Prompt: What was "dependency theory" in development economics?

GPT-4 (7 March 2024): Dependency theory in development economics is a theoretical framework that emerged in the 1960s, primarily as a counterpoint to the prevailing modernization theories of the time. While modernization theory suggested that all societies progress through similar stages of development, leading inevitably towards a form of modern (often understood as Western-style) industrial capitalism, dependency theory challenged this view, arguing that underdevelopment in certain regions was not a mere 'earlier' stage of development but a result of the international economic system.

The core idea behind dependency theory is that the economic conditions of the countries classified as 'underdeveloped' or 'developing' are not merely primitive versions of those in 'developed' countries, but are instead structurally conditioned by the way these countries are integrated into the world economy. This theory posits that the world is divided into a core of wealthy countries and a periphery of poor, underdeveloped countries, where the wealth of the former is largely a result of exploitation and extraction of resources from the latter.

Key elements of dependency theory include:

1. **Structural Imbalances**: It views the international economic system as inherently unequal, creating a structure where peripheral countries are dependent on core countries for capital, technology, and access to markets. This dependency traps them in a cycle of underdevelopment.
2. **Economic Exploitation**: Dependency theorists argue that the economic activities in the periphery are geared towards serving the interests of the core countries. This includes the extraction of raw materials from the periphery at low costs and the selling of finished goods back to them at higher prices, a process that leads to the transfer of wealth from the periphery to the core.
3. **Historical Context**: The theory also emphasizes the historical context of colonialism and imperialism, suggesting that present-day economic dependencies are often the result of a long history of colonial exploitation.
4. **Critique of Development Assistance**: Dependency theory is skeptical of the role of foreign aid and investment from developed countries, viewing it as a means to further entrench dependency rather than alleviate it. It argues that such assistance often comes with strings attached that benefit the donor countries more than the recipients.
5. **Calls for Radical Change**: Rather than advocating for gradual development strategies, dependency theory often calls for more radical changes to break the cycle of dependency. This includes strategies such as delinking from the world economy, pursuing import substitution industrialization (ISI), and focusing on domestic-led growth.

Dependency theory has been influential in the field of development studies, inspiring a range of policies and movements in developing countries. However, it has also faced criticism, particularly regarding its sometimes deterministic view of the international system and its feasibility and effectiveness of suggested alternatives to traditional development paths.