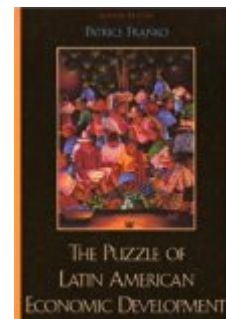


Patrice Franko. *The Puzzle of Latin American Economic Development*. Lanham: Rowman & Littlefield Publishers, 2003. xx + 573 pp. \$39.95, paper, ISBN 978-0-7425-2466-8.



Reviewed by Richard J. Salvucci

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Every couple of semesters I teach a course on Latin American economic development. I always have the same problems. Many, if not most of the students, have minimal preparation in economics. A select few know something about the history and geography of the region, but most do not. Language skills are spotty, with an occasional native Spanish speaker thrown in. Students with largely commercial interests have no patience with historical discussions. And so on. I am sure I am not unique in the challenges I face. My colleagues charitably call this a "high variance" group. I prefer to think of it as a mess, and occasionally, a disaster waiting to happen.

The difficulty, of course, is compounded by what you'd like to make the students read. Publishers are not notably cooperative in keeping items in print, copyright restrictions have become increasingly onerous, and as far as textbooks go, you sacrifice accessibility for analytical sophistication. So what is a poor classroom teacher to do?

I think I may have a solution here. It is not perfect, but it is much better than anything else I have used as a text. Patrice Franko has done a

splendid job of writing a textbook that I would wager most of us could live with, save the true believers on the left and right, for whom purity of thought matters above all. The pragmatists, and I count myself as one, will simply be grateful for a careful, clear, and thoughtful attempt to explain "the puzzle of Latin American development." It is not easy being honest, and Franko makes it very clear that the real world is messy and ill-behaved. Lots of great theories, but not so many great results. Hers is a multifaceted approach that avoids the immortal banality of noticing that, as one of my teachers memorably put it, "reality is very complex."

There are fifteen chapters that cover a lot of ground: historical patterns of unequal growth; export pessimism and import substitution industrialization; debt crises; the role of the state; capital flows, contagion and crises; agriculture; poverty and inequality; education; the environment. It is the sort of text that anyone who has the time to read everything published by the World Bank, the OECD, the IMF, and the Inter-American Development Bank would immediately recognize as being

thoroughly up-to-date, conversant with the standard discussions, and amply buttressed by recent socioeconomic indicators in over one hundred tables. Of course, nobody has the time to read all that, so it is easy to be blase about what Franko has managed. It is not a short book, by any means, coming in at more than 500 pages. But it is foot-noted, contains chapter summaries, lists of key terms, and for those of us who struggle to involve students in discussion, strategically placed questions for discussion. Before you tell me you do not like textbooks, I would suggest you look, really look at this one. I am not much a fan of reinventing the wheel, and I was repeatedly (and pleasantly) surprised by how often Franko's discussions pretty much synthesize what I struggle to get across to my students.

Now, the usual snobbery involved in dismissing textbooks is that they fail to deal at an adequate level of sophistication with something of compelling interest to you. Take import substitution as an example. I happen to think the entire thrust of the neoclassical (or neoliberal, if you like) criticism is misleading, at least insofar it inculpates developmentalist regimes for practicing bad economics compounded with political errors and mismanagement that is loosely called "populism" or "corruption." Aside from the oversimplifications in the criticisms, there is a very real question as to whether *any* development strategy based largely on capital accumulation could continue to deliver rapid rates of growth for more than a few decades without slowing down, errors or no. The reason, of course, is that you cannot double such things as investment in infrastructure indefinitely. Mistakes or no, such a process will inevitably slow down. The legitimate question is why rates of productivity growth, particularly in a country like Mexico, seem to have been disappointing, especially when, as Franko astutely points out, technology transfer was understood to be central to the process of development? Now, if this sort of discussion interests you, you will not find it in Franko. But frankly, this is what teachers

do, no? They supplement the textbook with the fruits of their own research, outside reading and reflection. It is not realistic to expect an introductory textbook to plunge into one of the more complex debates in growth economics.

Another example of Franko's secure grasp of the region and its financial problems is her treatment of the Debt Crisis of the 1980s. Again, someone might complain that Franko's approach is largely down-the-middle and pretty conventional, but again, just getting the facts right and the chronology straight is no simple feat. On top of this, most students (and probably not a few non-specialists) will have difficulty understanding why the result of the debt crisis was a broad popular impoverishment that stretched from the Andes to the Rio Grande, or if there was any sensible alternative to the widely criticized IMF structural adjustment approach. Franko does all of this very well, even managing to explain the difference between the Baker and Brady plans for resolving the sorry mess. Try it sometime: it isn't easy. My own feeling is that the role of the banks in loan-pushing is underplayed, but again, we are not potted plants. I have no difficulty bringing up an alternative perspective and suspect most readers won't as well.

There are many other fine discussions here. The chapter on price stabilization is excellent (better than you will see in some standard macro textbooks, in which income velocity is remarkably assumed to be stable) and Franko makes it clear that privatization has been (and is) no panacea. I am considerably less certain that the privatization of Telefonos de Mexico is the success that Franko judges it to be, but these are the kinds of details about which two of a trade will disagree. I also found Franko's chapters on poverty and inequality, health policy, educational development, and sustainable development to be balanced and informative. Unfortunately, some economists in the developed world think the market will solve most of these issues in the long run. Alas, five hundred

years is only the short run for someone who thinks in terms of geological time.

The text is supplemented by an ample thirty-page bibliography and a web-based directory to institutional actors in Latin American economic policy. If anything, I would like to see the next edition of the text provide more in the way of internet resources for students doing research; unfortunately, most of my students assume that if it is not on the Web, it does not exist, an impression some university libraries seem all too willing to reinforce.

This is an admirable job: well informed, unbiased and scrupulously fair about issues that many politicians and their academic collaborators are all too willing to distort for partisan or ideological advantage. A lot is riding on the truthfulness and integrity of the analysis. I tell my students to never forget how much blood has been shed over the ideas and issues we comfortably discuss in a seminar room. I bet no one has to remind Professor Franko of that.

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