

Is There One Way for a Country to Develop: Analyzing International Development Theories

After the end of the Second World War, development has accelerated all over the world. Modernization theory and dependency theory seek to explain differences between underdeveloped countries and developing countries, trying to answer what is the ideal way of development. Developmental state, appearing later in history, presented an alternative development model by promoting outward-looking industrialization with state intervention. The essay analyzes the three theories by looking into historical backgrounds, root causes of underdevelopment, renowned theorists, solutions the theories propose, and limitations surrounding them.

Both modernization theory and dependency theory arose in the early stages of the Cold War, as colonies in Africa and Asia started the process of decolonization. Nevertheless, the former represents a rather different point from the latter in the spectrum of approaches to international development (Hout 2016: 21). Modernization theory claims that the root causes of underdevelopment in lower-income countries are the traditional economy and the isolation from capitalism (INTD 200 Week 3-1). Walt Rostow contributed to the theory by demonstrating five stages of development ranging from traditional to modern societies in his *Stages of Economic Growth*. Modernization theory looks into industrialization with democracy and suggests that the West provides aid and capital investment to underdeveloped countries, insisting that the development pathway of the West is the correct solution to achieving prosperity. In contrast, dependency theory looks at international division of labor and states that lower-income countries suffer from trade imbalances, which explains their underdevelopment. It argues that the association between the developed and underdeveloped countries is actually based upon the reliance of underdeveloped countries on developed countries, differing from the view of

modernization theory that the relation is based on mutual assistance and collaboration. The solution given by dependency theory focuses on the import substitution industrialization (ISI), maintaining that the lower-income countries must cut off the chain of imbalance and become exporters of manufactured goods (INTD 200 Week 3-2) in order to escape from the trade control of developed nations. John Keynes reinforced the theory by proposing Keynesianism, which stated that economic policies could aid in market economy and advocated an active role for government intervention in economic development. In this way, dependency theory firmly opposes following Western countries' road to success, the idea suggested in modernization theory.

The third theory, developmental state, emerged in the 1980s and 1990s when Asian NICs were developing rapidly. The theory refers to the phenomenon of state-led economic planning and fast growth with equity in East Asia (INTD 200 Week 5-1). Real causes of underdevelopment in Asian countries before this period are complicated. External factors include negative consequences of foreign corporate exploitation and trade inequality, similar to what dependency theory proposes. Internal factors include traditional forms of economy, as described in modernization theory, and lack of a strong government. Leaders of East Asian countries pondered over how quickly they could modernize their societies and presented their solutions. They considered export-oriented industrialization (EOI), as distinct from ISI, and effective public-private linkages, which indicate the intensive coordination between state and private actors; and the prioritization of key industries. However, strong government intervention and extensive state regulation are applied, similar to what was discussed in Keynesianism and dependency theory. Another significant policy is productivist welfare capitalism, strictly subordinate to the overriding policy objective of economic growth and marked by the reinforcement of the position of productive elements in society (Holliday 2000: 708). It directly challenges the conventional view of European

welfare capitalism model. Two of the leading figures related to the theory are Chalmers Johnson and Mark Thompson. Johnson defined the developmental state as a state focusing on economic development and taking necessary policy measures to accomplish that objective. Thompson studied high living standards and illiberal politics in Singapore and Malaysia, claiming that their coexistence is due to the rise of a large middle class (Thompson 2001: 157). The opposite of economic growth with democracy in modernization theory, these countries demonstrated Asian developmental state model, growing with limited democracy.

Each theory has its own limitations. Modernization theory holds a unilateral view of development based on Western values, ignoring complex local factors in underdeveloped countries. Therefore, it is criticized by dependency theory as being Euro-centric. Yet dependency theory itself is ethnocentric, since it rejects any other practical ways of development as well. The ISI it promoted gave local enterprises excessive forms of protection and they lost incentive to compete. This resulted in ineffective industrialization and weak capacity to export. Compared to these two theories, developmental state lacks democracy. Internal resistance from strong groups trying to protect short-term interests and political infighting within a party are more likely to occur. For instance, the political environment makes it difficult for South Korea to choose between capitalists' demand for a protectionist government and labor's demand for a welfare state.

In short, each of the three theories discussed in the essay has its own methodology and careful reasoning but suffers from certain weaknesses. It is crucial not to be ethnocentric or to deny other competing theories, because they may have proposals which work better in different circumstances where people hold different values. To improve the theory being studied, it would be better to collect the cases of development from countries all over the world, analyze each

case with respect to the unique nature of that country, and be aware of the mistakes people used to make.

References

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