

DEVELOPMENT, GLOBALIZATION AND DEPENDENCY THEORY IN THE SOUTH CAUCASIAN NARRATIVE

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Introduction to the theory

The theory of *development and underdevelopment* (or, as it is also called, *dependent development*) introduced in the 1970s was aimed at answering the grand questions that appeared after the World War II and the collapse of the world colonial system. The 20th-century pioneer of the theory A. Gunder Frank established an entirely new approach toward understanding of world political and economic order, which he saw as a continuation of the same imperial politics and colonialism proposed by the great powers¹ albeit with simply new methods

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¹ The informal status of great power which some countries hold today requires clarification. The literature review uncovers characteristics of the fundamental criteria which help understand this term. In a broad sense it has to be noted that these criteria are the indicators of the country's notable success in certain areas: the term is often used to underline the power and capability associated with the country's substantial strength in political, territorial, military, economic and other terms. Success leads to the attainment of corresponding status. For instance, if one scrutinizes under those criteria Russia of the 21st century, its territorial size, vast resource base, military heritage from the Soviet past and priority rights and powers in various high-level inter-

and in a much more sophisticated form. Although his work [1] touched upon merely South American countries, whose history he scrutinized separately before and after the inclusion into the world economic capitalist system, the inferences of his fundamental vision of the essence of world order can have the same validity and applicability even today [8; 10]. Capitalism as an economic basis of modern world occupies a central position in a given theory, as it is largely believed that underdevelopment of almost all countries occurred exactly because of the features of modern capitalist world system. At the very beginning of establishment, due to some objective geographical and some other reasons, countries characterized today as advanced and developed, took pole position advantage and sought to maintain an order in which their dominance and supremacy would not be challenged. This capitalist world order embraced not a number of countries, but all of them including those who officially rejected to recognize capitalism in their own state. Correspondingly, the relationship between developed and underdeveloped countries had a universal character and encompassed all the states. “Capitalism was from the beginning an affair of the world-economy and not of nation-states. ... Capital has never

national institutions (such as permanent membership in the UN Security Council with the power of veto), imply that the country still retains a status of great power if not globally, but at least locally – in the regions like the South Caucasus or Middle Asia, where one cannot simply ignore Russia’s opinion and standpoint on several questions. In the context of this particular topic, great powers are associated with *centres*, or *metropolises* which are believed to control the development level of *peripheries*. At the same time in further elaboration of the underdevelopment theory [6], proponents of the concept argue that there are countries which can occupy the mid position between “pure” centres and “pure” peripheries – these are so-called *semi-peripheries*. The explanation of this term will be given further.

There are often different interpretations of to the term “great power”. For more precise and distinctive explanation of the term see: Asle Toje. *The European Union as a small power: After the post-Cold War*. New York: Palgrave Macmillan, 2010; and Abramo Fimo Kenneth Organski. *World Politics*, New York, 1958.

allowed its aspirations to be determined by national boundaries in a capitalist world-economy.” [6, p.199].

Thus, according to the main postulates of the theory and its later reaffirmed interpretations, the whole world is presented as an artificially unified system of amalgamated socio-economic order with overwhelming supremacy of the leading developed countries (under which theory proponents understand mainly the United States and some Western European countries) that exert imperialism toward the rest of the world. The notion of imperialism is largely understood as a policy of constraining the development of other countries (peripheries) who are obliged to work, develop and exist solely for satisfying the needs of developed parent states, also known as *metropoles*. Therefore, the development of such peripheries can occur only to the extent, which will not endanger the supremacy of central states that make these peripheries economically dependent on them, restraining the formers' ability to develop also politically. “Economic expansion is meaningless if we do not take into consideration the political and historical aspects with which economic factors are intimately related.” [4, p.169].

In a simple sense, the theory of underdevelopment considers the mentioned peripheries as only economic suppliers who are obliged to nourish developed countries. And this policy is taken as an ongoing process for the last couple of centuries and, as it has been already mentioned, by its very meaning it is directly tied with the emergence and establishment of capitalism world order [6; 7; 4].

Accepting the main theoretical pillars of the dependent development concept, this work aims at showing the applicability of the theory in the current stage of the modern world, using the case of the South Caucasian region, where Armenia, Georgia and Azerbaijan have politi-

cally, ideologically and economically ambiguous positions between West and East. The current economic ties and full integration in a world capitalist order make them to be considered as peripheries, although calling them simply raw material suppliers to the surrounding great powers would appear to be an over-exaggeration¹. Secondly, economic dependence of these three states does not mean they are unable to play independent politics in the foreign affairs. Thus, this work will show why the position of these states is grossly underestimated by themselves and how they can benefit from being considered as *peripheries* given the conditions of modern globalization processes. Additionally, considering the example of the South Caucasus it will be seen whether the features of globalization and modern capitalism allow any country to develop separately and why a clear watershed is to be established between separate and independent development on the one hand, and self-isolation (autarky) on the other, assuming impossibility of the latter nowadays.

***The South Caucasus Region: a Peripheral Appendage of Europe
or a Heartland between East and West?***

To understand how the core principles of underdevelopment theory work today in modern capitalism, one should refer to the main points that the authors of the theory propose. These principles were already described above, and though Frank and Cardoso mainly addressed the issue for countries of Latin America, nonetheless, Cardoso broadens the frame of the theory's applicability, arguing that, in general, underdevel-

¹The first and most obvious reason for such statement is that, for example, Armenia does not have any significant resources to be considered as a raw material supplier in the grand scheme of things. At the same time, it occupies a crucial geo-strategic location, which makes the country exceptionally attractive for foreign interests.

opment principle is not only universal and borderless (i.e. encompasses all the countries of the world, as long as it is in the period of a single economic order - capitalism), but also is timeless, as it might work in the future world order, too. It is important to understand that capitalism and dependency development have not been just adapting to the changing and globalizing world, but they rather have been shaping this globalization by their own, using technological tools of modernity and gradually entrenching more into the existing order of the things. "That is the reason why "technology" is so important. Its "material" aspect is less impressive than its significance as a form of maintenance of control and as a necessary step in the process of capital accumulation. Though technological advantage, corporations make secure their key roles in the global system of capital accumulation." [4, p. 175]. Consequently, in today's conditions of entrenched perpetual dependence of some countries from the other states, "the relations between advanced capitalist countries and dependent nations lead rather to a "marginalization" of the latter within the global system of economic development." [4, p. 176] At the same time, to understand clearly the watershed between developed states and underdeveloped dependent nations (in other words, metropolises and peripheries) it is not enough to look simply at GDP levels and indexes. Understanding of this divide requires deeper look at the causes of that differentiation and behavioral politics implemented by each country. In this regard, the major idea of this work is that the distinction which should be drawn includes several important aspects: 1) - understanding geographical location of the country; 2) - understanding the level of strength/weakness of the country's ties with its more technically and economically advanced neighboring states; 3) - understanding the import/export orientation of the country's economy and the compo-

sition of its economic activities with the external world, i.e. whether it is a resource or technology oriented economy. Given these three aspects to consider states and to distinguish between them as metropolises, peripheries, and those in between (semi-peripheries), in this work the South Caucasian three states, Armenia, Georgia, and Azerbaijan will be scrutinized in an attempt to thoroughly show the exact position of these countries in a modern world.

It is quite obvious that due to all the aforementioned characteristics and definitions of the terms, these states cannot be included in the group of developed metropolises. However, to infer that these states belong to the opposite pole, namely, they represent cases of full dependency, would be also an exaggeration. To understand their position in a given scheme, one should observe and consider them mainly within the framework of three aspects which were described above.

Let us start with the first aspect, i.e. the description of geographical location of a country. The South Caucasus has always attracted many countries with a number of enticements: Armenia's mountainous geostrategic location allows exercising strategic control over the entire region. It also represents an important straight transport corridor from the North to the South (something perfectly recognized by the current Armenian government and some officials who usually refer to the country as a territory with high transit potential for energy, travel, transport and other sources¹). Georgian access to the sea also offers prospects of huge benefits from trade. Last but not least, Azerbaijan with its pipelines and large reserves of oil and petroleum, which used to be the main raw ma-

¹ *Vahan Dilanyan*, Armenia Safest Route for Transit of Energy Resources, available online at: <http://vahand.wordpress.com/2009/02/16/armenia-safest-route-for-transit-of-energy-resources/>; Armenia May Become A Transit Country For Iranian Gas, available online at: <http://www.lragir.am/index/eng/0/politics/66192/30484>, Last access: November 17, 2014.

terial supply for the whole Russian Empire, presents another (if not the main) reason for foreign interest. In this matter, on the one hand it is Russia, which as a regional great power always considers the South Caucasus a zone of its own privileged interest [9]. On the other hand, there is European Union, whose policy of Eastern Partnership in the last 5 years has been perceived by all three countries as a rather attractive proposal toward economic prosperity and rise of democratic society. There are also the United States, Turkey, Iran, and China whose interests and positions regarding their status of great or regional powers make them interfere and play if not the first, but one of the most important roles in foreign policies of these countries.

Secondly, all three South Caucasian states are to a different degree tied politically and economically to the mentioned great powers that have interests in the region. These ties are perceived not only as positive connections, but also as important negative links in a political and economic paradigm of the country's foreign affairs. For example, absence of formal diplomatic relations between Armenia and Turkey due to the deep historical tensions between these states makes the former to bear in mind the potential threat from Turkey and agree on the establishment on its territory of a military base of another great power, Russia, thus becoming militarily dependent from the latter. Current uneasy relationship between Georgia and Russia as an aftermath of notorious war in 2008 makes the former to appeal to the European Union and the United States as counterbalance great powers. Azerbaijan's strained relations with Iran and "frozen" conflict with Armenia over the Nagorno-Karabakh independent state make it call on its most valuable ally, Turkey, to find possible solutions for these issues. Overall, for the second aspect it could be said that playing on the interests of great powers, the

South Caucasian states, despite being more or less dependent on the mentioned powers, *can largely benefit on antagonisms that great powers have with each other*, exercising more complementary, flexible and eclectic approach in their foreign politics. In this regard, it is my firm belief that the political flexibility in that sense can ease the gradual transition of the country from being an exclusively dependent one to achieving a semi-peripheral status. Yet, there is a long way to pass for becoming a fully-fledged semi-periphery - a status which most of the world countries have today.

Finally, addressing the third, i.e. purely economic aspects of dependency theory in the example of the South Caucasus, one should avoid one-sided understanding and interpretation of underdevelopment. In case of Azerbaijan, obviously, the country is rich with natural resources; it exports the resources to other countries, serving both as a raw supplier or as a transit zone (as it is in case with gas export corridors from Caspian region, mainly from Turkmenistan and Kazakhstan through Azerbaijan to Turkey, Georgia and Europe). At the same time, Azerbaijan does not produce high-tech products and imports them generally in "exchange" for its natural resources. The same can be said about both Georgia and Armenia, too. After the conflict in 2008, Georgia receives vast financial aid from the West, serving alongside with Azerbaijan an important transit corridor for gas and crude oil supplies (Baku-Tbilisi-Ceyhan) to Europe and creating a certain alternative to the Russian monopoly on these supplies. Armenian case is slightly different but, yet, it fits in the framework of the same logic. The country lacks natural resources compared to those enormous amounts that Azerbaijan has, but it produces electricity and serves as an important transit country for electricity supplies to Georgia and Iran. Hence, from the

perspective of high technologies and innovative production, all three states can be categorized within a framework of the classic underdevelopment theory, as they are dependent from their bigger neighbours and technologically more advanced countries.

Consequently, one might conclude that according to these features, Azerbaijan perfectly fits to the category of dependent country: it will not be allowed to overcome underdevelopment by those to whom it supplies its natural resources as long as those powers let the "pro-current order" elite in Azerbaijan stay in power.

However, such hasty conclusion is deceptive. Azerbaijan is not a simple raw material appendage of Europe. Neither are Georgia and Armenia. These countries fit more into the category of semi-peripheries and here is why. As paradoxical it might seem, all of the three South Caucasian states have something in common amongst each other. This common feature makes them unique compared to other underdeveloped countries, which the authors of the theory consider as the Third World. I believe that this uniqueness of the South Caucasian states can be explained by a special geo-strategic location of these countries. To understand and explain it in a simple way, let us turn to the well-known concept of *Heartland* described by H.J. Mackinder ([5], 1904) and, later by Z. Brzezinski ([11], 1997) in their works on the issues of geopolitics. Although almost a hundred years separate these two authors, the main idea of their works is nearly the same: there is so-called *Pivot Area* in between Europe and Asia (later named as Heartland). This area is a key to world domination, and, among the others, it includes also the South Caucasus.

In respect of the aforementioned, my attempt is to combine both the theory of underdevelopment and the Heartland concept, and to ex-

plain the latter from the reverse perspective. The resultant assumption can be formulated as follows: combining Heartland and dependency development theories, it is asserted that not only the countries which possess control over these territories can be described as developed and advanced. The states located in Pivot Area, just because of their own crucial location, *make those who consider them as Heartland dependent on that circumstance*. In a more practical way: *the developed countries of the West are resource-dependent from the underdeveloped countries*. This dependence of developed countries makes them weak and literally helpless if underdeveloped countries suddenly decide to stop their resource supplies to the West. In their turn, as A. Frank proposes, underdeveloped countries are dependent in a technological sense. This *mutual interdependency* is the key factor that makes both sides stay together. At the same time, paradoxically, underdeveloped countries are less dependent from metropolises, than vice versa: hypothetically underdeveloped countries are able to sever their relationship with the advanced West and to start developing own technologies, having vast resource base. This is very unlikely to occur because, as the theory of underdevelopment suggests, the entire economic system of peripheries is export-oriented on raw materials. However, specifically in case of *underdeveloped countries of Heartland* the situation is a bit different: largely, they are resource-rich export-oriented economies too, yet, their unique geopolitical location shapes perfect conditions and theoretically leaves them a large room for manoeuvring in a bargaining process with developed states. These underdeveloped countries of Heartland can somehow compensate their loss of technological import from the West, whereas the latter is so deeply dependent on the raw materials of underdeveloped countries, that any negative deviation toward decrease of raw ma-

materials supply would immediately mean a catastrophe for the West. At the same time, due to the uniqueness of their geostrategic position in Heartland, underdeveloped “peripheries” (again, this term is extremely relative, as we come to understanding that “technological” periphery might be a geopolitical centre!) are less likely to get constrained by developed countries who are afraid of losing supplies from them.

All in all, what was described above is quite applicable to the South Caucasian region. One could imagine for a second that Azerbaijan or Georgia will stop their supplies to Europe; Armenia will refuse to transit merchandises from the East to the West. Probably, Europe will not face economic and resource collapse if such scenario occurs, but what is obvious in this case is that it will become excessively dependent on supplies from Russia that would regain its monopoly and become the only “player in town”. It is another question, whether this will give something positive for these states who would decide to stop their supplies, albeit by this example an attempt is made to demonstrate that dependence of developed countries from underdeveloped peripheries is much higher than it seems on the first glance. Especially in the modern conditions of globalization, when the states are strongly interrelated with trade agreements, even a minor change in supplies could drastically hurt the developed West.

At the same time, the countries that constitute Heartland, including those in South Caucasus, do not fully understand their exclusive role and advantage of their geostrategic position and, due to the lack of understanding, are not able to fully benefit from it. However, the very importance of rethinking and reconsidering the traditional one-dimensional interpretation of *center-periphery relationship*, and the notions of development and dependency are vital for the establishment

of mutually respectful environment between those who have resources and those who possess technologies. This proves once again the ambiguity of the very notions of *dependency* and *periphery* in the modern conditions, and shows the necessity to differentiate the economic aspect of dependence from the other spheres of development (cultural, ideological, political, etc.).

Conclusion

The theory of underdevelopment has not lost its applicability, importance and attractiveness. Compiling it with the theory of Heartland will make us reconsider the roles and positions of the countries that are “doomed” to serve as resource suppliers; it will make us reconsider these shaky notions of metropole and periphery in general.

In particular, it seems that the combination of these two theories gives a brand new concept which might hopefully serve as a progressive trigger of modernizing the entire view on world economic and political interrelationship in the era of increasing globalization. The South Caucasus, as a Heartland part of the world, as a part of globalization process (both as a shaper and as a target) occupies a crucial position in this new vision of the global network.

Although the development of each of the three countries is quite limited by the constant pressure from stronger international political and economic actors and can be increased only within the given frame and to some limited extent, the idea of uniqueness of the South Caucasus provides an unprecedented chance to be the first region, where solely by own efforts the countries could find themselves sufficiently capable of overcoming the postulates of traditional underdevelopment theory which assumes impossibility of free development if a supplier

country is already tied with some metropole. Accepting that modern features of globalization make any isolationist politics of any country impossible, this work defends the viewpoint that impossibility of isolation and possibility of independent (or at least semi-independent) development are two different ideas. And it is exactly the last one which needs to be adopted by Armenia, Georgia, and Azerbaijan if they want to become really competitive states. In this new loop of development, using their unique position of Heartland, it can be assumed that the South Caucasian states will generate something newer than a simple development of the same brand within the same shape of monopolistic expansion - contrary to the second part of Cardoso's main assertion that "dependency, monopoly and development are not contradictory terms: there occurs a kind of dependent capitalist development in the sectors of the Third World integrated into the new forms of monopolistic expansion." [4, p. 174].

The only thing that the countries still need and seriously lack is faith. This is about a belief, which is tied with political maturity to prove own ability to grow successfully, independently, against all odds and superstitions. Hopefully, if the given concept composed of two theories is true, it is only a matter of time.

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