Social Change and Development

Modernization, Dependency, and World-System Theories

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CHAPTER 11

Conclusion

Over the past four decades, the field of development has been dominated by the three different schools of research discussed in this volume: the modernization school, the dependency school, and the world-system school. These three schools rose up under different historical contexts and were influenced by different theoretical traditions; their empirical studies have been informed by different theoretical assumptions. Thus these schools have offered different solutions to the problems attached to Third World development. However, as I have argued in this book, the three schools themselves have had a common pattern of development—after each came under attack by other schools, it modified its basic assumptions and initiated a new research agenda in response to the arguments of its critics.

The modernization school emerged in the 1950s, when the United States became the superpower of the world. American social scientists were called upon to develop a program for the promotion of modernization in the newly independent Third World countries. Heavily influenced by the evolutionary theory, American social scientists conceptualized modernization as a phased, irreversible, progressive, lengthy process that moves in the direction of the American model. Strongly influenced by Parsons's functionalist theory, they looked upon modernity as incompatible with tradition. Subsequently, American social scientists proposed that Third World countries should copy American values, rely on

U.S. loans and aid, and transform their traditional institutions. However, when the modernization school came under attack in the late 1960s, its researchers modified their basic assumptions. The latest theme of the modernization school is that tradition can play a beneficial role in development and Third World countries can pursue their own paths of development. These recent modifications of the modernization school have started a new direction of research referred to here as the "new modernization studies."

Although the modernization school was an American product, the dependency school had its roots in the Third World. Specifically, it arose as a response to the failure of the ECLA program and the crisis of orthodox Marxism in Latin American countries in the early 1960s. Drawing heavily upon radical ECLA and neo-Marxist theories, the dependency school conceptualized the linkages between Western and Third World countries as a set of externally imposed, exploitative, dependent, economic relationships incompatible with development. Thus the dependency school advocated that Third World countries should sever their linkages with Western countries in order to promote an autonomous, independent path of development. However, when the dependency school came under attack in the early 1970s, its researchers modified their basic assumptions. The latest assertions of the dependency school are as follows: Dependency is not just an economic but also a sociopolitical process; dependency is not just an external relationship but also a historically specific internal relationship; and development can occur side by side with dependency. These recent modifications in the dependency school started a new direction of research referred to in this volume as the "new dependency studies."

The world-system perspective is the latest school to emerge in the field of development. It offered a new orientation to the interpretation of major events in the 1970s, such as East Asian industrialization, the crisis of the socialist states, and the decline of the capitalist world-economy. Influenced first by the dependency school and then by the French Annales school, world-system researchers emphasized the need to examine the totality and the *longue duree*. The unit of analysis thus should be the world-economy, a historical system composed of three strata: the core, the semiperiphery, and the periphery. The world-system school contended that by the late twentieth century, the capitalist world-economy would reach a transitional stage at which real choices might be made to change the path of human history. However, when the world-system school came under attack in the late 1970s, its researchers modified some of their basic assumptions. In the modified version, the concept of the world-system is taken merely as a research tool rather than as a reified reality; studies are now conducted on both the world level and the national level; and class analysis is brought back in to supplement stratification analysis and the like. These modifications started a research trend referred to here as "world-system studies at the national level."

THE ECONOMIC APPROACH: ROSTOW'S STAGES OF ECONOMIC GROWTH

Rostow has written a classic work concerning the stages of economic growth; in a representative chapter, "The Take-Off into Self-Sustained Growth" (1964), he states that there are five major stages of economic development, beginning with traditional society and ending with high mass-consumption society. In the middle, between these two poles of development, there is what Rostow calls the "takeoff stage."

It is most likely that Rostow acquired insight concerning the takeoff stage from sitting on an airplane. At first, the airplane is stationary, then it begins to move slowly on the ground, and finally it takes off into the sky. Rostow sees Third World countries as exhibiting a similar pattern in their move toward development. At first, a Third World country is at the traditional stage, with little social change. Then it begins to change—the rise of new entrepreneurs, the expansion of markets, the development of new industries, and so on. Rostow calls this stage the "precondition for takeoff growth." This is only a precondition stage because, even though economic growth has begun to take place, there is also a decrease in death rate and an expansion of population size. There is little momentum for self-sustained economic growth because the larger population size has, to a certain extent, consumed all of the economic surplus.

Thus Rostow argues that a stimulus is needed in order to propel Third World countries beyond the precondition stage. The stimulus can be a political revolution that restructures major institutions, a technological innovation such as the invention of the steam machine in the Industrial Revolution, or a favorable international environment with rising export demands and prices. Then, according to Rostow, after moving beyond the precondition stage, a country that wants to have self-sustained economic growth must have the following structure for takeoff: Capital and resources must be mobilized so as to raise the rate of productive investment to 10% of the national income, otherwise economic growth cannot overtake the rate of population growth.

How then can a nation obtain the needed capital and resources for productive investment? According to Rostow, they can be obtained by the following means. First, productive investment can come from income detained through confiscatory and taxation devices. For example, in Meiji Japan, productive investment was obtained through very heavy taxation of the peasantry in order to transfer economic resources from the countryside to the city. In socialist Russia, also, productive investment was obtained by confiscating the landlords' property and channeling it into urban investment. Second, productive investment can come from such institutions as banks, capital markets, government bonds, and the stock market, which serve to channel the nation's resources into the economy. Third, productive investment can be obtained through foreign trade. Foreign earnings from exports can be used to finance the importation of foreign technology and equipment. Fourth, direct foreign capital investment such as building subways and opening mines can also provide productive investment for Third World countries.

The critical factor, therefore, is to have 10% or more of the national income to be plowed back continuously into the economy. Productive investment can start first in a leading manufacturing sector, and then can quickly spread to other sectors of the economy. Once economic growth has become an automatic process, the fourth stage—the drive to maturity—is reached. This stage is soon followed by growth in employment opportunities, increase in national income, rise of consumer demands, and formation of a strong domestic market. Rostow labels this final stage the "high mass-consumption society."

Based on his five-stage model of growth (traditional society, precondition for takeoff, takeoff, the drive to maturity, and high mass-consumption society), Rostow has found a possible solution for the promotion of Third World modernization. If the problem facing Third World countries lies in their lack of productive investment, then the solution lies in the provision of aid to these countries—in the forms of capital, technology, and expertise. Concurring with Rostow, U.S. policymakers therefore view American aid as the best way to help Third World countries to modernize.

Thus millions and millions of U.S. dollars are given each year to Third World countries to build up their infrastructures and manufacturing sectors, and hundreds of thousands of U.S. technicians are sent to help them reach the takeoff stage.

THEORETICAL ASSUMPTIONS AND METHODOLOGY

As shown in the previous discussion, the modernization school represents a multidisciplinary effort to examine the prospects for Third World development. Each discipline contributes in its own way to identifying key issues concerning modernization. Thus sociologists focus upon the change of pattern variables and structural differentiation, economists stress the importance of speeding up productive investments, and political scientists highlight the need to enhance the capacity of the political system.

Despite the school's multidisciplinary nature, however, researchers in the modernization school do share two sets of assumptions and methodology in their study of Third World development. Since many modernization theorists fail to spell out their assumptions and methodology explicitly, it may be fruitful to review them.

The first set of assumptions shared by modernization researchers are certain concepts drawn from European evolutionary theory. According to the evolutionary theory, social change is unidirectional, progressive, and gradual, irreversibly moving societies from a primitive stage to an advanced stage, and making societies more like one another as they proceed along the path of evolution. Building upon such a premise, modernization researchers have implicitly formulated their theories with the following traits (see Huntington 1976, p. 30-31).

(1) Modernization is a *phased* process. Rostow's theory, for instance, distinguishes different phases of modernization through which all societies will travel. Societies obviously begin with the primitive, simple, undifferentiated traditional stage and end with the advanced, complex, differentiated modern stage. In this respect, Levy argues that societies can be compared in terms of the extent to which they have moved down the road from tradition to modernity.

(2) Modernization is a *homogenizing* process. Modernization produces tendencies toward convergence among societies. As Levy (1967, p. 207) contends, "As time goes on, they and we will increasingly resemble one another . . . because the patterns of modernization are such that the more highly modernized societies become, the more they resemble one another."

(3) Modernization is a *Europeanization* (or *Americanization*) process. In the modernization literature, there is an attitude of complacency toward Western Europe and the United States. These nations are viewed as having unmatched economic prosperity and democratic stability (Tipps 1976). And since they are the most advanced nations in the world, they have become the models the latecomers would like to emulate. In this respect, modernization is simply a process of Europeanization or Americanization, and is often defined as such. For example, since Western Europe and the United States are highly industrialized and democratic, industrialization and democracy have become the trademarks of the modernization perspective.

(4) Modernization is an *irreversible* process. Once started, modernization cannot be stopped. In other words, once Third World countries come into contact with the West, they will not be able to resist the impetus toward modernization. Although the rate of change will vary from one country to another, the direction of change will not. Thus Levy calls modernization a "universal social solvent" that dissolves the traditional traits of the Third World countries.

(5) Modernization is a *progressive* process. The agonies of modernization are many, but in the long run modernization is not only inevitable, but desirable. For Coleman, the modernized political system has a much better capacity to handle the functions of national identity, legitimacy, penetration, participation, and distribution than the traditional political system.

(6) Finally, modernization is a *lengthy* process. It is an evolutionary change, not a revolutionary change. It will take generations, or even centuries, to complete, and its profound impact will be felt only through time.

The other set of assumptions shared by modernization researchers are drawn from functionalist theory, which emphasizes the interdependence of social institutions, the importance of pattern variables at the cultural level, and the built-in process of change through homeostatic equilibrium. Influenced by these Parsonian ideas, modernization researchers have implicitly formulated the concept of modernization with the following traits.

(1) Modernization is a *systematic* process. The attributes of modernity form a consistent whole, thus appearing in clusters rather than in isolation (Hermassi 1978). Modernity involves changes in virtually all aspects of social behavior, including industrialization, urbanization, mobilization, differentiation, secularization, participation, and centralization.

(2) Modernization is a *transformative* process. In order for a society to move into modernity, its traditional structures and values must be totally replaced by a set of modern values. As Huntington (1976) points out, the modernization school considers "modernity" and "tradition" to be essentially asymmetrical concepts. Although the traits of modernity are clearly laid down, those of tradition are not. For the sake of convenience, everything that is not modern is labeled traditional. Consequently, tradition has a small role to play and has to be replaced (or completely transformed) in the process of modernization.

(3) Modernization is an *immanent* process. Due to its systematic and transformative nature, modernization has built change into the social system. Once a change has started in one sphere of activity, it will necessarily produce comparative changes in other spheres (Hermassi 1978). For example, once the family has begun the process of differentiation, other institutions—the economy, the mass media, the police, and so on—have to undergo the process of differentiation and integration too. Due to this assumption of immanence, the modernization school tends to focus upon the internal sources of change in the Third World countries.

In addition to sharing evolutionary and functionalist assumptions, members of the modernization school also adopt a similar methodological approach for their research. First, modernization researchers tend to anchor their discussions at a highly general and abstract level. Since their aim is to explain general patterns, universal trends, and common prospects for Third World development, they do not want to be preoccupied with unique cases and historically specific events. In order to draw high-level generalizations, modernization researchers rely upon Parsons's ideal-type construction (such as traditional societies versus modern societies) to summarize their key arguments. After that, the indexing of the

features of dichotomous ideal types becomes a major effort of students of the modernization school (see Table 2.1).

With regard to units of analysis, Tipps (1976) points out that it is the national territorial state that is of critical theoretical significance to the modernization theorist, even if this does remain largely implicit. However it may be conceptualized, whether as industrialization or structural differentiation, each component of the modernization process is viewed as a source of change operated at the national level. Thus modernization theories are basically theories of transformation of nation-states.

POLICY IMPLICATIONS

Modernization theories are not just academic exercises, however. They were originally formulated in response to the new world leadership role that the United States took on after World War II, and, as such, they have important policy implications. First, modernization theories help to provide an implicit justification for the asymmetrical power relationship between "traditional" and "modern" societies (Tipps 1976). Since the United States is modern and advanced and the Third World is traditional and backward, the latter should look to the former for guidance.

Second, modernization theories identify the threat of communism in the Third World as a modernization problem. If Third World countries are to modernize, they should be moving along the path that the United States has traveled, and thus should move away from communism. To help accomplish this goal, modernization theories suggest economic development, the replacement of traditional values, and the institutionalization of democratic procedures.

Third, modernization theories help to legitimate the "meliorative foreign aid policy" of the United States (Chirot 1981, p. 269; Apter 1987, p. 23). If what is needed is more exposure to modern values and more productive investment, then the United States can help by sending advisers, by encouraging American business to invest abroad, by making loans, and by rendering other kinds of aid to Third World countries. Although not all modernization

theorists are necessarily apologists for American expansionism, as Tipps (1976, p. 72) remarks, there is "little in the modernization literature that would seriously disturb the White House, Pentagon, or State Department policy makers."

As will be discussed in the next chapter, these policy implications, as well as the school's theoretical assumptions and methodology, have shaped the contour of the empirical studies of the modernization school.