

in which abstract formulations prevail'.<sup>35</sup> Furtado argues that it 'comprises analysis of actual mechanisms of the process of growth'<sup>36</sup> and the strategy of enquiry involves 'building models or simplified schemes of existing economic systems'.<sup>37</sup> What we have here is an acknowledgement of the post-Second World War neo-classical informed language of the precise identification of mechanisms via model-building. Furtado continues by introducing his second, related, style of enquiry. It is the 'historical plane, [and] comprises critical study in the light of a given reality and on the basis of the categories defined by the abstract analysis'.<sup>38</sup> In this way the theorist can refine formal models and better grasp the real world processes of growth. Furtado's early approach may be characterized as structuralist, and he is concerned to fashion a set of models of Latin American economies which will reveal how they have changed through time and how they are presently constituted. What is most intriguing in this early work is the way in which Furtado runs together attention to the historical detail of the Latin American case with a deference to orthodox economic ideas of scientific explanation which expresses itself in the pursuit of models.

As Furtado deploys the structural approach in the case of the economies of Latin America, the substance of the analyses which he presents already contains in outline the dependency position. Furtado considers the historical expansion of industrial capitalism and observes:

The advent of an industrial nucleus in eighteenth century Europe disrupted the world economy of the time and eventually conditioned the later economic development in almost every region in the world.<sup>39</sup>

The nucleus expanded in three directions: internally, in Europe itself; into the 'empty lands' of North America and Australasia; and, third, into already inhabited lands in Latin America. It is the matter of the types of economies and societies produced - especially in the last noted case - that is of interest to Furtado, and he argues that the 'effect of the impact of capitalist expansion on the archaic structures varied from region to region; the result, however, was almost always to create hybrid structures'.<sup>40</sup> At this point we have a first statement of the core of the dependency analysis which is that underdevelopment is not an original condition but is historically generated in the process of the expansion of capitalism. The impact of the expansion of industrial capitalism upon the various colonized territories has the effect of producing economies comprised of distinct sectors. Furtado identifies three typical sectors:

one was the 'remnant' economy with a predominance of subsistence activities and a minor money flow; the second comprised activities

35 Ibid.

36 Ibid.

37 Ibid.

38 Ibid.

39 Ibid. p. 127.

40 Ibid. p. 129.

directly connected with foreign trade; the third consisted of activities directly connected with the domestic market.<sup>41</sup>

Using this scheme, Furtado takes note of the situation of the Brazilian economy, and he concludes his remarks by remarking that 'Again we see that underdevelopment, specific phenomenon that it is, calls for an effort of autonomous theorising'.<sup>42</sup>

Furtado's ideas of an appropriate theory of underdevelopment are pursued in *Diagnosis of the Brazilian Crisis*.<sup>43</sup> Thus far we have met the ideas of sectors and structures, and the importance of historical analysis has also been stressed. Furtado has emphasized that enquiry into the circumstances of underdevelopment in Latin America, which is his particular area of concern, must focus upon the actual local situation and hence his calls for autonomous theorizing. In *Diagnosis of the Brazilian Crisis*, which was written at a time of political crisis in Brazil, we find three crucial revisions to the analysis thus far made. Furtado, first, invokes the Hegelian and marxian idea of dialectical change. This, argues Furtado, is the best available general orienting frame for enquiry. However, Furtado immediately goes on to say that at a practical level it is not much use and other modelling exercises are needed. The second revision made involves acknowledging the idea of class and class struggle. Furtado has discovered the diversity of political class interests in Brazil. However, again he quickly softens his argument by treating class in the style of orthodox sociology. Finally, the third revision entails speaking of institutional flexibility, and here Furtado extends his argument into the political realm. The Brazilian economy and society lacks a ruling class committed to industrialization and the emergence of such a group will depend upon the flexibility of present institutional arrangements. Unfortunately for Furtado's analysis, and Brazil, the actual result of the crisis was a military coup.

In the text *Economic Development in Latin America*,<sup>44</sup> the dependency line is fully presented. The economic and social structures of present-day Latin American countries are presented as being the result of the manner of that continent's incorporation into the world capitalist economy. The production of the dependency position over the period can be characterized as follows: the developments in thought, generally, took the forms of (i) adding a historical perspective and analysis to the structural and institutional method, (ii) giving the historical/structural/institutional method the kind of theoretical and empirical content needed to construct a general theory of dependence and underdevelopment.<sup>45</sup>

41 Ibid. p. 136.

42 Ibid. p. 139.

43 C. Furtado 1965 *Diagnosis of the Brazilian Crisis*, Berkeley and Los Angeles, University of California Press.

44 C. Furtado 1969 (2nd edn 1976) *Economic Development in Latin America*, 2nd edn Cambridge University Press.

45 Girvan 1973 op. cit. p. 12.

## Contemporary Theories of Development

192

The nature of this historical, structural and institutional method is exemplified in the analyses presented. Thus, given circumstances which admit of a description (or disaggregated modelling, informed by generally true economic propositions) in terms of economic structure also admit of a complementary description in terms of a functionally necessary institutional framework. Historical analysis provides data for examples and the construction of a sequence of models; and, further, borrowing from classical economics and the marxian traditions, an overarching framework which firmly locates the Latin American economies in the dependent peripheral areas of the world capitalist economy. Problems of development are then treated in terms of the lack of fit between, on the one hand, the possibilities for development provided by technological levels and, on the other, the restrictions and possibilities attendant upon given structural and institutional circumstances.

## The presentation of new policy work

In the text *Economic Development in Latin America* Furtado presents a detailed analysis and treats the historical genesis of the contemporary situation. The work ends with a chapter summarizing his argument and identifying the necessary conditions of any future advance. Furtado observes that:

There can be no doubt that development based on exports of raw materials and import substitution industrialisation has reached the limits of its possibilities... Similarly the institutional framework inherited from the colonial period... seems to have exhausted its possibilities of adaptation to development needs.<sup>46</sup>

And he adds that discussion has increasingly turned, not surprisingly, to the business of structural and institutional reform. When we look at the broad areas of specific policy proposals he makes, dealing with reforms to internal and external structural linkages, what is abundantly clear is that the dependency approach is both politically explosive in its implications and that the reform tasks he identifies are dauntingly difficult. The key problems lie in the present make-up of the political-economy and its associated structures of political power. The dilemma for the theorist in respect of identifying possible routes to the future is that subordinate peripheral capitalism generates a particular pattern of class-based groups, some of whom have a direct interest in established patterns of outward-directed-growth. Furtado confronts this dilemma with a reform package. Externally, there are three problems: (a) the re-entry of regional economies into the expanding main stream; (b) the reshaping of economic relations with the USA; and (c) the reshaping of economic relations with the multinational corporations.<sup>47</sup> And internally, five problems are noted: (a) the reconstruction of economic struc-

marginalization of large sections of the population; (c) the reorganization of the state sector so as to enable the state to assume its proper role as the agent of development; (d) the pursuit of technological autonomy; and (e) the establishment of regional cooperation.<sup>48</sup>

It is clear that these represent an essentially political programme cast in terms of policy proposals. I have followed Furtado in noting the broad headings and it is clear that they admit of detailed elaboration. However, what is interesting is the political reform strategy they embody. Furtado's dilemma is that of reform-minded theorists generally in that whilst his own work disposes him to reliance upon persuasion his circumstances are not obviously conducive to the efficacy of reasoned debate. Furtado's solution revolves around the key role of the state in the pursuit of development, but the present state represents the interests of specific groups whose interests are not general. In other words the vehicle of the solution to the problem of development is actually a part of the problem. Furtado offers a reformist politics. For the moment we can note that in Furtado's work the dependency approach emerges in all its subtlety and intellectual power. In a subsequent 1978 text entitled *Accumulation and Development*,<sup>49</sup> Furtado tackles a broad-scale discussion of dependency, seeing it as a structural condition bequeathed by history. The themes of the earlier work are here pursued in a broad cultural, historical and theoretical text which the author calls an 'academic anti-book'<sup>50</sup> as the issues will not fit into available social science categories.

## The Legacy of Dependency Theory

In recent years one might suggest that the broad tradition of work known as dependency theory has been out of fashion in the First World. The initial English-language presentation of the material of this tradition took the form of polemical interventions within intra-First World theoretical debates and this had the unfortunate effect of confusing the reception of the lessons of dependency theory as those ill-disposed on political grounds were able to dismiss the entire approach as left-wing propaganda.<sup>51</sup> Nonetheless it seems to me that we can take from this material a useful concern for linking structural and agent-centred explanations. It is clear that dependency theory has been presented in diverse guises and that it has generated extensive critical debates. In its initial formulations it was shaped by the particular historical experience of Latin America in the 1940s and 1950s when long-established trading and economic patterns were disturbed by the episode of the Second World War and occasioned a measure of import-substituting industrialization. These circumstances were theorized by the group of economists at ECLA led by Prebisch<sup>52</sup> and their work issued in a novel structuralist economics oriented to informing the policy positions of

48. *Ibid.*49. C. Furtado 1978 *Accumulation and Development*, Oxford, Martin Robertson.

governments concerned specifically with national development. This work provided the intellectual base upon which the broader schemes of dependency theory were articulated.

Against the schemes of analysis and policy advice derived from the work of orthodox First World economics and development theorists the proponents of dependency stressed: (a) the importance of considering both the historical experience of peripheral countries and the phases of their involvement within wider encompassing systems; (b) the necessity of identifying the specific economic, political and cultural linkages of centres and peripheries; and (c) the requirement for active state involvement in the pursuit of development.

The work of the modernization theorists was essentially ahistorical. The diverse experience of the countries of the Third World was aggregated in terms of a notion of traditional society which in turn was merely a residual category which summarized the ways in which these countries failed to exhibit the traits of modern societies. The model of the modern was the model of the USA. In this way the historical experience of the countries of the Third World was both denied and assimilated to the historical experience of the developed West. As A. G. Frank was to point out, the theorists of modernization managed both to deny any history to the countries of the Third World by simply calling them traditional and moreover managed to ignore the fact that it was precisely the history that they did have that explained their present dependent underdeveloped situation. A related further revision to the familiar modernization theory story is generated by looking at the experience of history not as a smooth evolutionary progress from traditional to modern, or uncivilized to civilized, but in terms of a series of relatively discrete phases within which patterns of development are developed over time. In the case of the countries of the Third World the dependency theory position offers a story of the incorporation of these territories within the expanding sphere of the metropolitan industrial capitalist system and the subsequent reworking of this relationship according to the schedules of demands of the developing core. The present phase of peripheral capitalism is but the latest in a series of asymmetrical relationships of periphery and core.

The theory of modernization worked with an evolutionary model of change which was unpacked in terms of the structural-functional analysis of the logic of industrialism. The approach was focused on dynamics of change which were internal to the countries in question. However, the dependency theory approach recalled attention to the whole issue of the broader political-economic contexts within which particular nation-states operated. The dependency theorists argued that the relevant context within which the historical development of the countries of Latin America could appropriately be analysed was the global industrial capitalist system. In place of the modernization theory's focus on economic, social and cultural patterns internal to the countries of Latin America the dependency theorists insisted that a crucial aspect of the entire experience of these countries was to be found in the pattern of linkages which they had with the wider global

economic, social and cultural linkages which the peripheral countries had with the powerful metropolitan core countries.

The conclusions which the theorists of dependency drew in respect of the appropriate spread of policy for local national governments committed to the pursuit of national development goals was sharply different from the proposals of modernization theory. Against the modernization theory informed proposals to rely upon the marketplace, which entailed simply reaffirming an upgraded version of the historically generated and debilitating role of primary product exporter, the theorist of dependency looked to foster an independent pattern of development. The strategic differences with modernization theory came to revolve around the role of the state, which was to become the key vehicle of the new political-cultural project of autonomous development. This was to be the overriding objective in the attempt to remove the damaging handicaps of dependency.

It is clear that many development theorists would regard these three broad ideas as the positive legacy of dependency theory. In the work of Cardoso and Faletto the material of dependency theory offered a restatement of the core concerns with analysing complex change in the industrial capitalist system which had been addressed by the classical theorists of the nineteenth century.<sup>53</sup> The work of dependency theory recalls a very rich intellectual tradition.<sup>54</sup>

### Chapter Summary

The central claim of dependency theory was that the circumstances of the underdeveloped were to a significant extent shaped by the global structures within which they found themselves, in particular the dominance of the West. An analysis was presented which spoke of the historical development of powerful centres and weak peripheries. The peripheries supplied primary products and low-tech manufactures to the First World in exchange for high-tech goods. This economic dependency was further expressed in political and cultural dependency. The overall result was the condition known as underdevelopment which would continue for as long as the structural conditions. The solution was therefore to weaken the grip of the global system with trade barriers, controls on multi-nationals, and the formation of regional trading areas so as to permit nationalist governments to pursue goals of national development. It was an influential approach in the 1960s and 1970s, although in its radical political forms it subsequently became unfashionable.

<sup>53</sup> Cardoso and Faletto 1979 op. cit.

<sup>54</sup> An influential reconsideration of the approach is D. Seers ed. 1981 *Dependency Theory: A Critical Reassessment*, London, Pinter. See also M. Bienefeld and M. Godfrey eds. 1982 *The Struggle for Development*.

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