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Dependency: A Modern Theory of IPE?

Abstract:

The accelerating rate of economic globalization over the past few decades has bestowed a fertile normative climate to theories of interdependence, a trend which had led some to dismiss dependency theory and its adherence to the core-periphery model as outdated. The penchant for regarding globalization as a neutral and a-political process of increasing global interconnectedness, as in regime-theory, corresponds with the proliferation of neoliberal thought and the relative decline in statist economic policies. Markets are construed as utility-maximizing and guided only by supply and demand, as opposed to distributions of political power. As a modern theory of IPE, however, dependency theory applies to globalization insofar as it contextualizes underdevelopment as part of a global and multivariate process of exploitation. In this paper, the author argues that even though the mechanisms of core-peripheral compliance have changed, specifically from coercion to hegemony, the essence of an asymmetric relationship between 'core' and 'peripheral' states in the functional hierarchy of the global economy is still a defining aspect of the international political system.

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Theories of International Relations

Dependency: A Modern Theory of IPE?

Scholarly trends in developmental theory often mirror existing configurations of economic and political power, in addition to prevailing currents of hegemonic thought, thus it should come as no surprise that the proliferation of critical perspectives of International Political Economy (IPE) corresponded with a broader normative climate shift beginning in the 1960s. Progressive changes in the ontological and methodological nature of social scientific research during this era were echoed by new forms of discourse in IPE that sought to radically re-examine governing developmental paradigms. One such dominant paradigm was modernization theory, a linear, empirical, and a-historical approach to economic development rooted in neoclassical economics. According to John Rapley, “modernization theory sprang from what has been called the behavioral revolution, a shift in U.S. social scientific thought that began in the late 1940s and continued through the 1960s” which attempted to “replace philosophy with science”(15). This approach to social scientific method, often referred to as behavioralism or positivism, purported value neutrality on account of its reliance on quantitative over qualitative analysis, but its legitimacy in IPE was nevertheless normatively tied to Anglo-American hegemony, thus “the American debacle in Vietnam and the eruption of major racial troubles in the mid-1960s, followed by chronic inflation, the devaluation of the American dollar, and the general loss of America’s self-confidence in the early 1970s,” according to Daniel Chirot, “ended the moral conviction on which modernization theory had come to base itself”(qtd. in So 92).

In the interim between modernization theory’s paradigmatic crisis and the subsequent resurgence of neoliberalism during the Reagan-Thatcher era, the ideological vacuum was momentarily occupied by a critical dialogue of IPE known as dependency theory, especially in Latin America. In a book entitled *Capitalism and Underdevelopment in Latin America*, German economist Andre Gunder Frank pioneered an innovative approach to IPE with his theory of asymmetric core-periphery relations. The core-periphery model was revolutionary insofar as it re-conceptualized development to account for global structure, an approach that represented a fundamental shift in the unitary level-of-analysis that had theretofore dominated both IR and IPE scholarship. In other words, instead of nation-states developing independently of one another, with some having made more progress than others, Frank introduced the notion of a singular global process of development:

> Development and underdevelopment are the same in that they are the product of a single, but dialectically contradictory, economic structure and process of capitalism. Thus they cannot be viewed as the products of supposedly different economic structures or systems, or of supposed differences in stages of economic growth achieved within the same system. (9)

This form of global structural analysis merits comparison with world-system theory, an approach to social scientific research attributed to the work of Immanuel Wallerstein. World-system theory subscribes to a global unit of analysis insofar as a 'system' is thought to be characterized by an internally self-sufficient division of labor, which currently exists only internationally. The core-periphery model fits nicely with the world-system approach insofar as certain sectors (i.e. the periphery) within the global 'division of labor' have certain roles or functions (i.e. raw goods exporters) to play which either promote or undercut national developmental priorities. A world-system characterized by asymmetric core-periphery relations will serve as our theoretical framework for examining dependency:

> One of the most important structures of the current world-system is a power hierarchy between core and periphery in which powerful and wealthy "core" societies dominate and exploit weak and poor "peripheral" societies. Within the current system, the so-called "advanced" or "developed" countries constitute the core, while the "less developed" countries are in the periphery. The peripheral countries, rather than developing along the same paths taken by core countries in earlier periods (the assumption of "modernization" theories), are instead structurally constrained to experience developmental processes that reproduce their subordinate status. Put simply, it is the whole system that develops, not simply the national societies that are its parts. (Chase-Dunn 389)

According to Linklater, "dependency theory and the world-systems approach have been described as 'neo-Marxist" because they reject the "classical Marxist view that capitalism brings industrial development to the whole world…"(123). The classical Marxist, skeptical of the revolutionary potential of a backward and complacent rural peasantry, looked to an internal 'progressive' bourgeoisie that would steer the process of industrialization and hasten the rise of an urban proletariat, that is to say, "orthodox Marxists tend to advocate a strategy of two-stage revolution. A bourgeois revolution has to take place before a socialist revolution occurs. Since most Third World countries are backward, orthodox Marxists have high hopes for the progressive bourgeoisie to carry out the present stage of bourgeois revolution"(So 95). Marxist faith in the pre-socialist stages of capitalism is very much based on the same linear-progressive thinking of economic development that typifies modernization theory. Both approaches ultimately suffer from deficiencies in the aforementioned level-of-analysis insofar as development, once again, is examined out of global context. In reality, the structure of the global economy dissuades internal Third World elite sectors from serving this 'progressive' function. Because Third World countries are designated as sources of raw goods and cheap labor, internal bourgeoisie classes actually have an incentive to preserve backward relations of production in order to cling on to their comparative advantage.

In the following analysis I will argue that the core theoretical facets of dependency theory remain relevant and appropriate to the study of economic development in the Third World, and that the theory of asymmetric core-periphery relations remains relevant to the broader study of contemporary IR. In order to better structure this analysis, I will begin by posing a few guiding questions: How does dependency manifest itself in the context of globalization? How do we define economic underdevelopment, and how is this condition attributable to dependency? If dependency is the product of a hierarchical and asymmetric relationship between 'core' and 'peripheral' states in the international economy, what are the modern mechanisms of core-peripheral compliance, and how do these differ from earlier forms of imperialism or colonialism? Lastly, does the ‘free market’ vindicate the a-political nature of neoclassical theories, or are the mechanisms that govern international trade merely political manifestations of existing configurations of military and political power?

Dependency theory is often marginalized in academic and professional developmental discourse as an outdated theory of imperialism, no longer relevant in the era of globalization. Theories that insist on discriminating between ‘core’ and ‘peripheral’ countries in an age of vast global interconnectedness and the transnational movement of capital cannot possibly remain germane:

> Globalization as the complete de-nationalization of capital is in one important sense the opposite of the idea of imperialism. Nearly all theories of imperialism are about a supposed hierarchization of the world on the basis of nations. The full-strength globalization theories argue that the number of teams in the league has been reduced to one, so hierarchy and struggle on the basis of nation has passed. (Sutcliffe 148)

This perspective was seemingly validated by the end of the Cold War and the collapse of the Soviet Union, which was paralleled by a resurgent tide of neoliberalism, so-named because the mantra of limited government and unbridled free-market capitalism presumably resurrects the true liberalism of the 19th century prior to the Keynesian aberration. The normative climate bestowed by this distributive shift in political and economic power had a much broader impact on the discipline of IR, where theories of interdependence began to proliferate as a means of coping with the many vicissitudes of globalization. What these various theories ultimately had in common was a presumption as to the functional neutrality of international capital. Regime and interdependence theories in IR, for example, shared with neoliberalism the laissez faire faith in the inherently neutral, utility-maximizing, and a-political nature of ‘free-markets’. What relevance could theories of asymmetrical core-periphery relations possibly have in this new era?

Explicit in the term *International Political Economy* is the notion that markets are in fact *political*, that is, “whereas economists regard markets as self-regulating mechanisms isolated from political affairs, specialists in IPE are interested in the fact that the world economy has a considerable impact on the power, values, and political autonomy of national societies” (Gilpin 77). As a contemporary theory of IPE, Dependency theory represents a school of thought that both politicizes and historicizes the market within a framework of asymmetrical relations among states, that is, it is a conceptual approach that conceptualizes development as a “worldwide historical phenomenon”(Dos Santos, qtd. in Caporaso 40). For example, whereas the “modernization school assumes that there is something wrong inside Third World countries—such as traditional culture, overpopulation, little investment, or lack of achievement motivation—and this is why Third World countries are backward and stagnant,” dependency theory views underdevelopment historically as the product of an actively and deliberately managed political process (So 96). Frank’s analysis of the structural-economic legacies of colonialism in Latin America suggests fit this paradigm:

> Latin America was conquered and its people colonized by the European metropolis so as to expropriate the economic surplus of the satellite’s labor and to appropriate it for the capital accumulation of the metropolis—initiating

> thereby the present underdevelopment of the satellite and the economic development of the metropolis. (21)

In sum, modernization theories neglect the single most important variable of underdevelopment, namely, a shared history of colonialism.

Dependency theory looks at the structural limitations present in Third World societies that stem from the history of colonialism, and which continue to perpetuate underdevelopment. Sutcliffe characterizes dependency as a “fundamental denial of the linearity and potential generality of the process of development, at least under the prevailing capitalist social system,” insofar as the structure of the global economy has closed off the path of industrial development previously taken by the ‘core’ countries during their own industrial revolutions(136). In acknowledging these structural limitations, the so-called ‘dependency paradigm’ constitutes an approach to IPE that externalizes the causes of Third World underdevelopment:

> The focus…is not the internal structure of the individual country but the country’s place in the international system; the causes of the underdevelopment of a particular country are, thus, external. Some variations of this perspective downplay the role of states altogether, emphasizing instead economic blocs, multinational corporations, or impersonal economic forces. Countries are condemned to impoverishment not because they lack technology or capital but because of their placement within the structure of world capitalism. (Lewellen 50)

Underdevelopment in this regard exists in perpetuity due to embedded *global* structures that transcend and supercede national developmental processes. Dependency theory also recognizes the market, or the global division of labor, as a critical variable in the international distribution of power, that is to say, it focuses on “aspects of power that are linked with economic structures, rather than with state-centric interpretations of sovereignty”(Worth 32). Because of this departure from the traditional post-Westphalian level-of-analysis, dependency theory is arguably in a privileged position to offer valuable explanatory insight into the study of economic development in the era of globalization:

> In these days of increasing globalization, which appears as an unstoppable and relentless process, structuralist and dependency theories have continuing relevance since they view the problems of underdevelopment and development within a global context…The economic divide and income gap between the centre or developed countries and the periphery or underdeveloped countries has widened continually, especially during the debt and adjustment decade of the 1980s, thereby vindicating the predictions of structuralist and dependency theories as opposed to the neoclassical and neoliberal theories, which predict convergence between the developed and underdeveloped countries. (Kay and Gwynne 51)

We may define ‘underdevelopment’ quite simply as the absence or lack of ‘development,’ as the two concepts are relationally defined. Sociologist Peter Evans defines ‘development’ as “the accumulation of capital in the context of an increasingly differential internal division of labour, an expansion of the variety of goods that may be produced locally, more flexibility as to the goods that can be offered on international markets and therefore less vulnerability to the international system"(qtd. in So 151). Given this set of criteria, we may begin to define dependency as a condition whereby a country's subordinate placement in the functional hierarchy of the global economy structurally impedes the process by which these qualities are achieved. Caporaso then defines dependency as "a…complex set of relations centering on the incorporation of less developed, less homogenous societies into the global division of labor," the determinants of which are "the magnitude of foreign supply of important factors of production (technology, capital), limited developmental choices, and domestic 'distortion' measures"(13).

Globalization has not necessarily entailed the dissipation of asymmetric core-periphery relations. Quite to the contrary, dependency in its modern form can be tied to an extensive set of contemporary mechanisms designed to subordinate Third World developmental priorities to the exigencies of the global market economy. In other words, economic globalization has not de-politicized the structure of the international economy, but rather International Financial Institutions (IFIs) such as the International Monetary Fund (IMF) and the World Bank have functioned to either supplant or reinforce the role of the 'core' in perpetuating Third World underdevelopment and dependency:

> Globalization in this account is simply seen as an increase in the power of the countries of the North over those of the South through the penetration of the multinational corporations and debt dependency supervised by the International Monetary Fund (IMF) and the imposition of neoliberal policies though the International Trade Organization and the World Bank. (Sutcliffe 147)

The overriding instruments of core-peripheral compliance in the era of globalization, however, have shifted somewhat from outright coercion to more subtle hegemonic measures. Core-peripheral domination had previously been maintained by "the credible threat of military force," whereas "today, the reproduction of the international power hierarchy is achieved more subtly through market mechanisms, and force is used only when the market 'rules'(which act to sustain the dominance of the core) are challenged by insurrection"(Chase-Dunn 396). The modern mechanisms by which underdevelopment in the Third World is preserved in perpetuity include: export-oriented investment and profit repatriation, discriminatory terms of trade, the externalization of macroeconomic policy via structural adjustment, and the structural or ideological co-optation of Third World elite sectors.

Frank's expropriation/appropriation thesis attributed Third World underdevelopment to the repatriation abroad of economic surplus due to external monopoly ownership of the means of production. As a result, "the satellites remain underdeveloped for lack of access to their own surplus…"(Frank 9). In today's rapidly globalizing economy, national governments are going to great lengths to attract foreign investment. The regime of tax-breaks, corporate subsidies, and loose to nonexistent labor and environmental standards offered to multinationals collectively constitutes the granting of exclusivity rights as to the exploitation of resource-rich countries in the South. Intra-Firm Trade (IFT) and the proliferation of Export-Processing Zones (EPZ), both of which can be considered economic processes that defy traditional notions of sovereignty insofar as they de-nationalize the means of production, are arguably modern manifestations of surplus expropriation/appropriation. Moreover, foreign capital inflows, in the form of development loans or Foreign Direct Investment (FDI), merely perpetuate this counter-extractive process by subsidizing the foreign-owned export sector. Caporaso refers to this process as “structural distortion,” which he defines as “the numerous ways that the local economy is structured to meet the needs of the foreign sector”(18). The portion of economic surplus that is in fact locally reinvested serves only the purpose of developing or strengthening export-oriented infrastructure. The IMF and the World Bank essentially function only to reinforce the role of the ‘core’ by using loans or credit-verification processes to socialize the costs of developing export-oriented infrastructure while privatizing the profits that go to the foreign-owned export sector. Lewellen summarizes this process in the language of traditional dependency:

> Because profits from periphery production accrue to the core, these countries cannot accumulate sufficient capital for modernization. Money and resources needed for investment flow into the hands of the core capitalists. What investment exists—for example, in mining or manufacture for export—is for the benefit of the core. (65)

The process by which a ‘core’ extracts surplus from a ‘periphery,’ however, is not exclusively an international phenomenon, but rather is recreated in spatial and temporal perpetuity: “A whole chain of constellations of metropolises and satellites is established to extract economic surplus (in the forms of raw materials, mineral, commodities, profits) from Third World villages to local capitals, to regional capitals, to national capitals, and finally to the cities of Western countries”(So 97). Dependency theory in this regard does not adhere to the neoclassical portrayal of states as discreet economic entities; The same exploitative process that occurs at the international level exists internally as well, where Third World cities exploit their own peripheral hinterlands:

> National wealth flows into [the] city, which will also become a magnet to attract migrants in search of jobs. The government may hold agricultural prices at artificially low rates in order to feed the city’s millions inexpensively, which means that farmers are forced to subsidize the city. The powerless hinterland remains traditional not because peasants are conservative and fatalistic, as is so often claimed, but because their profits and savings are being siphoned off and little investment is made outside the city. (Lewellen 65)

Frank concurs, observing that “the geographical, economic, political and social site of this monopolistic appropriation and accumulation of capital was of course the city, and not the countryside, however much the latter may have been the productive source of the riches”(25). In modern-day Latin America, cities like Mexico City, Rio de Janeiro, and Lima continue to experience ‘micrometropolitan’ industrialization while their vast peripheral hinterlands suffer from chronic underdevelopment and abject poverty. What's more, because of the asymmetric concentration of industrialization and investment, urban infrastructure in Latin American cities lags persistently behind urban population growth and the gap between the rich and poor has severely widened:

> There is…a growing spatial and social polarization of the population in Latin America that stems from the continuing concentration of wealth in the hands of the privileged elites who reside in the cities, the impoverishment of the

> rural population and the migration to the urban areas of poor people from the rural areas in search of employment. The increasing integration of Latin American agriculture into the global capitalist economic system has benefited only a privileged minority of the rural population, while Latin America's large number of peasants have been largely excluded from the benefits. Thus, the exclusionary nature of the capitalist transformation of Latin American agriculture has increased the impoverishment of the rural population and accelerated the migration of the rural poor to the cities in search of employment. (Harris 140)

The polarization that exists on the international level between developed and underdeveloped countries and the domestic polarization that exists between the rich and the poor are both thus tied to the same structurally exploitative process of surplus expropriation and capital accumulation. Corporate de-nationalization and the liberalization of international capital flows in the era of globalization have merely facilitated this process by pitting nations against each other in a 'race-to-the-bottom' effort to attract foreign investment.

Contemporary international trade literature draws heavily on regime-theory, a body of IR discourse rooted in economics which emphasizes the reduction of transaction costs as a means of facilitating international cooperation. Regime theory aptly corresponds with neoclassical economics insofar as it assumes that regimes are neutral, utility-maximizing, and a-political. In IPE, however, regimes, including those governing international trade, are not necessarily innocuous, as Robert Gilpin suggests:

> A number of regime theorists have a tendency to think of regimes as benign. Regime theory has emphasized the efficiency and efficacy of international cooperation and problem-solving and that regimes are instituted to achieve interstate cooperation and information sharing, to reduce transaction costs, and to solve common problems. While these goals do exist, it is also true…that institutions—and regimes—do create or preserve inequalities; regimes can also have a redistributive function. (87)

The term 'free-trade' seems to suggest that the regime governing international trade is a neutral mechanism for reducing the transaction costs involved in various forms of international exchange. Dependency theory, conversely, sees international trade as an "actively managed process in which the terms of trade [are] arranged to the detriment of primary goods producers and weaker states"(Portes 31). As exporters of raw goods, underdeveloped countries have faced steadily declining terms of trade on the international market, meaning that they are continuously having to export larger quantities of raw goods in order to purchase the same amounts of foreign exchange. Dos Santos examines this phenomenon:

> Trade relations take place in a highly monopolized international market, which tends to lower the price of raw materials and to raise the prices of industrial products, particularly inputs…There is a tendency in modern technology to replace various primary products with synthetic raw materials. Consequently, the balance of trade in these countries tends to be less favorable. (283)

In an even more critical denial of the neutral and a-political nature of international exchange regimes, Chase-Dunn suggests that “when core and periphery come together to exchange products in the world market, the exchange results in a net transfer of value from the periphery to the core. Hence the market masks a process of exploitation, a process backed up by the military…”(396). Critical theorists in IPE, and especially dependency theorists, are therefore suspicious of the purportedly neutral function of international regimes, especially those governing international trade. Dependency theorists tend to subscribe to the proposition that international regimes simply mirror existing distributions of political and military power.

Despite the ideological stigma associated with the term ‘free-trade,’ which is really then just a misnomer, it is ‘biased-trade’ that is truly the culprit behind the pathological inequities that plague the international market economy. Free-trade would be a welcome departure from a history of unequal exchange whereby “Washington had preached export-oriented development to the Third World but then closed its doors to many of their products,” and “saturated many of their best markets with its own governmentally subsidized goods”(Kolko 119). Even the left in the United States, by attempting to impose post-industrial labor and environmental standards on the underdeveloped world, dutifully serves its role in the machinery of Third World exploitation by adhering to a nationalist economic ideology obsessed with ‘keeping jobs in America’(i.e. the North). Far then from being neutral and a-political, “international regimes as those governing trade and monetary affairs [have] been economically, politically, and ideologically biased in America’s favor, and…were put in place by American power, reflected American interests, and were not (as American regime theorists have argued) politically and economically neutral”(Gilpin 85).

The externalization or de-nationalization of macroeconomic policy constitutes yet another example of a modern mechanism of core-peripheral compliance. Because of the declining terms of trade, underdeveloped countries must persistently borrow money from IFIs in order to finance budget deficits. These loans are often granted in exchange for compliance with externally mandated monetary, fiscal, and regulatory policies. Consequently, according to Harris, “macroeconomic decision-making, as in the case of central banks, has tended to escape national and democratic controls. This has brought about a persistent tendency of external involvement (e.g., the IMF, foreign creditors, transnational corporations) in seemingly internal matters of credit, fiscal, and monetary policy”(Harris 32). The most common means by which macroeconomic policy is externalized is the infamous Structural Adjustment Program (SAP), an IMF policy that ties loans to specific policy measures, including trade liberalization, social services-sector downsizing, deregulation of financial markets to allow for foreign speculative currency investment, and currency devaluation. The inability to autonomously manage national macroeconomic policy, according to Havelock Brewster, is a key determinant of dependency:

> Economic dependence we may define as a lack of capacity to manipulate the operative elements of an economic system. Such a situation is characterized by an absence of interdependence between the economic functions of a system. This lack of interdependence implies that the system has no internal dynamic which would enable it to function as an independent, autonomous entity. (qtd. in Caporaso 23)

New York Times columnist Thomas Friedman has referred to the SAP regime as the “Golden Straightjacket” insofar as it ideologically “narrows the political and economic choices of those in power" to a decision between "Pepsi or Coke – to slight nuances of taste, slight nuances of policy, slight alterations in design to account for local traditions, but never any major deviations from the core golden rules" (Harris 12). The essential dynamics of dependency persist even though the mechanisms of compliance have been slightly altered. Whereas peripheral states had historically been coerced into restructuring their economies to suit the interests of foreign capital, for instance, in Chile where neoliberalism was imposed by "force of arms," modern dependency relies on far more subtle measures of compliance such as the SAP(Portes 240). Some scholars note that IFIs often seem more concerned with interest payments on development loans rather than with the principal, seeing as how the latter has been recouped many times over, leading quite a few to infer that preserving this modern mechanism of core-peripheral compliance is valued over Third World economic development.

It would fundamentally deny Third-World populations of their agency to imply that this exploitative process is merely the product of imperialism, for, as Frank astutely observed, "the capitalist world metropolis undoubtedly had allies in the peripheral metropolises; and the…free trade doctrine fell on interested ears in the capitalist peripheral satellites…"(72). Today, theories of hegemony are perhaps more helpful in explaining the extent to which Third World underdevelopment remains a function of a "reactionary alliance" linking "foreign investors and host country business groups, landowners, or other conservative groups"(Moran 93). Hegemony, defined in a manner consistent with the work of Italian theorist Antonio Gramsci, "derives from the ways of doing and thinking of the dominant social strata of the dominant state or states insofar as these ways of doing and thinking have inspired emulation or acquired the acquiescence of the dominant social strata of other states"(Ferguson 146). In describing Cardoso's theory of the "internalization of external interests," Ho describes the extent to which "external domination appears as an 'internal' force, through the social practices of local groups and classes that try to enforce foreign interests because they may coincide with values and interests that these groups pretend are their own"(136). Olson also refers to a phenomenon whereby elite sectors become "de-nationalized,' either because they identify with foreign values and life-styles and/or because their livelihood is tied directly (outright employment) or indirectly (as subcontractors or suppliers) to the operations of MNCs"(481). Consistent with Frank's original statement that "domestic power has always been in the hands of a bourgeoisie which was and is intimately tied to foreign interests," the relationship between domestic elite sectors and foreign capital continues to foster a vested internal interest in the preservation of Third World underdevelopment(116). John Rapley argues that economic development would actually threaten the interests of Third World elite sectors:

> It [benefits] from its dependence by earning its revenue on the export market and spending its profits on imported luxury goods. A national industrialization strategy would threaten the well-being of the members of the dependent bourgeoisie, because it would entail heavy taxes on their income to fuel savings, and protective barriers that would block their access to cherished luxury goods. Keeping its country backward thus [preserves] the wealth and privileged position of Third World ruling classes. (17)

Whereas Third World elites had traditionally safeguarded their interests by aligning themselves with the 'national security state,' the rise of neoliberal hegemony constitutes a modern mechanism of ideological compliance. According to Harris, this new "reactionary modernism" has a "strong appeal to the affluent, globally-integrated, consumption-intensive, and modern elite sectors in what used to be called the Third and Second Worlds"(33). Throughout the Third World, Post-Cold War rightist parties have taken the place of their dictatorial forerunners in eagerly espousing the neoliberal ideology, although as Harris notes, this "new orthodoxy" continues to have "more than a casual continuity with its military predecessor" (33). In Latin America, though the cozy relationship with the military persists, should the latter need to be called up on in case of systematic breakdown, the "new right" has overall adhered to the hegemonic model by using conservative networks and associations to internalize consent among the population:

> The new right was active in creating "alternative" structures through "apolitical" labour movements, grassroots organization, cooperatives, armed militias, and research centres. Since new right ideas had difficulty in penetrating universities, a multitude of business schools, foundations, and "productivity centres" were created…In many cases, a wide array of connections with governments, political parties, and organized religion were forged. In particular, it is important to note its relationship with the ultraconservative and fundamentalist Opus Dei, then a minority within the Catholic Church. (Nef and Robles 30)

Frank's global structural analysis remains relevant despite this shift in compliance mechanisms insofar as the regressive nature of internal elite sector behavior remains a function of its ties to foreign (i.e., corporate) interests. The theory of hegemony simply reinforces the asymmetric core-periphery relations thesis by adding an analytical layer to the "internalization of external interests". There is also a parallel with Wallerstein's analysis of the mechanisms of world-system political maintenance, which also included a hegemonic component. Wallerstein cited "the pervasiveness of an ideological commitment to the system as a whole" as one such mechanism, referring to "the degree to which the staff or cadres of the system…feel that their own well-being is wrapped up in the survival of the system" and "it is this staff which not only propagates the myths; it is they who believe them"(404).

The accelerating rate of economic globalization over the past few decades has bestowed a fertile normative climate to theories of interdependence, a trend which had led some to dismiss dependency theory and its adherence to the core-periphery model as outdated. The penchant for regarding globalization as a neutral and a-political process of increasing global interconnectedness, as in regime-theory, corresponds with the proliferation of neoliberal thought and the relative decline in statist economic policies. Markets are construed as utility-maximizing and guided only by supply and demand, as opposed to distributions of political power. As a modern theory of IPE, however, dependency theory relates to globalization insofar as it conceptualizes underdevelopment as part of a global and multivariate process of exploitation. In this analysis, I have argued that even though the mechanisms of core-peripheral compliance have changed, specifically from coercion to hegemony, the essence of an asymmetric relationship between 'core' and 'peripheral' states in the functional hierarchy of the global economy is still a defining aspect of the international system.

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