



“Summary of article By Philip W. Porter and Eric S. Sheppard: Views from the Periphery: Encountering Development” in Frontier Issues in Economic Thought, Volume 6: A Survey of Sustainable Development. Island Press: Washington DC, 2001. pp. 90-93

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### **“Summary of article By Philip W. Porter and Eric S. Sheppard<sup>1</sup>: Views from the Periphery: Encountering Development”**

Development theory has distinctly Western, First World origins. It is based on the diffusionist notion that development is a common goal which can be reached by traveling paths that have already proven successful in the developed countries. Third World experiences of development have been quite different, generating alternative schools of development theory. These have challenged not only prevailing theory but ongoing practice, helping involve and give voice to those often marginalized in the development process. This book chapter surveys the evolution of these alternative development theories, which have contributed a great deal to our practical and intellectual understanding of the development process.

#### **Encountering Development**

The concept of development emerged from the developed world following World War II to pose a linear path to economic prosperity. Less-developed countries, often just emerging from colonialism, needed only to follow the same developmental road map as the colonial powers and they too would industrialize, modernize, and raise standards of living. Actual experience with development has been significantly different, often involving violence, impoverishment and the destruction of indigenous cultures. As a result, significantly different views of development have emerged among Third World theorists. “As is so often the case with human ideas, a peripheral position has in fact facilitated a questioning or even deconstruction of what those in the core take for granted, resulting in this case in a revolution in development thinking.” (97)

We can identify two distinct phases. First, national political independence from former colonial powers resulted not in a convergence of economic development but in growing disparities. This led theorists like Raul Prebisch, Andre Gunder Frank, Samir Amin, Dadabhai Naoroji, and others to argue that countries and peoples on the “periphery” of the world capitalist system were being actively “underdeveloped” by their links with global capitalism.

One can trace the origins of non-European alternatives to development theory to Vladimir Lenin’s theory of imperialism, which represented a significant turning point in that it “argued that the penetration of capitalism into a noncapitalist society can lead to effects other than those already observed in other capitalist societies.” (99) In the post-World-War II period, the United Nations’ Economic Commission for Latin America (ECLA), under the direction of Raul Prebisch, gained a reputation for its theories that the region’s lack of development was the result

of the unequal effects of trade. According to this theory, international trade exacerbates international inequalities, since developed countries capture a disproportionate share of the gains from technological innovation and trade. At a policy level, this approach advocated “import-substituting industrialization” with the state taking an active role in countering the effects of a country’s peripheral position. When this strategy began to produce mixed economic results in the 1970s, “dependency theory” arose to assert a more radical interpretation.

Dependency theory found its most recognizable proponent in Andre Gunder Frank. Based on his own empirical research in Chile and Brazil, Frank argued that capitalist penetration doesn’t just hinder economic development, it *causes* underdevelopment. He combined Prebisch’s theories of unequal exchange with Marxist theories of imperialism to build a new critique of modernization and contribute to radical movements for an immediate break with capitalist economic development processes.

Two other important contributions to dependency theory came from Theotonio dos Santos and Ruy Marini. Dos Santos tried to address the theory’s tendency to explain all development problems in all countries by their peripheral status, ignoring local and national differences. He identified three forms of dependency: colonial; industrial-financial, in which core capitalists invest capital in peripheral countries to produce primary goods; and technological-industrial, with transnational corporations investing in production for local consumption in developing countries. Marini tried to articulate a more rigorous theory of dependent capitalism that could explain the different laws governing dependent development. He argued that third world countries have little incentive to stimulate domestic consumption, which results in a self-sustaining cycle of dependency in which wages are kept low, productivity stagnates, and the underdevelopment of local markets inhibits investment in industrial production.

### **World System Theory**

U.S. sociologist Immanuel Wallerstein coined the term “world system theory,” but African economist Samir Amin simultaneously developed a similar framework. Both saw capitalism as the first global, interdependent economic system in history and attempted to identify the dynamics of the system as a whole. They recognized that both capitalist and noncapitalist production exist within this system, and they sought to understand the implications for development. Wallerstein sought to go beyond the concepts of core and peripheral *countries* to identify core and peripheral economic *processes*, allowing analyses that incorporated core processes in peripheral countries and vice versa. He also introduced the category of “semiperipheral country” for cases in which both processes coexist.

U.S. geographer James Blaut used a “world systems” approach to reexamine the origins of European capitalism itself. He called into question the assertion that European capitalism was the result of cultural, political, or economic superiority. Instead, he argued that medieval Europe was no more advanced than medieval Africa or Asia, and that geographic good fortune -- in the form of access to the New World -- stimulated the rapid shift from feudalism to capitalism, with the influx of capital accelerating development and giving European industrialists a decisive competitive edge. This contributed to the growing number of theorists questioning the assumption that Europe and North America represent a development model for everyone else.

Still other modern thinkers took the third world as their starting point, noting that local experiences with development have seen the dissolution of indigenous cultures and institutions, growing gender, class, and ethnic inequality, and environmental destruction. This has provoked an attempt to apply postmodernist approaches in arguing that First World strategies are inappropriate to such radically different contexts. “In this view, the third world is an invaluable source of diversity in development thinking that is in danger of being overrun by development, much as the rain forest is a source of biodiversity that is being lost through the logging of tropical hardwoods.” (98) Among the leaders in this school are Arturo Escobar from Latin America, V.Y. Mudimbe from Africa, and Edward Said and Vandana Shiva from Asia.

In this approach, the entire construction of development as a process of “catching up to the west” is disempowering to third world people. First, it convinces them to devalue their own knowledge, values, institutions and cultures. Second, the primary use of the development process was to intervene in the lives of those declared “underdeveloped” in the name of a higher evolutionary goal. Development became a technical matter for supposed experts, further disempowering those in the periphery. The assumption underlying development, which has been shared by neoclassical and Marxist economists, is that economic growth is the key to development and the agents of growth are corporations and the state. This implies an extension of markets and the state into areas of life previously governed by traditional relationships.

There are significant differences between the dependency theorists and the postmodernists. The dependency theorists focus on global interdependencies between development and underdevelopment, while the postmodernists address local contradictions. Still, both take as their starting point the thesis that development is linked with impoverishment, not growing prosperity.

“Dependency theory shows the intimate link that exists between development in the core and that in the periphery. From this we learn two things: (1) What is beneficial for the core can either inhibit, or completely alter the direction of, economic change in the periphery; and (2) the geographical and historical position of a nation (or region) within the evolution of global economic change can have a profound effect on the types of changes that are possible or desirable there. In short, there is no unified path to development, applicable to all nations.” (118)

## Notes

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1. David Faust wrote part of the chapter summarized here. We acknowledge his contribution and thank him for it.