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“The *Persistence* of ‘Dependency’ as a Useful Framework for Understanding Latin America”

By Thomas Holloway, Director of the Hemispheric Institute on the Americas and Professor of Latin American History, University of California, Davis

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My own research agenda has focused primarily on the social, political, and economic history of Brazil since independence, but for someone whose professional career in Latin American Studies spans something approaching four decades, there is perhaps no broader interdisciplinary topic than the rise and apparent fall of “dependency.” I have allowed an impulse to get something off my chest overcome my better judgment, and I am ready to proclaim that

now (more than ever?) some 20 years after it fell from currency among social science approaches, “dependency” continues to provide a useful framework for understanding Latin America.

I am not taking an “intellectual history” approach that explains the rise and apparent fall of so-called “dependency theory” from the late 1960s through the 1970s, although I will engage in some of that. Rather, I mean to suggest that for a historian looking over the long term, at the level of the political economy of the hemisphere, and with many ramifications for the analysis of more specific themes areas and situations in the realms of politics, economics, social conditions, and culture, “dependency” has been **and continues to be** a useful concept for understanding Latin America.

One of the major ironies of the “paradigm shift” of the past couple of decades, associated with the abandonment of “dependency” interpretations in favor of a neo-liberal analytical framework, is that the shift **in itself** is a confirmation of the validity of dependency as an

interpretive framework. But I don't want to jump to that conclusion just yet.

My comments are divided into 3 parts. **First**, I want to take a few paragraphs to refresh our memory regarding some of the main points of “dependency” as an interpretive framework. **Second**, I will provide a brief overview of the interpretive paradigms and the policy prescriptions associated with them, that have achieved some currency among Latin American policy elites in the 20th century; and social scientists who have focused their attention on Latin America since the 1950s. At the level of sweeping generalization, these paradigms might be called, in chronological order of their emergence, liberalism, developmentalism, dependency, and neoliberalism. In the interest of space this will be a “bold strokes” set of general statements, and I recognize that I will be glossing over considerable diversity and many internal debates in a vast and complex literature. In other words, there will be plenty of opportunity for the ethnographically inclined among you to say “that's not the way it happened in my village.”

Third, I will comment briefly on how the emergence of the neo-liberal consensus in the recent past confirms the continued relevance of dependency as an interpretive framework.

I. What “was” the dependency approach?

This section might be subtitled either “The Strange Career of André Frank,” or “The Even Stranger Career of Fernando Henrique Cardoso.” Out of many possibilities, I will invoke three definitional statements from the canonical literature produced by dependentistas. The first, published in an economics journal, is narrowly economic, and reflects a central focus of dependency on the primacy of economic relationships, even though it was never very far from a broader political economy approach, and dependency writers commonly extended their analysis into the realm of social conditions, particularly class structure and conditions of social and regional inequalities.

By dependence we mean a situation in which the economy of

certain countries is conditioned by the development and expansion of another economy, to which the former is subjected. The relation of interdependence between two or more economies, and between these and world trade, assumes the form of dependence when some countries (the dominant ones) can expand and be self-sustaining, while other countries (the dependent ones) can do this only as a reflection of this expansion, which can have either a positive or a negative effect on their immediate development.

(Teotonio dos Santos, “The Structure of Dependence,” *The American Economic Review*, LX (May 1970) p. 231.

Stated this way, “Dependence” might not seem to be much more than a different name for the “Neo” version of colonialism and imperialism, and in fact much dependency analysis was related or had roots in the neo-Marxist and especially neo-Leninist critique of imperialisms both formal and informal. Note also that Dos Santos’ formulation is implicitly historical, referring to a long-term process more than to conditions at any given moment. This statement also contains the kernel of the “development of underdevelopment” thesis

most notably associated with the “proto-dependency” writing of André Gunder Frank, by which the Third World became “underdeveloped” through a sort of inverse relationship to the historical “development” of the First World, the North Atlantic core region of global capitalism. A subtle but important aspect of Dos Santos’ terminology is to distinguish between quantitative growth (“expansion”) and “development.” The latter term is a borrowing from the “developmentalism” reigning at the time “dependency” was formulated and debated (often associated in Latin America by mention of the ECLA/CEPAL school and the name of Raúl Prebisch), implying growth, but also a balanced and interconnected mix of sectoral expansion, capital formation, technological modernization, and so forth. Note finally that Dos Santos recognizes, what Fernando Henrique Cardoso later called “associated dependent development,” that is, that not only quantitative growth but a certain kind of distorted or partial “development” could take place even in conditions of dependency.

Let's look at the second definitional statement, by André

Gunder Frank:

Dependence is the result of the historical development and contemporary structure of world capitalism, to which Latin America is subordinated, and the economic, political, social, and cultural policies generated by the resulting class structure, especially by the class interests of the dominant bourgeoisie. It is important to understand, therefore, that throughout the historical process, dependence is not simply an 'external' relation between Latin America and its world capitalist metropolis, but equally an 'internal,' indeed *integral*, condition of Latin American society itself, which is reflected not only in internal domestic economics and politics, but also has the most profound and far-reaching ideological and psychological manifestations of inferiority complexes and assimilation of the metropolitan ideology and 'development' theory.

(André G. Frank, "Economic Dependence, Class Structure, and Underdevelopment Policy," in Cockcroft, Frank, and Johnson, *Dependence and Underdevelopment in Latin America's Political Economy*, [Garden City, NY, Anchor/Doubleday, 1972], pp. 19-20; first published in Spanish in Buenos Aires, 1970.)

Frank is explicitly historical, and emphasizes both the

multifaceted ramifications of “Dependence,” (economic, political, social, and cultural) and the importance of differentiating among classes and regions *within* dependent countries. In such “proto-dependency” essays as *Capitalism and Underdevelopment in Latin America* (1967), he developed his satellite-metropolis model to establish a hierarchy of linkages both external (imperialism) and internal (internal colonialism). He also refers here to a situation I will comment on in my overview of dominant paradigms: the ideological, even psychological, dependency of local policy elites.

Finally, no recollection of definitions of ‘dependency’ should ignore what was probably the most influential historical essay on the theme, published in Spanish in 1969 and strangely not translated into English until 1979, the collaboration of the Brazilian sociologist Fernando Henrique Cardoso (who recently finished two terms as President of Brazil) and Chilean Enzo Faletto, *Dependencia y desarrollo en América Latina*. This quotation is from the newly written preface to the English edition, after a spate of intense

discussion in the “dependency literature” between the original publication in 1969 and the English version a decade later:

In order to go ahead with economic expansion, a dependent country has to play the ‘interdependency’ game, but in a position similar to the client who approaches a banker. Of course, clients usually develop strategies of independence and can try to use the borrowed money in productive ways. But insofar as there are structural border lines, successful attempts are not an automatic output of the game. More often, rules of domination are enforced, and even if the dependent country becomes less poor after the first loan, a second one follows. In most cases, when such an economy flourishes, its roots have been planted by those who hold the lending notes.

(Fernando Henrique Cardoso and Enzo Faletto, “Preface to the English Edition,” *Dependency and Development in Latin America*, [Berkeley: UC Press 1979] pp. xxi-xxii.)

I chose this statement from Cardoso and Faletto for its relevance to the “post-dependency” era of the ballooning of Latin America’s foreign debt in the late 1970s and early 1980s, called the “Debt Crisis” for a few years after 1982, until it became the “debt

situation” that still hangs over the heads of policy makers of the region.

II. Dominant Paradigms and Policy Prescriptions:

Over the past century or a little more, the shifts in the dominant interpretations of Latin America’s position in the world of economy and policy have clearly “depended” on two general trends. One is the sequence of externally generated situations, punctuated by periodic shocks and disruptions that sometimes for better and sometimes for worse, Latin America has had to live with and respond to—in other words, true to its condition as a “dependent” unit in the world economy as suggested in the passages quoted above. The other, related, sequence is the series of ideological paradigms that oriented the policies of the dominant or hegemonic units of the world system, both in the economic and the political realm. With the emergence of the United States as the late-arriving hegemon in the 1890s, culminating in the disruption of the First World War that definitively

consolidated U.S. domination in the western hemisphere, the hegemonic power in Latin America has been the Colossus of the North.

The first stage in the sequence, then, is the age of **liberalism** and growth in world trade extending roughly from the 1880s to 1929. During this time Latin American elites responded to market opportunities and the availability of capital by implementing the sorts of institutions and practices demanded by the United States government in the interest of U.S. capital. From the Spanish-American-Cuban War to the Great Depression, U.S. trade and investment ballooned in Latin America. Both public and private pressure from the United States led Latin American elites to adopt U.S. economic ideas and institutions and practices to facilitate this growth. U.S. government agents and private economists and capitalists recommended the gold standard, independent central banks, balanced and monitored government budgets, transparent management of government finances, effective taxation, productive

public works, judicial review of contracts, equal (when not privileged) treatment of foreign capitalists, efficient customs administration, free trade, reliable debt service of productive loans, and related measures. Not all these prescriptions were followed everywhere, but it worked overall, to produce the first era of what some would eventually call “dependent development.” The economic activity of Latin America as a region grew by leaps and bounds, even as disparities among regions and inequalities among sectors and classes also increased—often dramatically.

The economic viability and ideological validity of this entire model was shaken to its foundations by the crisis of the 1930s, which also demonstrated Latin America’s dependency: Whatever caused the Great Depression, it was not Latin America’s fault. Yet the region suffered disproportionately, largely due its recently-developed reliance on the export of items of discretionary consumption, such as coffee and bananas, but also beef, wheat, and minerals, to external (now predominantly U.S.) markets. There followed a period of

corporatist experimentation on the 1930s and early 40s, again following the lead of external (mostly “Mediterranean”) originators of those authoritarian efforts to deal with the crisis of capitalism. Most such corporatist programs, at least in their ideologically explicit and quasi-fascist forms if not in political and administrative practice, were overtaken in turn by the economic disruption and policy crisis of World War II.

The **developmentalism** of the 1950s and 1960s (associated especially with ECLA/CEPAL under Raúl Prebisch) had a fundamentally historical base, in describing the emergence of center-periphery and the long run terms-of-trade argument in favor of policies of Import Substituting Industrialization (ISI). The developmentalist paradigm included protection of local infant industries, independent monetary policies, income distribution, especially to urban middle sectors, to promote internal demand for the products produced locally by ISI, and in general a state-led policy of national development. At first glance the developmentalist paradigm

might seem to have challenged the free market oriented policies that the U.S. hegemon continued to advocate, but in a sense it was a case of flattery being the best complement. The ECLA School, in effect, wanted to quickly replicate, under the guidance of the developmentalist state, the best successes of capitalist development in the core areas of the world economy. The Cold War also intruded, especially after the Cuban Revolution of 1959, to make the U.S. government one of the most enthusiastic promoters of developmentalism (under the Alliance for Progress and subsequent less grandiose schemes) as a way to eradicate the “breeding grounds of Communist subversion.” There is some irony in the fact that among the big winners of developmentalism were the multinational corporations and financial institutions, which often enjoyed more governmental protections and incentives than did local “infant industries,” as developmentalists in Latin American governments and in such agencies as the World Bank and USAID looked for the quickest way to make what Walt Rostow called the “takeoff” to

sustained growth.

Dependency then suggested, in the late 1960s through the 1970s, that the accomplishments of developmentalism and ISI basically amounted to a renegotiation of the terms of dependence, and a shifting of dependency to a different place and a higher level (capital goods and finance--few were thinking about petroleum at the time). Dependency literature of this era was even more self-consciously historical, in tracing the "development of underdevelopment," and understanding the contemporary capitalist world as the result of trends and stages through time that flowed from an underlying causal dynamic of exploitation of the periphery by the center and class struggles in both zones. True to a radical critique of capitalism, the policy prescriptions of the dependentistas "pointed toward" a transition to the only alternative around: socialism. In the heady age of the New Left and the post-1968 cracks in the Stalinist monolith, as the "Tropical Socialism" of Cuba continued to challenge both Soviet orthodoxy and the hemispheric hegemony of the United

States, following so recently on the martyrdom of Latin America's own contribution to the cause of socialist revolution in the jungles of eastern Bolivia, "dependency theory" and its proponents got caught up in the Impossible Dream. The Guevarist politico-military strategy of expansion from an isolated rural *foco*, to the extent that a replication of the Cuban experience might have been viable, was largely neutralized by the success of counterinsurgency measures developed by the Pentagon and eagerly adopted by the client (i.e., dependent) Latin American military establishments. The urban variant of a guerrilla strategy, along with the possibility of a neo-Leninist movement based on the urban working class, were in turn rendered impossible by the brutal, murderous repression of the National Security States that emerged in the region, actively aided and abetted by the United States.

As I was thinking of a catchy title for this paper, I toyed with the possibility of "Let's not throw out the baby of dependency with the bath water of the transition to socialism." But it seemed a little

awkward, if not somewhat cryptic, in isolation, so I'll try to put in a context. It seems to me that the immense and eventually overwhelming difficulties of carrying out the dramatic policy prescription of "dependency,"—the necessary and perhaps imminent transition to socialism by some poorly specified and untested post-Guevarist process—are among the main reasons why the line of thought, and the label itself, was largely abandoned. In short, the immense obstacles to overcoming dependency in the real world (the bathwater) do not eliminate dependency as a historically derived and persistent condition (the baby). On the contrary, the reality of Latin America's dependency was updated and confirmed by the successes of the hegemonic power and its client elites in countering efforts to take an alternative path (Chile's "peaceful road to socialism" under Allende being a prime and clear, but hardly the only, example).

In any case, the real world outside Latin America again intervened, with OPEC oil shocks of 1973-74 and 1979, the debt crisis of 1982 (and ever since!), the "lost decade," of low or negative

growth of the 1980s and the collapse of the socialist alternative to capitalist hegemony by the end of that decade. Out of the tumultuous period, of which Latin America was again the dependent victim and not the perpetrator, neoliberalism has emerged as a less deliberately historical listing of Latin America's current problems and the pragmatic solutions to them. Again the Latin American policy elites have had no viable choice but to adopt an ideological paradigm and a set of policy prescriptions demanded by hegemonic governments (principally the U.S.) and multinational institutions from outside the region (such as the I.M.F. and the multi-national sources of capital) as the price of continued participation in what was after 1989 has been Only Game in Town.

But in a way analogous to the dependency critique of developmentalism before it, the period of neoliberal reforms of the past decade and a half or so confirms [note the present tense] “dependency” as the historically derived fate of Latin America: Pressured from outside to open up national economies, let markets

rule, and become more “efficient” by moving toward a minimalist state apparatus in order to “solve” the debt crisis (mainly in favor of the creditors outside the region) and kick-start stagnant economies, Latin American policy elites have once again made a dramatic shift in showing their subservience to power exercised outside their national economies and societies, and their subordination to the international capitalist system.

In conclusion: If we pull back from the urge for the policy prescriptions, particularly those once associated with the dependency paradigm (i.e., the push toward a transition to socialism), and use it for its heuristic value, it seems to me that dependency as an interpretive perspective has a certain sticking power, and a continued explanatory usefulness. And neoliberalism, the policy package that superseded the state-led developmentalism out of which the dependency interpretation grew, is itself a confirmation of the validity of the dependency paradigm for understanding Latin America. In the words of Fernando Henrique Cardoso on the eve of his own dramatic

shift from 'dependentista' to proto-neoliberal political star, (from the quotation above), "the rules of domination have been enforced, and even if the dependent country becomes less poor after the first loan, a second one follows. In most cases, when such an economy flourishes, its roots have been planted by those who hold the lending notes.