

Re-reading Dependency and Development in Latin America

Saturday 31 March 2018, by [MORTON Adam David](#) (Date first published: 14 April 2016).

One of the purposes of the Past & Present Reading Group in the Department of Political Economy at the University of Sydney is to collectively read both classic and contemporary contributions to heterodox political economy and political theory broadly construed. Having read current landmark texts in Peter Thomas' *The Gramscian Moment* and Costas Lapavistas' *Profiting Without Producing*, attention turned in our last read to a standard text within dependency debates and Latin American studies in Fernando Henrique Cardoso's and Enzo Faletto's *Dependency and Development in Latin America*. What does this book contribute to political economy concerns over thirty-five years since its publication?

It is noteworthy that David Slater in his book *Geopolitics and the Postcolonial: Rethinking North-South Relations* states that 'many of the ideas raised by the dependency writers of the 1960s and early 1970s continue to retain a contemporary validity'. On that basis he argues that dependency theory was crucial in the construction of an alternative geopolitical representation that needs to be re-read in order to refurbish its critical guidelines and overcome its limitations.

Published in 1969, the Spanish edition of *Dependencia y Desarrollo en América Latina* contains an interesting preface noting how the book came out of a collaborative environment merging economists within an international institute of education, research and planning advice in Santiago de Chile. Significantly, Cardoso and Faletto highlight their attempt to analyse the relationship of social and political problems of development in Latin America to indicate how this arises as a result of the combination of economy, society, politics across both historical time and different structural situations.

This vignette reveals something that marks the larger work of the book. Namely, how the authors synthesise a variety of literatures and perspectives to dialogue on some of the leading issues shaping political economy. The condition of *uneven* development and relations of dependency are therefore linked to the process of *combined* development (merging capitalistic forms of production within the historical-structural context of slave plantations and an agro-export sector based on large landed estates or latifundia is just one example).

The equivalent preface to the English edition, published first in 1979, extends the focus across some far-reaching themes. These include an emphasis on a dialectical approach to address social asymmetries of centre and periphery, the elaboration of a historical-structural methodology, and a focus on the diversity-within-unity of Latin America combining peripheral development and the new dependency. For example, in Brazil and Argentina, 'both were "capitalistic" economies, but they were organised around different relations of production: slavery in one case and relations that developed into almost capitalistic forms of production in the other'.

The *dependentistas* were uneven and combined developmentalists *avant la lettre* tackling the double

edge of foreign interests, norms and values through their expression and internalisation within Latin America. That Cardoso and Faletto write that 'the history of central capitalism is, at the same time, the history of peripheral capitalism' is lost on current fashions to highlight the interacting uneven and combined characteristics of social development.

This is not to say that the 'comprehensive' analysis of development and social change offered in *Dependency and Development in Latin America* is not without problems. Cardoso and Faletto assert the need to focus on the 'historicity of underdevelopment' by analysing how Latin American economies were linked historically to the world market and how this defined the period of outward expansion of the nineteenth century. Hence, thought-provokingly, they ask:

To what extent may the very fact of the Mexican Revolution, which destroyed the balance of social forces, have been the fundamental factor in subsequent development? Could it not have been the play of Brazil's political and social forces during the "development" decade that was responsible for the initial impetus and also for the later loss of momentum in the process of development in Brazil in the early sixties?

Yet these broad brush indications and questions are rarely answered with the detail necessary to convincingly trace the variegated history of capitalism in Latin America. The chapter on development and social change is indicative as it fleetingly moves from a consideration of Central America and its enclave economy; to Argentina and the capitalist dynamism of its agro-exporting sector; to the fetters on capitalist development of oligarchic-bourgeois domination in Brazil, until the Revolution of 1930 and the policies of Getúlio Vargas that were extended through the authoritarianism of the *Estado Novo*; to the incorporation of democratisation and the alliance for power in Uruguay; and to oligarchic domination and the weaknesses of the 'middle class' in Colombia. In the broad brush category, that coverage is more roadside sweeper than artist rigger.

Nevertheless, definitive contributions are made to debates (then and now) on import substitution industrialisation, the developmentalist state, and corporatism. The delineation of ISI as a phase of industrialisation characterised by two converging moments: 1) growth of the private sector of the economy; and 2) the creation of new areas of investment concentrated around basic industry and infrastructure works with heavy state participation, does periodise usefully. This provides a wider viewpoint from which to then look at, for example, Alfredo Saad-Filho's more detailed examination of the class relations and social division of labour that underpinned ISI in Latin America. Equally, it maps well on to the specificities of ISI within the region and the particularities of specific countries.

In Mexico, for example, there was a first phase (1940-1954) of ISI based on the substitution of consumer goods along with high tariff protection to entice domestic capital into substitutive industrialisation; low import duties granted towards raw materials allocated to finished goods; and an elaborate system of import licensing constituting the control over imports. The second ISI phase (1955-1972) known as *desarrollo estabilizador* (stabilising development) attempted to contain inflation and defuse class conflict through the substitution of intermediate and capital goods promoted through a dependence on foreign capital, which led to an increase in the current account balance of payments deficit. Across the ISI era in Mexico, as argued in my *Revolution and State in Modern Mexico*, adjustments of the exchange rate subsidised the importation of capital-intensive technologies that decreased the relative price of capital in relation to labour and increased productivity but without resulting in growing employment. Put another way, the rate of exploitation of labour was increased during this period indicating the start of a shift from the production of absolute surplus value (extension of the working day, increasing work hours, rising activities performed by labour in the same period), to relative surplus value (technological changes inducing a reduction in the value of labour power and increasing productivity). Whether this resulted, as Cardoso and Faletto claim, in 'the progressive *exhaustion* of the economic processes of rapid import-

substitution of nondurable and durable consumer goods' in Latin America remains a moot point.

On state theoretical issues, *Dependency and Development in Latin America* also proves to be an intriguing read. On the developmentalist state in Mexico, stress is placed on those 'economic elements that the Revolution did not change' alongside how agrarian reform and especially collective ejido land rights provided political support for the state itself. Touching on conditions of hegemony throughout Latin America in the form of nationalism and populism in consolidating capitalism, Cardoso and Faletto also note how, 'the state became arbitrator for the class struggle and was used as a mechanism for income distribution both within the entrepreneurial class and downward'. This resonates with the emphasis on the state mode of production articulated by Henri Lefebvre. Yet there is also a focus in the book on how the political expression of the urban industrial bourgeoisie is more directly linked in Latin America to the state itself, which reminds me of the state theory of Bob Jessop and his excellent definition of the state in capitalist society that characterises the state form of capitalist social formations in the periphery. Finally, there is the stress that Cardoso and Faletto place on the expansion and fortification of the state as an expression of a class situation in Latin America that has incorporated both threats of rupture with the predominant pattern of capitalist development and assumed a repressive character.

In the post-scriptum to the book, written in the late 1970s, the discussion expands on the balance between an entrepreneurial state (or state-as-entrepreneur) and a repressive state in Latin America that is 'almost in caricature of the consumption styles and industrialisation patterns of the central capitalist countries'. This is somewhat eyebrow-raising in its crudeness but it becomes an entrée into wider a discussion of hegemony and national-popular demands in shaping the social bases of capital accumulation, state power and radical political movements. Here, then, a beguiling difference emerges between the Spanish edition and the English translation that is sure to tweak the interest of Gramsci studies. In the latter translation it is stated:

In these relationships of opposition, if any cultural dimension exists and carries significance, it is what Gramsci called a relationship of hegemony: the capacity to rule.

However, on the basis of my reading, the original Spanish has a revealing variant.

In these relations of opposition, if there is a cultural dimension and it is significant, it is raised ultimately in what Gramsci called the relation of hegemony: the ability to lead [dirigir], proposing cultural models that can enable a class with aspirations to exercise domination.

For Gramsci scholars, this raises complex questions about the continuum of hegemony (or leadership and domination) and passive revolution (or threats of rupture and repression) in understanding the state in Latin America both historically and in terms of its contemporary space economy.

To wrap up, *Dependency and Development in Latin America* is an assortment of promises and pitfalls. At the heart of the analysis of the new nature of dependence in the book it is stated that when a political crisis arises 'the only alternatives are opening the market to foreign capital or making a radical political move toward socialism'. One can only conclude that when in power in Brazil, President Cardoso (1995-2003) miserably neglected the latter in preference for the former.

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