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## **GEN 214: Introduction to Development Studies**

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### **Module 3: Socialist Models, Dependency and New Dependency**

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## **Some Concepts**

- **(a) Means of production:**
  - 'Things' to produce goods.
  - e.g., tools and equipment, land, crops, mineral reserves.
- **(b) Relations of production**
  - The division of labour (who does what in the production process)
  - Decides what is produced and how it is produced
  - Unequal decision-making and power.

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*Some Concepts (cont.)*

- **Mode of production**

- System of social relations organizing production.
- Relations of production, and the state apparatus and the legal system.
- Cultural norms and ideologies about the way society should work.

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## **Socialist approaches to development**

- In mid-1980s: experimenting socialist form of development
- Soviet bloc (USSR), states of Eastern Europe, developing countries
- Early twenty-first century: China, Vietnam, Cuba, North Korea

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Source: Wallis (2011), p: 84

- **Post-second world war:** Three categories of countries (Kilmister, 2000)
  - (i) state was the only actor strong enough to direct development: Afghanistan, Ethiopia, Mongolia
  - (ii) socialist ideas were key in struggles for national liberation from colonial rule: Angola and Mozambique
  - (iii) States adopting strong forms of state central planning, but not formally adopting a socialist route: Kerala Model (India)

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## Case study: Kerala, India

- great improvements in social development indicators since 1957
- Investment (health and education); land distribution policies; improve women's participation (economic & political activities)
- life expectancy at birth (74 years in 2000); Crude birth rate (44 in 1950s to 18 in 1991); Total Fertility Rate (1.7), Infant Mortality Rate,

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□ **Characteristics of socialist model of development:**

• **a) Economic:**

- state ownership: industrial enterprises
- “centrally planned”: industry & infrastructure decisions
- state control: foreign trade and investment
- state intervention in labour market: employment decisions are made based on central plans

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Source: Wallis (2011), Box: 3.4; p: 83

*Characteristics of socialist.. (cont.)*

- state control: prices
- state intervention: agriculture and rural-urban relationships
- **b) Political:**
  - ruled by: one party
  - organized political opposition
  - civil society organizations: not tolerated (in most cases)

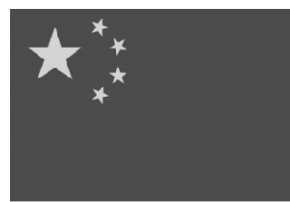
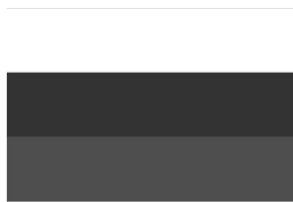
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Source: Wallis (2011), Box: 3.4; p: 83

<b>System</b>	<b>Capitalism</b>	<b>Socialism</b>
Emergence	Industrial revolution	Reaction to capitalism
Means of production	Privately owned	State owned
Market functioning	Free market and competition	Collective and cooperation
Wealth	Inequitable distribution	Equitable society and lesser income gaps
Motivation	Profit	Motive of welfare

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### Russia vs China: sustaining socialism?



- Industrialization and urbanization
  - Freedom of people
  - Skills of people
  - Regional inequality
- Working population
  - Market socialism

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## **Socialism in democratic countries?**

- Welfare services (health and education)

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## **Structuralists**

- Modernization theory: Eurocentric approaches, challenged by a number of theorists
- Structuralists: Latin American academics and writers challenged Eurocentric approach
- Raul Prebisch: Executive Secretary of United Nations Economic Commission for Latin America (ECLA)

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*Structuralists (cont.)*

- According to Raul Prebisch, “global trading system based on principles of free trade acted as an obstacle for Latin American development.”
- Development as a process would be different from the path advocated by Eurocentric theorists.

How could the path be the same if the global environment was different?

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*Structuralists (cont.)*

- According to the ECLA  
“National development strategies should involve greater state intervention to protect national industries, so allowing them to establish themselves without competition from foreign firms.”
- Adopting “Import-substitution industrialization” (ISI):  
tariff barriers to reduce imports and encouraged production for export through the use of subsidies.
- Land reform: involved redistributing land so that small-scale farmers would have larger plots

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*Structuralists (cont.)*

**Limitations:**

- limited national demand because of low incomes
- need to import machinery and high-tech equipment  
as the production process became more complex

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# Dependency Theory

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- People began to question why countries were not developing.

### **The answer would be**

- Because the country is not pursuing the correct economic policy or the government is authoritative and corrupt.

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- Dependency theorists began to doubt that these were the only factors at play.
- “They theorized it was the international systems hindering growth of underdeveloped nations.”

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- **Foundations of the Dependency Theory:**  
emerged in 1950s from the research of the Economic Commission for Latin America and the Caribbean (ECLAC)
- Critically evaluated the continued unequal relationships between countries, which have their history partly in colonialism and imperialism.
- Socialism ideology
- Poor economy: Dependent country

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- Argument of dependency theorists  
“Latin American countries found themselves in positions of ‘underdevelopment’ because of the operation of the capitalist system.”
- The core industrialized countries were experiencing growth and economic development through the exploitation of the non-industrialized peripheral countries.

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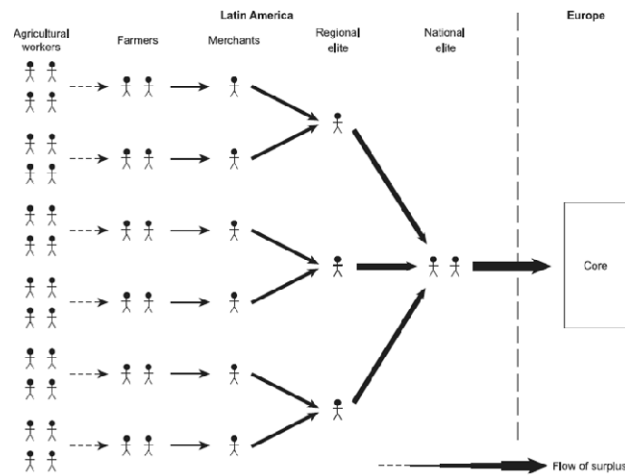


Figure: Core-periphery relationships under dependency

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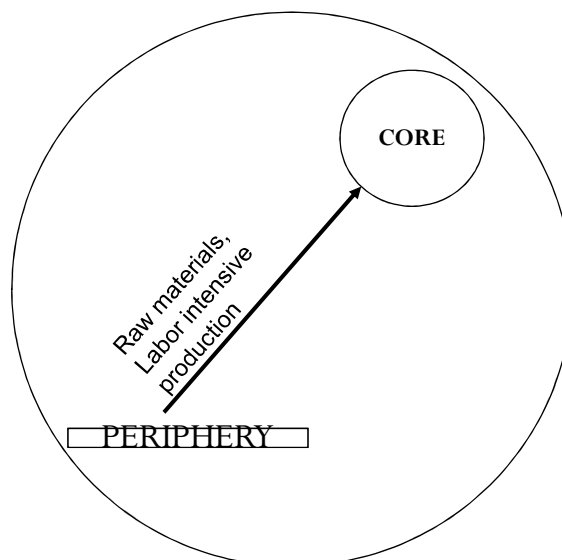
Source: Wallis (2011) p: 79

- With the capitalist development, Latin America was caught up in a global system of dependence: relationships of exploitation from the global scale to the inter-personal.
- Thus, individual peasants were exploited by local land-owners who did not pay them the full value of the commodities they produced.

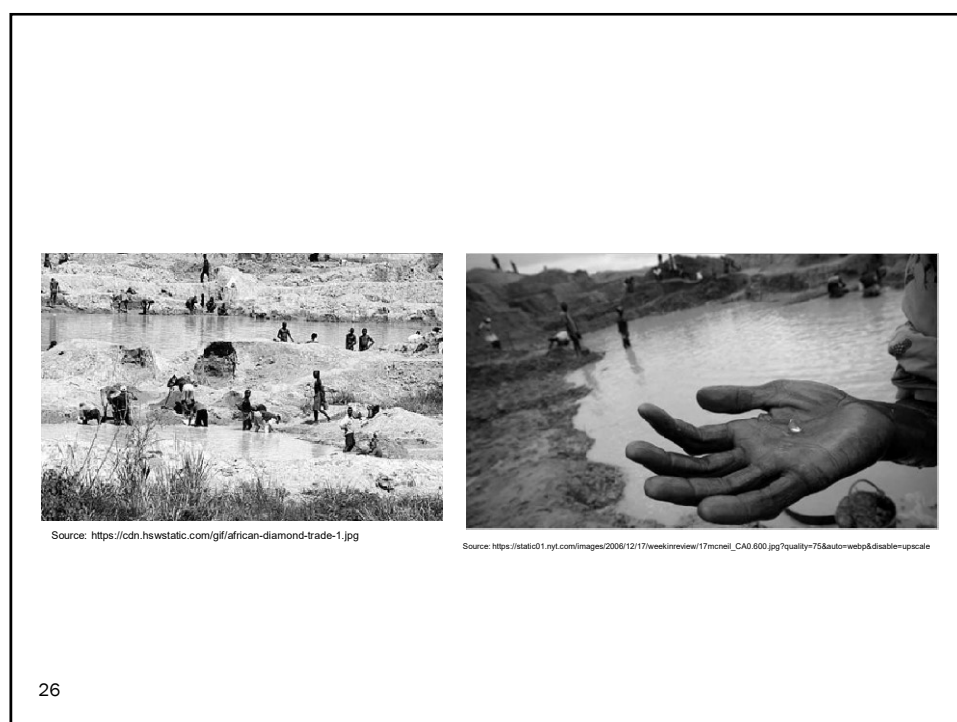
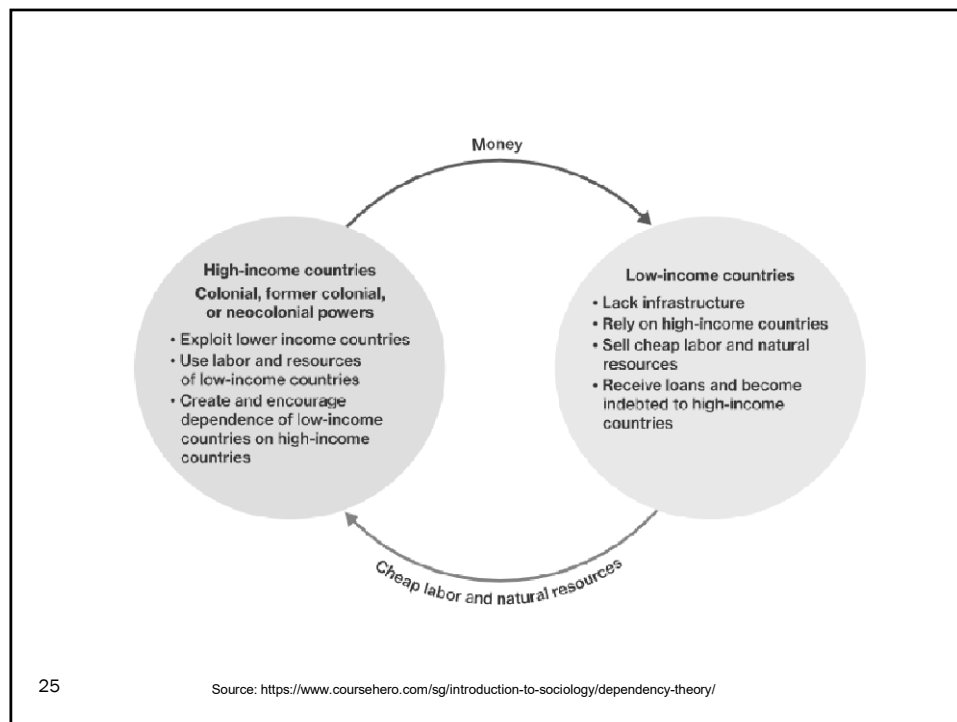
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- These land-owners then sold the goods to merchants in the urban areas at a higher price than that paid to the peasants, so generating a profit.
- This chain of exchange and exploitation continued until the surplus generated through these exchanges was taken out of the country to the core.

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[www.newfoodmagazine.com](http://www.newfoodmagazine.com)

- **Criticisms of dependency theory:**

- Does not provide any substantive empirical evidences to support its arguments (do not fit in with their core periphery theory, e.g., South East Asia)
- Considers multinational corporations as detrimental, but they are important for technology transfer
- Industrialization as the root to development for poor countries, except that it should be controlled by nation states (socialism)

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## World System theory

- World Systems Theory (WST) criticizes dependency theory (DT) because there is evidence that poorer, ex-colonies can develop within the modern world capitalist system.
- India and many African countries: took control of politically and economically, running them for their own benefit.
- Ex colonies countries have developed by becoming semi-periphery countries, or manufacturing (e.g.,- India and Mexico)

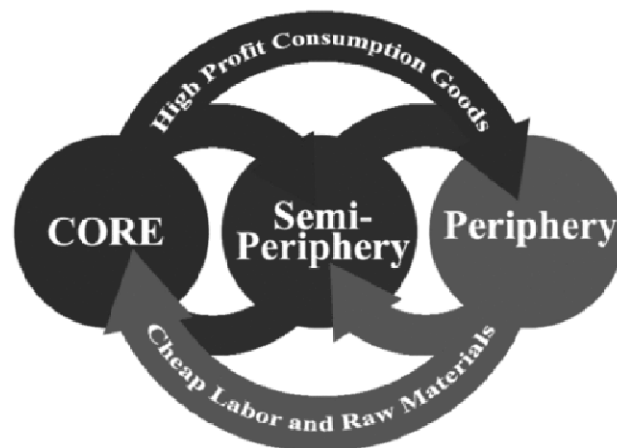
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- Proposed by: Immanuel Wallerstein (1974)
- Wallerstein identified three groupings of countries: 'core', 'semi-periphery' and 'periphery'.
- The members of these categories were not fixed; over time countries were able to move in and out of categories depending on their economic situation.

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- Sheppard *et al.* (2009):
- *The Core* countries: Western European states, Russia and some Eastern European states, the USA and Canada, Australia, New Zealand, Japan and Israel.
- The *semi-periphery* countries: some Latin American states, China, India, Malaysia, Turkey, Saudi Arabia and the United Arab Emirates, South Africa
- The *peripheral* countries: African countries (excluding South Africa)

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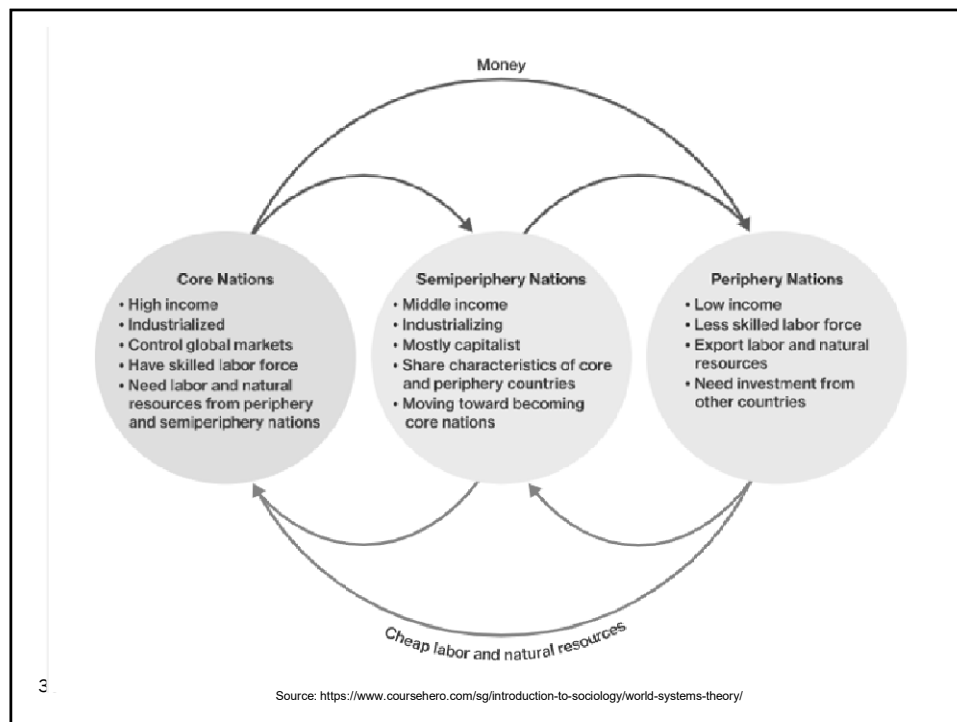


**Wallerstein's World System Theory Model**

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### • Reference

Willis, Katie. 'Structuralism, neo-Marxism and socialism' in *Theories and practices of development*. Taylor & Francis, 2011.

### Further readings:

Kilmister, A. (2000) 'Socialist models of development', in T. Allen and A. Thomas (eds) *Poverty and Development into the 21st Century*, Oxford: Oxford University Press., pp. 309–24.