” to be at the supranational scale. In the decisive sense that these also involve in a super-elite position the foreign part of the “central” elites and in a subordinate position the “peripheral” elites. As is more than evident, the current dynamics of the European Union, in the great game of the balance of power in the world, is a privileged laboratory of these physiologies and their clashes.

It is in the light of these misunderstood physiologies and these obscure clashes, as the long transition accelerates after the opening of the 1960s, that the set of problems, tensions and impossibilities that the tradition of the “dependency theory” leaves us with become topical again. That is why it is worth re-reading it.

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