The Dependency Framework

Lecture for LAPE

SFU, Spring 2010

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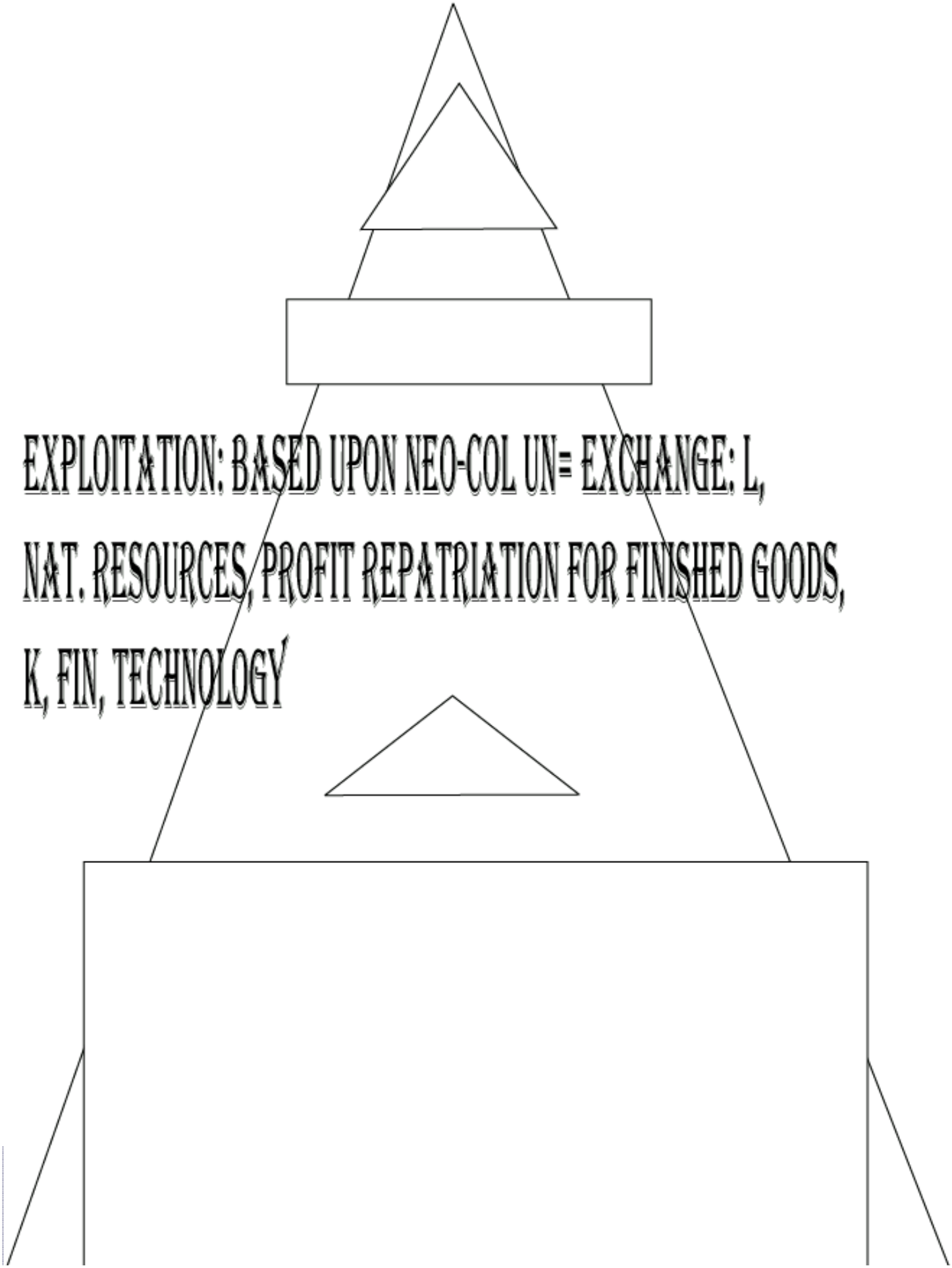
Overview of Lecture

- The Diagnosis
- The Philosophical Basis
- The Historical Application
- The Current Application
- Answers to Objections
- Basis for Future Proposals

The Diagnosis

- Increasing levels of relative inequality
- concentration of power and wealth at the top
- links b/t the LA elite and the 1st W. stronger than links with domestic grps
- strong dependency on outside markets, incl K, X/M, technology; this means that many of the benefits of domestic production are reaped abroad and that rel. inequality increases over time
- Moreover, incredible volatility and enclave economies


EXPLOITATION: BASED UPON NEO-COL UN= EXCHANGE: L,
NAT. RESOURCES, PROFIT REPATRIATION FOR FINISHED GOODS,
K, FIN, TECHNOLOGY

The Philosophy

- Dependency has a variety of avenues: political, economic, intellectual, socio-cul; histl
  - historical-structural method
- Dependency therefore describes an unequal set of power relations
- Dependency exists therefore on every level, not just the international one
- variants of dependency- some anticipate devt.
  - (Frank: hard-core) dependency; dependent devt; world systems theory; commodity/pdction chains

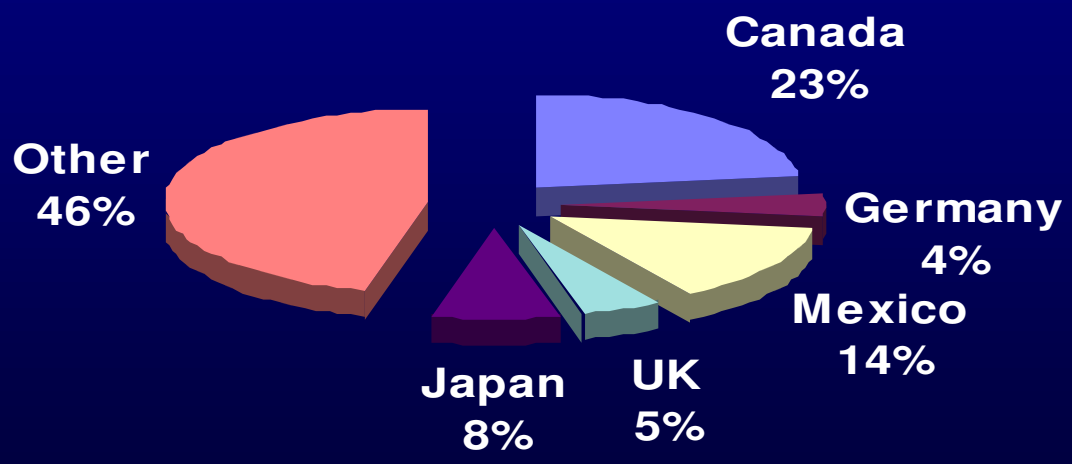
Historical Application

- An adjunct to Lenin's Imperialism hypothesis; though he had a diff. outcome; historical-str'l approach
- Took strong hold in the 1960s in LA esp., as increasing inequality and political agitation took hold; thus elements of anti-US + eco frustration
- Led to strong nationalistic & reform elements; eg MNCs/natlizations; ag reform

Current Application

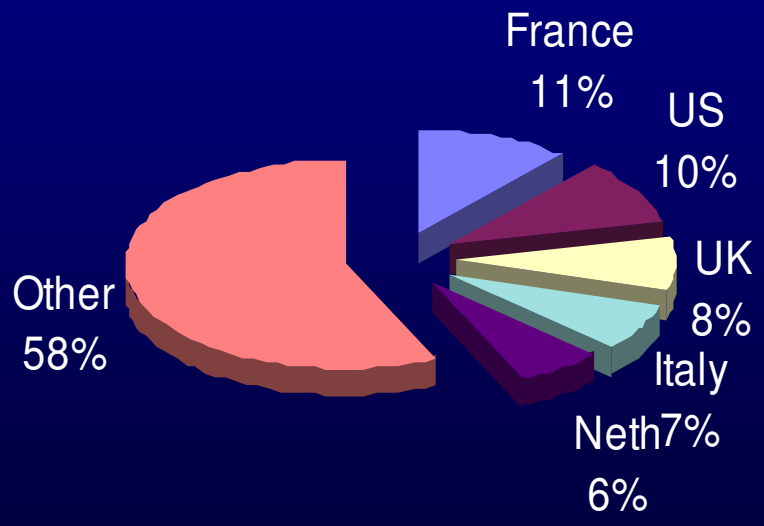
- While now a major part of mainstream LA consciousness; few explicit devt.s of theory
- A general sense that 1989 ended depcy theory is mistaken, but applications are much harder bec. of fin. pressures
- Neoliberal policies exacerbate situation
- In sum, dependency theory still provides a good diagnosis of LAPE, but only indirectly provides suggestions of solutions

US Exports (%)

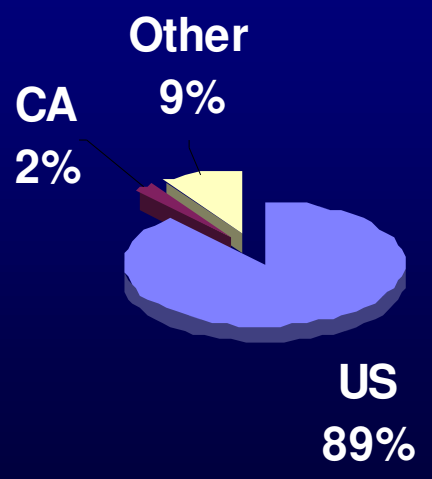


Source: The World Factbook 2001; data yr. 1999

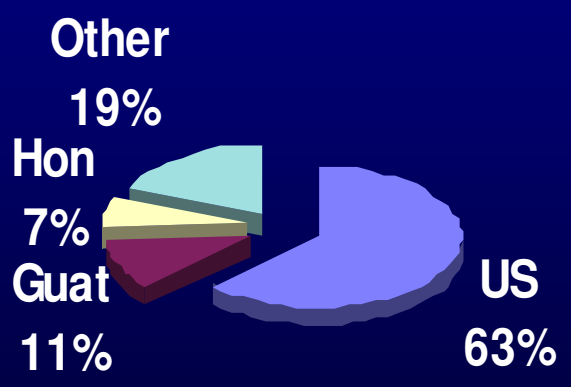
Germany Exports (%)



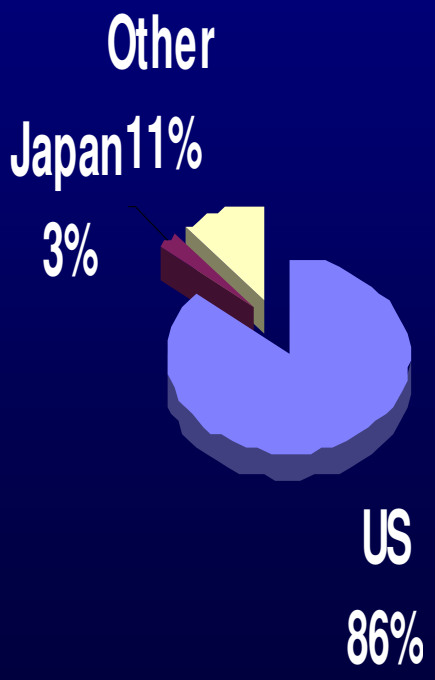
Mexico Exports (%)



El Salvador Exports (%)



Canada Exports (%)



Other Impt. Pts

- reliance on trade, fin >
- X concentration, much >
- lack of internal & external investment
- reliance on foreign technologies
- differentiation w/l the ctry > (elites > alike, masses not)
  - ngos as tea party advocates (Petras)
- globalization exacerbates (mncs, fin no longer tied to states)

Defending Depcy Theory

- 1. Focus is on relative, not absolute relations
- 2. External fin; trade; techy markets situation still the same, if not more
- 3. Lack of consideration of potential domestic sources of growth
- 4. Only growth that addresses inequality is sustainable
- 5. Free market policies are not even followed by the 1st World

Discussion

- What overall and policy solutions does dependency suggest?
- Taking a LA country as an example, how is dependency reflected in its history?
  - In what ways does its politics reflect this dependency?
  - What recommendations would you make to its policymakers to reduce its dependency?