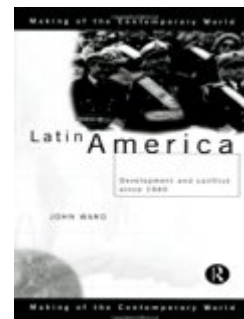


John Ward. *Latin America: Development and Conflict Since 1945.* London and New York: Routledge, 1997. x + 127 pp. \$15.99, paper, ISBN 978-0-415-14725-5.



Reviewed by Arthur Schmidt

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Thirty-five years ago, Leo Huberman and Paul Sweezy published a collection of essays on Latin America from the pages of *Monthly Review*, the magazine that they co-edited. Under the title *Whither Latin America?*, the volume confidently expressed the view that the region was "in the throes of one of the great revolutionary upheavals of modern times." The lead essay by Carlos Fuentes explained to readers that capitalism had not "succeeded in solving the problems of Latin America" because it had been "unable to destroy the legacy of feudalism." Revolution would soon carry out that task, however, Fuentes proclaimed: "The old structures will collapse. Land, mines, businesses will be recovered. They will work for the benefit of everyone This is going to happen, don't you doubt it, in the next few years in Latin America." [1]

A generation later, the picture looks strikingly different. Having survived the revolutionary and counterrevolutionary struggles of the "era of the Cuban Revolution," capitalism has remained dominant in Latin America even as it has become truly global with the demise of the Cold War. [2] In

the words of Jorge Castaneda, "The Cold War is over and Communism and the socialist bloc have collapsed. The United States and capitalism have won, and in few areas of the globe is that victory so clear-cut, sweet, and spectacular as in Latin America." [3] After the "lost decade" of the 1980s, economic growth and investment inflows have gained strength. No Latin American country faced a decline in economic output in 1997, and the region's average GDP growth of over five percent was among the highest in the last twenty-five years. Foreign direct investment reached \$50 billion, a record for a single year in Latin America and the Caribbean. [4]

Yet the question remains: whither Latin America? The wide-ranging free market reforms that Latin America has experienced over the last fifteen years have not yet yielded a dividend of popular prosperity and economic security. The influx of foreign capital notwithstanding, the financial systems of countries as significant as Argentina, Brazil, and Mexico remain potentially unstable, vulnerable both to swings in global currency markets and to issues of internal administration.

Latin America's growth of the 1990s has not managed to eliminate fundamental economic and political uncertainty. The "revolutionary" issues of a generation ago have not yet been vanquished. As John Ward concludes in *Latin America: Development and Conflict Since 1945*, "Unless the region's deep-seated problems of misgovernment and inequality are addressed, then there is a strong likelihood that Latin America's modest economic recovery will be brought to a halt by renewed cycles of political instability and conflict" (p. 107).

Ward's analysis of Latin American development since the end of World War II belongs to "The Making of the Contemporary World" series edited by Eric Evans and Ruth Henig of the University of Lancaster. Its purpose is to offer "challenging interpretations of contemporary issues and debates within strongly defined historical frameworks." (Other works in the series examine such matters as the Irish question, decolonization, the Cold War, right-wing extremism, and the experience of the Soviet Union in world politics, 1945-1991). Attempting to explain modern Latin American development in a book of barely more than one hundred pages constitutes a formidable task. Ward is aware of the difficulties inherent in attempting to interpret the varied and deeply-rooted patterns of Latin America within the confines of the short space allowed by the series. "Latin America is a large and diverse region," he notes, admitting that his study "cannot do justice to the great range of variation between particular countries" (p. 17). Space limitations oblige him to give short shrift to the smaller Latin American countries throughout the book. Nevertheless, he sets out to recount the region's "recent economic history ... within a larger set of interrelated themes" while recognizing "how modern phenomena often have more remote historical origins" (p. 15).

True to Ward's aims, the introductory chapter does a creditable job of recounting Latin American economic history in seventeen pages. One

might quarrel with aspects of this chapter--its failure to appreciate the importance of colonial agriculture, its neglect of comparative national development possibilities in the late nineteenth century, or its insistence on summarizing the popular Andre Gunder Frank rather than the more sophisticated Fernando Henrique Cardoso version of dependency theory, for example. Nevertheless, its basic assertions remain sound. Latin America did not attain sustained growth in per capita output during the late colonial period and fell behind the growing economic power of the United States and Great Britain as the nineteenth century progressed.[5]

Export growth in the nineteenth and twentieth centuries primarily benefited elites. Some Latin American national economies developed broader urban, popular bases with the expansion of manufacturing through import-substitution industrialization (ISI) after World War II. Nevertheless, the structural limitations of ISI proved critical. Chronic balance of payments deficits and growing indebtedness ultimately proved unsustainable. The debt crisis and economic deterioration that dominated Latin America in the 1980s brought the abandonment of ISI in favor of a new orthodoxy of economic liberalization. Despite a modest recovery in the 1990s, Latin America's outlook still continues to be plagued by uncertainty.

Ward notes that Latin America's development experience is generally regarded, in the words of economic historian Victor Bulmer-Thomas, as one of "unfulfilled promise." [6] Despite a three-fold increase in output per head between 1913 and 1980, roughly equivalent to that achieved by the First World over the same period, Latin America has remained critically dependent upon external financing. It has experienced only modest success in generating manufactured exports. Latin American societies continue to be driven by the most severe socioeconomic inequities. None of these failures bring Ward to question the fundamental

premises of development economics, as have critics such as Arturo Escobar or Gustavo Esteva.[7] Instead, Ward places responsibility for Latin America's economic condition on the economic policies that its governments have followed since World War II, particularly the persistent pursuit of ISI. To strengthen his argument, he invokes frequent comparisons between Latin America and the East Asian countries that moved away from ISI after 1960 into the promotion of manufactured exports, particularly South Korea and Taiwan.

This approach serves Ward best in his second chapter, where he concentrates on examining Latin American development since World War II from the narrow vantage point of output per head. Drawing upon the work of Gary Gereffi and other scholars familiar with both East Asia and Latin America, Ward focuses upon the short-lived economic success of ISI in Latin America and the more successful outward looking strategies pursued in East Asia. He finds himself in agreement with "neoliberals" who praise Asian macroeconomic stability and "argue that East Asia's externally oriented industrialization has proved inherently superior to Latin America's modified ISI of the 1960s and 1970s: more efficient and less vulnerable to external shocks" (pp. 22-23).

Yet Ward is no doctrinaire neoliberal. He recognizes the central importance of national industrial policy in East Asian success and underscores the importance of gradual tariff relaxation and financial liberalization there in contrast to the sudden shifts that occurred in Latin America once the debt crisis precipitated a wholesale change in policy. Ward finds some of the "most doctrinaire" neoliberal arguments "dubious, or at least overstated" (p. 30). He laments that "it is often the more uncompromising versions of neoliberalism that have come to determine policy in Latin America, with doubtful consequences for the future" (p. 23).

The remaining chapters of *Latin America: Development and Conflict Since 1945*, each about twelve to fifteen pages, cover relations with the

wider world, society and politics, social welfare, women, the natural environment, and Latin America in the 1990s. Here Ward's attempts to establish a balanced line amid conflicting perspectives prove less than successful. The material in Chapters Three through Eight does not lend itself so readily to the formation of two competing policy interpretations as does the question of economic growth in Chapter Two. Ward's compact approach, necessitated by the volume's severe limits on space, too often leaves the reader puzzled amid a contradictory set of statements. After Chapter two, the author presents more summary than synthesis, more contention than clarity. Two examples may be used to illustrate the problems inherent in Ward's presentation of Latin American development issues.

In his discussion of narcotics trafficking in Chapter Three, Ward asks "what have been the consequences of the drugs trade for Latin America?" (p. 46). In the three ensuing paragraphs the reader learns: a) that while drugs constitute "an unusually buoyant source of export revenue," they harm Latin America by distorting economies, damaging the natural environment, and weakening state power "by aggravating criminality, violence, and political corruption"; b) that "the damaging effects of the drugs trade should not be exaggerated" since "the business is still heavily concentrated on a few countries (Colombia, Peru, Bolivia, Mexico) "where it accounts for about "3-5 percent of national income and a fifth of export earnings"; c) that increases in local consumption still leave Latin American habits "on a rather modest scale by U.S. standards" with alcohol abuse remaining a far more serious problem; d) that while drugs "are extremely lucrative "with annual sales estimated at over \$20 billion, second only to oil in international commodity trading, "distributors in the developed countries take much of the revenue"; e) that "no clear evidence" exists that narcotics earnings have "substantially affected inflation or the competitiveness of legitimate exports"; f) that while "during the 1980s

there was certainly a growth in drugs-related crime," Colombian society "was already exceptionally lawless" and that "Latin America's narcotics-related organized crime [may be] establishing a less disruptive relationship with society at large, of the type long familiar in the U.S., Italy, and parts of East Asia" (pp. 46-47).

Only with considerable difficulty can an undergraduate student or a general reader, the type of audience for whom *Latin America: Development and Conflict Since 1945* is intended, gain a clear picture from such a concise presentation that does not reconcile its internally contradictory elements. Similarly, Ward's treatment of social welfare issues in Latin America also fails to establish a firm understanding of complex material. In Chapter Four, for example, the text informs the reader that the "urban poor have borne the main brunt of austerity measures" (p. 52). Yet later, as Ward seeks to rebut authors such as Duncan Green[8] who argue that the debt crises and economic restructuring have undermined popular well-being, he states that "austerity, liberalization, and structural adjustment programmes have fallen most heavily on employees in government and ISI industries. These urban formal sector workers had previously received incomes quite considerably above the subsistence margin, and so could maintain nutritional standards, despite falling wages, by curtailing non-food expenditures" (p. 70).

Other points of confusion lie within the book's discussion of non-governmental organizations, women's issues, and the natural environment. At times, the loose threads of the text lead Ward into making unwarranted generalizations in an effort to bring a topic to closure. For example, his final statement about narcotics ("The Latin American drugs trade has been fostered by chronic rural poverty.") constitutes less a clarifying conclusion than it does a provocative assertion (p. 47). It would bring vehement objections from some analysts that it misleads by implicitly

dismissing the role of drug market demand in generating supply.

Elsewhere, in Chapter Seven, in attempting to emphasize the importance of avoiding "sweeping generalizations on the subject of forest clearance," Ward offers arguments that seem to lessen the significance of deforestation because it is proportionally less severe in South America than in Central America (p. 97). Readers aware of the extensive forest burnings that have taken place in 1998 in Mexico and Central America are likely to find Ward's sense of argumentative balance unsatisfactory. Others may ask what balance Ward intends when he states that "on current trends about 10 per cent of the Brazilian rainforest will have been destroyed by the year 2000 and about 40 per cent by the middle of the next century. This may accelerate global warming and deprive humanity of valuable biological species. It will certainly threaten many of the surviving indigenous forest peoples. However, environmental degradation, even if undesirable in itself, is not yet a major constraint on the Brazilian economy as a whole" (p. 99).

The absence of a clearly stated overall argument undercuts Ward's effort to provide an interpretation of Latin American development experience since 1945 in a small number of pages. Books like Green's *Silent Revolution* not only benefit from much greater length; such works offer their audiences a forceful and comprehensive picture deriving from a well-focused central thesis. Non-specialist readers benefit from such approaches whether they agree with the central thesis in all of its manifestations or not. For a book whose title includes the word "conflict," this volume provides relatively little explanation of its social and political causation. The politics section of Chapter Four should have been the heart of the linkage between development and conflict in the volume, yet it proves uninformative in terms of their connection. The mechanical tone of its description of regimes bears little hint of the sense of urgency in

Latin American political life since 1945. It provides no enlightenment on why development issues have provoked such political intensity and such extreme conflict in much of Latin America.

Given his awareness of the saliency of social inequality in Latin American development issues, both historical and contemporary, Ward might well have placed matters of equity at the core of a short synthetic argument about Latin American development since 1945. Recent economic research continues to underscore the relevance of inequalities for understanding the impact of economic growth.[9] Yet Ward makes almost no use of class analysis, nor does he offer a dissection of social structure in Latin America. His depiction of social conditions in Chile, for example, relies too heavily upon the single indicator of infant mortality and neglects significant matters of labor market dynamics.[10]

Ultimately, *Latin America: Development and Conflict Since 1945* needs a stronger grounding in a global historical framework than Ward wishes to provide. In his understandable wish to avoid the excessive emphasis upon outside causation that has sometimes characterized critical interpretations of Latin American development, Ward establishes too strong a dichotomy between domestic and external influence. He argues that "external pressures should not be seen as a primary cause of the region's difficulties since 1945" (p. 15), and that over that time period "Latin America as a whole has not in fact been handicapped to any great extent by unfavourable external circumstances. The harm caused by the U.S. in the region is often exaggerated" (p. 32). In his use of comparative national development as his analytical framework, he grants too much autonomy to individual Latin American nation-states to the exclusion of patterns of interaction between the structures of power in Latin America and world geoeconomic and geopolitical forces.

For example, although aware of the importance of the "Washington consensus" in promot-

ing contemporary neoliberal restructuring in Latin America, Ward neglects the importance of U.S. Cold War academic research and such concepts as modernization in providing the intellectual framework for defining development cooperation under ISI between U.S. and Latin American policy makers.[11] While he recognizes that the debt crisis and Latin America's dependency on external capital have given extensive leverage to external forces over economic policy, Ward pays no attention to the world financial patterns that figure so heavily in contemporary analysis of globalization.[12] Trade pacts like NAFTA and MERCOSUR only creep into the book briefly in the last chapter. Despite the significance of maquiladora and export processing zone production for the economies of Mexico, Central America, and the Caribbean, they are virtually dismissed on the grounds that "export assembly remains a very small element in Latin American manufacturing" (p. 82).

In the long run, several of the volume's contentions about the differences between East Asian and Latin American development may well hold up, but for the moment, the Asian economic crisis calls into question Ward's use of East Asia as a prime example of post-World War II economic success. Ward has found himself caught by events that have mushroomed between the time of writing and the time of publication. Yet his treatment of East Asia employs too static an interpretation, neglecting the historical changes that have taken place in the relationships between the state and the world economy as well as between the state and domestic economic forces.[13]

Both the East Asian and the Latin American historical cases raise the question of what development will signify for the early twenty-first century. Will globalization mean that "the narrative of capitalism is no longer a narrative of the history of Europe, so that, for the first time, non-European capitalist societies make their own claims on the history of capitalism"?[14] Such an outcome

would fulfill significant longstanding Latin American ambitions, thus altering the interpretation of the region's development history from one of "unfulfilled promise" to one of, in the words of Gabriel Garcia Marquez, "a second opportunity on earth." [15] Or will the answer to "whither Latin America?" mean a continuation of "underdevelopment" and a perpetuation of the enormous gaps in living standards within the region and between the region and the First World? [16] Ward has highlighted many of the development issues most relevant to this question. If he has not always painted a perfectly clear picture, it is because the "outsized reality" of the issues continues to dwarf academic understanding. [17]

Notes

[1]. *Whither Latin America?* (New York: Monthly Review Press, 1963), v, 21.

[2]. See Thomas C. Wright, *Latin America in the Era of the Cuban Revolution* (New York: Praeger, 1991).

[3]. Jorge G. Castaneda, *Utopia Unarmed: The Latin American Left After the Cold War* (New York: Alfred A. Knopf, 1993), 3.

[4]. *CEPAL News* 17.2 (February 1998): 1 and 17.5 (May 1997): 1.

[5]. For recent explorations of Latin America's economic fate in the nineteenth century, see Stephen Haber, ed., *How Latin America Fell Behind: Essays on the Economic Histories of Brazil and Mexico, 1800-1914* (Stanford: Stanford University Press, 1997).

[6]. Victor Bulmer-Thomas, *The Economic History of Latin America Since Independence* (Cambridge: Cambridge University Press, 1994), 444.

[7]. See, for example, Arturo Escobar, *Encountering Development: The Making and Unmaking of the Third World* (Princeton: Princeton University Press, 1995) and Gustavo Esteva, "Development," *The Development Dictionary. A Guide to Knowledge as Power*, Wolfgang Sachs, ed. (London: Zed Books, 1992), 6-25.

[8]. Duncan Green, *Silent Revolution: The Rise of Market Economics in Latin America* (London: Cassell/Latin America Bureau, 1995).

[9]. Michael R. Carter, "Intellectual Openings and Policy Closures. Disequilibria in Contemporary Development Economics," *International Development and the Social Sciences: Essays on the History and Politics of Knowledge*, eds. Frederick Cooper and Randall Packard (Berkeley: University of California Press, 1997), 131-32.

[10]. See Alvaro Diaz, "Chile: Neoliberal Policy, Socioeconomic Reorganization, and Urban Labor Market," *Global Restructuring, Employment, and Social Inequality in Urban Latin America* (Miami: North-South Center Press at the University of Miami, 1997), 159-187.

[11]. See Michael E. Latham, "Ideology, Social Science, and Destiny: Modernization and the Kennedy-Era Alliance for Progress," *Diplomatic History* 22.2 (Spring 1998): 199-229.

[12]. For example, see Saskia Sassen, *Losing Control? Sovereignty in an Age of Globalization* (New York: Columbia University Press, 1996), 39-52.

[13]. On the importance of appreciating these historical changes, see Eun Mee Kim, *Big Business, Strong State: Collusion and Conflict in South Korean Development, 1960-1990* (Albany: State University of New York Press, 1997).

[14]. Arif Dirlik, "The Postcolonial Aura: Third World Criticism in the Age of Global Capitalism," *Dangerous Liaisons: Gender, Nation, and Postcolonial Perspectives*, eds. Anne McClintock, Aamir Mufti, and Ella Shohat (Minneapolis: University of Minnesota Press, 1997), 518.

[15]. Gabriel Garcia Marquez, "The Solitude of Latin America," *Americas. An Anthology*, eds. Mark B. Rosenberg, A. Douglas Kincaid, and Kathleen Logan (New York: Oxford University Press, 1992), 269.

[16]. On the tendency of world development to extend the gaps in development among blocks of countries, see Carter, 132-136.

[17]. Garcia Marquez, 267.

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