HOW DOES GEOGRAPHICAL SITUATION AFFECT DEVELOPMENT?

Development happens in **context**: it reflects what is happening in a place as a result of forces operating concurrently at multiple scales. To understand why some countries are poor and others are wealthy, we need to consider the context not only at the state scale, but also at the local, regional, and global scales.

At the global scale, European ideas of the state and economic exchange diffused throughout the world via colonialism, bringing much of the world into the capitalist world-economy. The Industrial Revolution and colonialism made colonies dependent on the colonizers and brought wealth to the colonizers. Even after the end of colonization, the economic, political, and social interlinkages of the world economy persist. In the capitalist world economy, the flow of capital changed little after decolonization. Many development scholars argue that today the poor are experiencing **neo-colonialism**, whereby the major world powers continue to control the economies of the poorer countries, even though the poorer countries are now politically independent states.

Development scholars have produced a number of theories that take into account the context of neo-colonialism; these theories are called structuralist theories. A **structuralist theory** holds that difficult-to-change, large-scale economic arrangements shape what can happen in fundamental ways. The development of the global economy brought into being a set of structural circumstances, such as the concentration of wealth in certain areas and unequal relations among places, that make it very difficult for poorer regions to improve their economic situation. Structuralists argue that these countries face a very different set of development circumstances than those faced by the countries of western Europe that Rostow looked at in constructing his modernization model.

Dependency Theory

Structuralists have developed a major body of development theory called **dependency theory**, which holds that the political and economic relationships between countries and regions of the world control and limit the economic development possibilities of poorer areas. Dependency theorists note, for example, that colonialism created political and economic structures that caused the colonies to become dependent on the colonial powers. They further argue that such dependency helps sustain the prosperity of dominant regions and the poverty of other regions, even after decolonization occurs.

Many poorer countries tie their currency to a wealthy country's currency, either by tying the value of their currency to the wealthy country's currency or by completely adopting the wealthy country's currency as their own, creating a significant link between the poor and wealthy countries' economies. For example, El Salvador went through the process of **dollarization**, whereby the country's currency, the colon, was abandoned in favor of the dollar (Fig. 10.6). For the people of El Salvador, dollarization made sense because the economies of the two countries were tied long before dollarization occurred. Over 2 million Salvadorians live in the United States, and in 2010, they sent $3.5 billion in remittances to El Salvador. With this flow of American dollars to El Salvador, many transactions occurred in dollars long before the official switch. The United Nations Development Program estimates that 22.3 percent of families in El Salvador receive remittances. In addition, over two-thirds of El Salvador's exports go to the United States. When the Federal Reserve Board in the United States controls the supply of dollars by altering the interest rates, the ramifications are felt directly in El Salvador.

Figure 10.6 San Salvador, El Salvador.

A woman and young boy use dollars to pay for groceries in El Salvador, a country that underwent dollarization in 2001. © AFP/News Com.

Dependency theory contends that economic prosperity is extremely difficult to achieve in regions and countries that have traditionally been dominated by external powers. Yet some traditionally "dependent" regions have made economic gains. Like modernization theory, dependency theory is based on generalizations about economic change that pay relatively little attention to geographical differences in culture, politics, and society. Although both models provide some insights into the development process, neither is greatly concerned with the spatial and cultural situation of particular places—central elements of geographical analysis.

Geography and Context

As geographers, economists, and other social scientists came to realize that studying economic development divorced from political and social context did not reflect reality, geographers began to search for a development theory that encompassed geography, scale, place, and culture. Immanuel Wallerstein's **world-systems theory** provided a useful framework for many. We discussed world-systems theory in Chapter 8, focusing on how the theory provides insights into the political organization of space. In this chapter, we focus on how world-systems theory helps us understand the geography of development.

Many geographers are drawn to world-systems theory because it is sensitive to the relationships among development processes that occur in different places. Specifically, Wallerstein's division of the world into a **three-tier structure**—the core, periphery, and semiperiphery—helps explain the interconnections between places in the global economy. As discussed in more detail in Chapter 8, core processes generate wealth in a place because they require higher levels of education, more sophisticated technologies, and higher wages and benefits. When core processes are embedded in a place (such as the Telecom corridor in Richardson-Plano, Texas), wealth is generated for the people in that place. Peripheral processes, on the other hand, require little education, lower technologies, and lower wages and benefits. Core regions are those that have achieved high levels of socioeconomic prosperity and are dominant players in the global economic game. When peripheral processes are embedded in a place (such as banana growers in Ecuador), the processes often generate little wealth for the people in that place. Periphery regions are poor regions that are dependent in significant ways on the core and do not have as much control over their own affairs, economically or politically. The semiperiphery exhibits both core and peripheral processes, and semiperipheral places serve as a buffer between the core and periphery in the world-economy. Countries of the semiperiphery exert more power than peripheral regions but remain heavily influenced by core regions.

Dividing the world into cores, semiperipheries, and peripheries might seem to do little more than replace developed, developing, and underdeveloped with a new set of terms. But the core–periphery model is fundamentally different from the modernization model because it holds that not all places can be equally wealthy in the capitalist world-economy. World-systems theory also makes the power relations among places explicit and does not assume that socioeconomic change will occur in the same way in all places. It is thus sensitive to geographical context, at least in economic terms.

Geographer Peter J. Taylor uses the analogy of a school of tadpoles to demonstrate these ideas. He envisions different places in the world as tadpoles and explains that not all tadpoles can survive to develop into toads. Rather, those who dominate survive, and the others perish. World-systems theorists see domination (exploitation) as a function of the capitalist drive for profit in the global economy. Thus, capitalists can move production quickly from one place to another around the globe to enhance profits, but places that lose a production facility can suffer. Moreover, their coping capacity can be small if, as is often the case, they earlier abandoned traditional ways and shifted to an export economy when external investment first arrived.

World-systems theory is applicable at scales beyond the state. A core–periphery relationship can exist within a region, a state (country), or a local area. For example, Los Angeles can be described as the core of the Southern California region; the Johannesburg area can be described as the core of the South African state; or the Central Business District can be described as the core of São Paulo, Brazil.

thinking geographically

Compare and contrast Rostow's ladder of development with Wallerstein's three-tier structure of the world economy as models for understanding a significant economic shift that has occurred in a place with which you are familiar.

ANIMATION

Colonialism in Southeast AsiaDemographic Cycle

Bhutan Globalizes