Economic Dependence: The Problem of Definition

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"ECONOMIC DEPENDENCE" IS A TERM that is widely used to portray the relationship of inequality between the underdeveloped countries and the advanced, prosperous countries on which the former depend for technical and industrial know-how. It is essentially a structural concept that embodies other ideas and values, most of them negative in their connotations. Most of the time, the phenomenon subsumed by the term is assumed usage, and attempt is seldom made to define it. Yet the phenomenon must be adequately defined if it is to be properly understood.

The definition of "economic dependence" is problematic, primarily because in order for a definition to be useful it must meet the test of adequacy and unambiguity. As used in contemporary development literature, "economic dependence" captures the significant structural relationships among many economies and nation states with varying degrees of economic, political and military power; but the effects of their interaction are constantly changing, intertemporally and spatially. To come up with an adequate and useful definition which covers existing conditions and illuminates their interaction and dynamics is a challenging task indeed.

In this paper, our approach to the problem of defining "economic dependence" will be historical. The emphasis is on two schools of thought: the traditional or orthodox school and the radical or progressive school. By discussing these two schools we will become increasingly aware of the problems associated with any definition. We will show that none of the two schools has provided an enduring definition precisely because of the problems associated with the phenomenon. We will indicate that a dynamic definition promises to be more durable.

The Traditional School and the Definitions of Economic Dependence

The Great Depression of the 1920s to early 1930s gave birth to the possibilities of economic dependence. Before that period, neoclassical economic theory predicted harmony among all components of the world economy. In this theory trade was regarded as the catalyst which would bring economic interdependence, share benefits fairly, and spread development to all nations of the world irrespective of their size and structure of production.
However, this myth of international harmony was called to question during the Depression of the 1920s to 1930s. While Keynesian economics attacked the golden concept of accumulation in the neoclassical, metaphysical apparatus, the "traditional school of dependence" attacked the neoclassical international division of labour based on comparative advantage.1 This school was led by Prebisch2 and Lewis.3 Prebisch argued against the continued reliance of Latin American countries on exports of primary commodities to provide the dynamic for growth and made a case for industrialization as the most attractive alternative. Prebisch argued that:

In Latin America, reality is undermining the outdated scheme of the international division of labour which achieved great importance in the 19th century and as a theoretical concept, continued to exert considerable influence until very recently. Under that scheme, the specific task that fell to Latin America as part of the periphery of the world economic system was that of producing food and raw materials for the great industrial centres.4

Lewis shared Prebisch's opinion that concentration on primary production made the Caribbean and Latin American countries dependent. Furthermore, he was much concerned with how the old international division of labour has created surplus labour or unemployment in the dependent countries. An advocate of labour intensive types of industrialization, Lewis formulated his popular model of "Development with unlimited supply of labour" in response to problems faced by dependent economies.5

The traditional school of economic thought defined "economic dependence" in terms of critical dependence on primary exports which constituted the major activities of the developing countries. In order to liquidate their economic dependence, the recommended solution was industrialization, and it was the labour intensive type of industrialization that was recommended—a strategy that gave birth to the import substitution pattern of industrialization that is now widespread. In the words of Hoffman, "...the structure of the manufacturing sector of the economy has always followed a uniform pattern. The food, textile, leather and furniture industries—which we define as consumer goods industries—always develop first during the process of industrialisation".6

However, neither external dependence nor dependence on primary exports has in reality been reduced. Initial industrialization failed because of rising import demand and failure of traditional exports. This was followed by a new drive to increase exports of primary produce, and in many cases this was pressed so hard as to constrain the growth of other parts of the economy by starving them of production factors. There was a further drive to mechanise the primary exports which aggravated economic dependence through the need for imported materials and exports outlets.7

Disenchantment with the old definitions of dependence in the face of growing unequal relationships continued. The search for a new definition was found in the structuralist school, in itself a variant of the traditional school of dependence. The main thesis of this group is that independent industrialization could only be successfully accomplished within large states, a thesis that