

A WORLD-SYSTEM PERSPECTIVE ON  
DEPENDENCY AND DEVELOPMENT  
IN LATIN AMERICA

*Christopher K. Chase-Dunn*  
*Johns Hopkins University*

Fernando Henrique Cardoso and Enzo Faletto's now-classic analysis of Latin American dependent development is perhaps the most important synthesis of the shifting alliances between classes and interest groups that have been cause and consequence of nation-building, state formation, and capital accumulation in Latin America. The book is admirable in many ways, but especially in the scale of its focus across time and space. Rather than telling us every detail of a particular country or period it uses an analytical perspective based on class analysis to compare "situations of dependency" across Latin America from the period of decolonization in the early nineteenth century to the 1970s. I am not a Latin Americanist and so I cannot evaluate the many interpretations of political events in the book. Rather my comments will focus on its theoretical implications, its special strengths, and its possible limitations from the point of view of the capitalist world system as a whole.

First, Latin Americanists and dependency theorists have yet to comment on the reinterpretation of the emergence of capitalism in Europe and the recasting of the theory of capitalist development that is implicit in Immanuel Wallerstein's (1979) world-system perspective. This is odd because Wallerstein's theoretical approach, in which imperialism is one of the constituent elements of capitalism from its very birth in sixteenth-century Europe and Latin America, is obviously indebted to dependency theory for many of its insights. But instead of focusing on national situations of dependency, as Cardoso and Faletto do, the world-system perspective focuses on the ways in which classes, cultures, and political systems are structured at the level of the world-economy as a whole. This perspective sees the boundaries between nation-states not as divisions between somewhat independent units of analysis but rather as one institutional feature of processes that occur both within and across these boundaries. Thus, while the scale of Cardoso and Faletto's study is grand by most standards, I would like to critique it from an even wider perspective.

When we study a particular object with a telescope we see differ-

ent features than when we study it with the naked eye or with a microscope. Similarly, many patterns that appear to be unique when studied close up or over a short period of time can be seen to have underlying similarities with other patterns in other times and places when compared in larger temporal or spatial perspective. Cardoso and Faletto have performed an important service by analyzing significant differences between types of dependent situations, differences that tended to be minimized in earlier work on Latin America by André Gunder Frank. They argue that the growth of the home market and the nature of class relations were very different in countries with foreign-controlled export enclaves than in countries in which the export sector was controlled by indigenous classes. Similarly they contend that the "old dependency," based on the export of raw materials to the core countries, was very different from the new dependent development based on industrial production by multinational corporations for the domestic market.<sup>1</sup> British hegemony in the world economy was of a different nature and had different consequences than later United States hegemony. The particular constellation of classes and interest groups and parties in each country created different possible alliances and several types of state development policies resulted.

On the other hand, Cardoso and Faletto avoid pure historicism. They are not arguing that every situation is completely unique. On the contrary there is a good dose of structuralism in their approach, as illustrated by their employment of class analysis, the creation of typologies, and systematic comparison. But neither is their structuralism deterministic. Following Marx and Engels, and especially Gramsci, they see the historical process as one in which alternative futures are constrained by structural limitations, but are also determined by the conscious actions of human interests and passions.

What can we see from the world-system perspective, utilizing a view of both the core and the periphery and a longer time span, that escapes Cardoso and Faletto? First we can compare Latin America with other peripheral areas. Latin America was brought into the capitalist world economy in the sixteenth century and so it has been exposed to the processes of this system far longer than most other areas of the contemporary periphery. One consequence of this is that Latin America is far more "semiperipheral" than most of the Asian and African periphery. The expansion of the capital accumulation process subjects peripheral territories and populations to a cycle of coercion and proletarianization that both "underdevelops" and deepens the relations of production. Peripheralized areas are those in which plunder is followed by the exploitation of coerced "low-wage" labor in the production of goods (usually mineral or agricultural raw materials) for export to the core. At the same time this process creates opposition to itself. Exploited

classes in the periphery develop organizational forms, rudimentary at first, which enable them at least partially to defend themselves from the market forces and political-military coercion of core capitalism. This is the world-system analogue of class struggle, but much of it is intraclass struggle between peripheral and core bourgeoisies. The dependent development analyzed by Cardoso and Faletto is a latter-day example of this dialectic of exploitation and resistance that results in the expansion and deepening of the capitalist mode of production. Even though each increase in power of peripheral states (from decolonization through import substitution to the efforts to regulate transnational corporations) can be seen in its uniqueness, the underlying analytical significance of these expressions of peripheral resistance is the same. The most advanced forms of this are exhibited by the regimes labeled "socialist" by Cardoso and Faletto (Cuba, China, and the Soviet Union). Much of Latin America, then, while still remaining dependent, contains areas that are semiperipheral in the sense that the states have achieved some degree of sovereignty over their national economies, and there is a relatively balanced mix of core and peripheral types of production (or at least a relatively large core production sector compared to other countries in the contemporary periphery). The idea of the semiperiphery is usefully employed in Peter Evans' (1979) analysis of dependent development in Brazil.

The capitalist world system is a moving hierarchical division of labor between the core and the periphery that is reproduced as a structure over time but which is also itself "developing." The whole hierarchy is *relative*, in that activities such as textile production, which were leading core industries in the nineteenth century, have become peripheral industries in the twentieth century. Thus it is not industrialization itself which is the main difference between the core and the periphery. All across the system the uneven capital accumulation process raises the level of productivity, but the relative differences between the core and the periphery are maintained. Similarly, particular areas can be upwardly or downwardly mobile in this hierarchical division of labor. Thus, the United States was a semiperipheral country in the nineteenth century that became a hegemonic core power in the twentieth. Brazil and Mexico are the two Latin American countries with enough autonomy, internal market size, and natural resources to make a bid for core status in the contemporary period.

Many of the differences that Cardoso and Faletto point out between situations of dependency may be due to variations in the relationship with the larger system. Enclave vs. domestically controlled peripheral economies both involve the exploitation of cheap labor and the appropriation of natural resources by core capitalism, but in the second case a certain amount of autonomy and surplus product has been ob-

tained by the indigenous peripheral capitalists. This is important for national politics, and indeed that is why Cardoso and Faletto's emphasis is appropriate if one's main concern is the possibility of alliances between national class fractions that can move toward greater autonomy and a more balanced and even development. The argument for the world-system perspective, however, claims not only that a more parsimonious theory of capitalist development can be built by focusing on the whole system, but also that the political implications of such a focus can overcome many of the practical stumbling blocks associated with theories focused on national societies.<sup>2</sup> I am suggesting that the telescope may be more useful for creating socialism than the naked eye.

This line of reasoning is based on the notion, which cannot be properly defended here, that the capitalist mode of production (the socioeconomic system that reproduces itself and undergoes transformation) is a feature of the world system as a whole. If this is true then strategies that try to move toward socialism at the national level may only reproduce capitalism. Cardoso and Faletto never tell us what they mean by socialism, but it seems to me that they are referring to "socialist" regimes, that is countries in which socialist movements have taken state power, rather than to socialist socioeconomic systems. China, the Soviet Union, Cuba, etc. are important experiments in the attempt to build socialism, but they are not separate islands of the socialist mode of production. If this is true, then Cardoso and Faletto's focus on the possibilities for class alliances within countries may be necessary but not sufficient. The world-system perspective asks not only how do the different situations of dependency affect the possibilities for progressive class coalitions, but how do these interact with the class structure of the world economy and its state system?

Cardoso and Faletto contend, along with many other political theorists, that "internal" class relations are primary, and the "external" pressures of the international state system, transnational corporations, international class alliances, the hierarchical division of labor between the core and the periphery, etc. are secondary forces in the political struggle. This approach faces the risk of repeating the errors that have distorted and limited the results of movements that have sought to move toward socialism.

The fact that classes have been conceived as primarily national tends to focus class struggle almost exclusively on the national state. This allows the capital accumulation process to encapsulate class struggle. The theoretical notion that the international state system is something separate from the operation of capitalism as a system has befuddled those movements that have successfully taken state power into believing that they could organize socialism in one country. These misconceptions have contributed to the very adaptability and dynamism of

capitalism and its ability to escape the social movements that arise to rationalize and democratize it.

Cardoso and Faletto seem to strike a judicious balance between "internal" and "external" forces. While stressing the importance of the internal situation of dependency they show how changes in the world market or in interstate relations create new options, crises, and coalitions in the dependent countries. But the very usage of the internal-external distinction may obfuscate reality. Internal to what? The national political boundaries, cultural communities, class and interest-group organizations, state machineries, etc. are all conditioned by the transnational and international capital accumulation process and associated dynamics of the state system. Class formation is not a national process. Objective classes are not national, but worldwide. True, the organizations created by exploited classes tend to be national and this is precisely one of the structural conditions that allows capital to escape the resistance that its expansion creates. This observation makes clear that the development process continually provokes claims on capital and opposition that then must be evaded by replacing labor with machinery or by exploiting workers who are less well-organized or have less access to political organizations that can articulate their interests. This drives the technological dynamic and the extensive expansion of the accumulation process. This can only be brought under collectively rational control by the organization of class interests *at the level at which the accumulation process operates*, that is, at the level of the system as a whole. Or, rather, collectively rational planning of economic development must be organized by forces strong enough to contain the economic and political tendencies of the capitalist mode of production. It is the contention of Wallerstein (1979, pp. 95–118) that this has not yet happened and that the contemporary "socialist" bloc is a functional part of the capitalist world economy rather than a separate socialist world system.

What are the implications of the above analysis for socialist movements in Latin America? Let us discuss the current and dramatic revolution in Nicaragua. The above analysis does *not* imply that socialist forces should forego the taking of state power or the radical reorganization of production relations at the national level. It *does* imply that such a program should be cautious about promising too much too soon. The complete organization of a socialist system is conditioned by the decline of capitalism on a world scale, and so, contrary to what is implied by Cardoso and Faletto, the primary terrain of struggle between capitalism and socialism is the capitalist world economy, both "internal" and "external." The national revolution should be conceived as a step toward socialism, and sufficient analysis and resources should be devoted to the larger struggle to ensure that it moves forward. The concrete meaning of this implication must be worked out by the Nicaraguan revolutionaries

themselves. A Gramsci of the world system would focus both on possible progressive coalitions within nations and an analysis of international and transnational progressive alliances for combating and resisting capitalism. The Nicaraguan revolutionaries must not only survive in a tough world, they must participate in the transformation of that larger world or be frustrated in their attempts to create a new social system.

## NOTES

1. Recent cross-national research has shown that, contrary to the implications of Cardoso and Faletto's book, the investment by transnational corporations in manufacturing in peripheral countries has large, long-run negative effects on economic growth. One interpretation of Cardoso and Faletto and other students of dependent development implies that "classical" dependence on foreign investment in agriculture and mining had negative effects (the development of underdevelopment) whereas the "new dependency" on transnational capital investment in manufacturing has positive effects on economic growth. This confusion may be due to the difference between short-term and long-term effects of foreign investment. Foreign capital inflows have a short-term positive effect on economic growth, but long-run dependence on foreign capital causes a country to grow more slowly (in terms of GNP) than countries with less dependence on foreign capital. Bornschier et al. (1980) have shown that this long-term negative effect is larger for foreign investment in manufacturing than for foreign investment in other sectors. This means that the relative "development of underdevelopment" continues under the new dependency and the core-periphery hierarchy continues to be reproduced even though the form of the hierarchy has undergone change. This does not contradict the observation of Cardoso and Faletto that the new dependency creates different class alliances and has different implications for national politics, but it does show the usefulness of the world-system perspective.
2. Concrete political implications of the world-system perspective, which go beyond the generalities presented here, await further explication of the theory of capitalist development. We must draw on the interpretive historical studies and theoretical essays produced by Wallerstein and his associates to specify a theory of the logic of capitalist development that can allow us to distinguish those emerging organizational forms and political forces that reproduce capitalism from those that transform it and provide the basis for socialism. Of course, a single entity can simultaneously do both, but a clear understanding of the underlying logic of capitalism will help us identify the "weak links" of the system in order to apply political energy in the most effective way.

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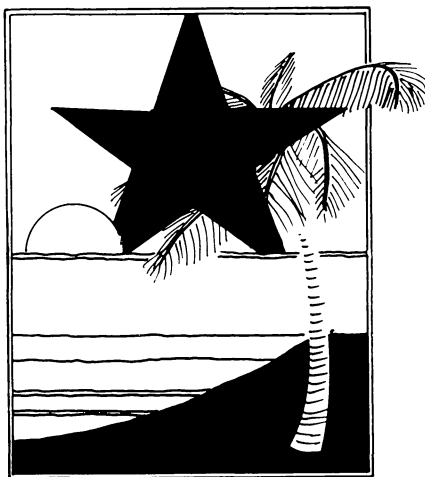
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