LATIN AMERICAN STRUCTURALISM: A METHODOLOGICAL PERSPECTIVE


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ABSTRACT

Latin American structuralism has played a central role in the debates on economic development theory and policy since the 1950s. The career of Raúl Prebisch has mirrored the trajectory of structuralism and can provide it an historical context. After noting the importance of structuralism, the article isolates its main tenets. It then places Latin American structuralism within the methodological tradition of structuralism which includes writers such as Piaget, Levi-Strauss and Chomsky in other disciplines. Methodologically the key to the success of Latin American structuralism is its ability to isolate a deep structure of the international economy and to center its analysis around it. The understanding of the domestic economy and of shorter-run policy problems is less satisfactory. After a brief eclipse during the late 1970s, Latin American structuralism is currently a vital mode of understanding development problems, in this case through its marriage with a more formal, mathematical approach originating in the U.S.

RESUMEN

Desde la década del '50 el estructuralismo latinoamericano ha desempeñado un rol central en los debates sobre política y teoría del desarrollo económico. Las obras de Raúl Prebisch no sólo reflejan la trayectoria del estructuralismo, sino que a la vez proporcionan el contexto histórico para analizarlo. Después de señalar la importancia del estructuralismo latinoamericano, este estudio destaca sus componentes claves, situándolo en la tradición metodológica de escritores como Piaget, Levi-Strauss y Chomsky en otras disciplinas. Metodológicamente, el éxito del estructuralismo latinoamericano se basa en la capacidad de aislar los componentes estructurales de la economía internacional para luego centrar su análisis en torno a ellos. Sin embargo, su capacidad de entender los problemas asociados a las economías domésticas y a las políticas económicas de corto plazo es menos satisfactoria. Después de un breve silencio a fines de la década del '70, el estructuralismo latinoamericano ofrece nuevamente una manera fundamental para comprender los problemas del desarrollo, esta vez, ligándose y utilizando los aportes más modelísticos y formales originados en Estados Unidos.
INTRODUCTION

Many individuals in Latin America have exerted considerable influence in their sphere of activity for many decades. Certainly most notable in this regard among economists is Raúl Prebisch, born in Tucumán, Argentina in 1901, active in Argentine economic policy circles beginning in his twenties, in Latin American economic policy-making from his forties, and then in world economic policy, most notably as the Director General of UNCTAD during the 1960s.

Another tribute to Prebisch’s continuing dominance was his emergence as a private advisor to the newly elected democratic government of Raúl Alfonsín in Argentina in 1984. As it became necessary in April of that year to move toward an agreement with the IMF, Prebisch was involved in negotiating an IMF memorandum of understanding and then presented to the Argentine nation the outlines of an austerity program.¹

The continuing influence of Prebisch is a reflection of the vitality and intellectual longevity of the particular school of economics with which he is associated, the (Latin American) structuralists. It would overstate the case to term Prebisch the father of structuralism, but he was certainly present at the birth and has since played the role of godfather and high-priest.

Latin American structuralism emerged in its initial formulation in the 1940s and 1950s and represented “for the first time...a well-reasoned, indigenous doctrine elaborated by Chilean and other Latin American economists in reaction to imported doctrines judged to be inapplicable to Chile.” (Hirschman, 1965, p. 282). Though its influence has varied, reaching its height at the end of the 1960s, structuralism continues to play an important role in theory and policy. In addition its approach to understanding development and underdevelopment has played a role in the emergence of a number of other modes of development thinking such as dependency or unequal exchange.² But at this point the most interesting development is structuralism’s recent marriage with a more mathematically oriented approach to economic knowledge, rooted in the United States. In his most influential early article (1950), Prebisch mentioned his concern that the Latin American economists educated in the US or Britain were not able to move beyond their educational constraints to deal with the reality of Latin America. The role of Latin American economists in
this new effort seems to belie that fear.

The continuing vitality of the structuralist approach must be accounted for at least in part by the methodology which it utilizes. That methodology is the concern of this paper. The first section concentrates on Prebisch's writing on structuralism and then on the many others who have written in this mode, especially in the treatment of domestic inflation in Latin America. The next section details its methodological foundations and is followed by an examination of Latin American structuralism in this context. These elements are then used to examine the new structuralism, its genesis and methodological stance. The final section points to a number of shortcomings which limit the attainments of structuralism, both old and new. But a central point of this essay is the vitality of the structuralist tradition. It has provided a point of entry to every major policy debate in Latin America since the 1950s. It will certainly continue to do so during the 1980s, as the economies attempt to deal with the problems of debt overhang, low prices of commodity exports, capital flight, and international instability.

TWO VARIANTS OF TRADITIONAL STRUCTURALISM

An apparent paradox in the career of Raúl Prebisch can serve as a mechanism for differentiating two variants of structuralism. Internationally he is identified with many of the progressive Third World movements—the confrontations with the US and other developed countries at UNCTAD, the efforts to regulate transnationals and to form common market arrangements. Yet in his own career in Argentina, he worked with the very conservative Sociedad Rural in his early years, and in 1984 he became the bearer of a very traditional deflationary message to Argentina from the IMF. It is in this disjunction that both the strength and weakness of Prebisch and the structuralists resides, and its roots can be found in their methodology. On the one hand, their analysis of the international economy and of long-run elements in Latin American development are persuasive and have led to many policy initiatives. But the analysis and policy development which deal with the domestic economies of Latin America and which examine short term problems have been less successful.

Prebisch's main concentration has been in the former area, and so his
career is a good starting point for understanding that element of structuralism.

THE PREBISCH TRAJECTORY

There have been a number of studies of the work of Prebisch and of the structuralists (Baer, 1962; Love, 1980; Street, 1967; Street and James, 1982). But the best starting point is a recent article by Prebisch himself in which he divides his thinking into five stages (Prebisch, 1983). He begins his intellectual biography with 1943, after he had left the Argentine Central Bank's director-generalship. Love (1980) describes the earlier Prebisch as part of a regime with an "oligarchic political cast" dealing with the depression by combining acceptance of traditional economics with pragmatic domestic government intervention and efforts to negotiate international agreements which could ensure Argentine stability. In Prebisch's eyes his first phase was a consideration of theoretical problems raised by the Depression, questioning the applicability of traditional economics to developing or peripheral countries.

The second or ECLA (Economic Commission for Latin America) phase saw the maturation of his ideas and the formulation of a diagnosis of the problems of Latin America and policies to confront them. Prebisch's key article appeared in 1950 and provided a springboard for numerous studies from ECLA and for a series of policy initiatives that moved the Latin American countries into an unaccustomed offensive position in the international sphere.

The third phase during the 1960s was a period of criticism of the earlier ideas and policies, and an adaptation to the new reality. The fourth carried Prebisch's policy activism to the world level, as UNCTAD became a world-wide vehicle allowing the underdeveloped countries to confront the rules of the international game and to press for adjustments that would be more favorable to their growth. He ruefully notes that a new international economic order did not emerge, but "even though my UNCTAD activities interrupted my theoretical studies, they allowed me to broaden my knowledge and obtain a better perspective on the functioning of the system." Prebisch (1983, p. 1086) That is certainly an understatement! This activity launched him into his fifth phase, a search for new perspectives which go beyond the purely economic into the social structures, ten of which are listed in his article.
An outside observer might suggest that Prebisch's thinking actually is in its sixth stage, since he has become an advisor to the President of Argentina and his thinking of the 1930s has come to the fore once again. But prior to this phase, his career is a continual elaboration and extension of several fundamental concepts expressed in his 1950 article.

The theoretical framework is based on the division of the international economy into two interrelated elements, the center and the periphery. In contrast with the dominant tradition which held that the world economies were symmetrically linked in a mutually beneficial set of relationships, Prebisch posited an international system which was inherently asymmetrical and in a kind of binary opposition. Its two elements differed in a variety of dimensions:

--the type of production undertaken, with the center countries oriented to industry and the periphery to agriculture and primary products;

--the high degree of monopoly power existing in the center countries, particularly in the industrial wage area;

--the center's access to technical change which is primarily available in industrial undertakings;

--the openness of the periphery countries, much more reliant on international trade than the center, especially than the key country of the center, the United States;

--the tendency in the center toward cyclical instability which has then been transmitted to the periphery;

--a shortage of savings and low rate of capital formation in the periphery, along with a tendency toward inflation;

--a lower standard of living for the masses in the peripheral countries.

Other elements have been added over time, and Pinto provides an extensive treatment of the additions and redefinitions (1983), but the specifics are less important than the major claim that analysis of the individual countries or products is of subsidiary importance to an understanding of the entire system which links center and periphery. And the phases of Prebisch's work, until the sixth, can all be seen as further developments from this point of departure. The policies which he advocated, ranging from free trade areas in the Third World
to regulation of multinational corporations and of technical transfer, can be similarly understood.

**DOMESTIC STRUCTURALISM AND INFLATION**

The relation of the center and periphery may dominate the development of the Latin American countries, but internal processes also affect their performance. The primary concern of the domestic structuralists was the tendency to high rates of domestic inflation, and an analysis was developed which explained the phenomenon in terms of the structure of the domestic economy. Cáceres (1983) has recently summarized this argument as well as recent empirical efforts to choose between it and the attribution of inflation to monetary pressures. There are numerous earlier summaries of this structuralist–monetarist debate, perhaps the most useful being Baer’s (1967) which examined the central work of Pinto, Noyola, and Sunkel.

The structuralist explanation of domestic inflation rested upon the postulate of domestic supply inelasticities, particularly in agriculture and in export (import capacity) commodities. In the context of rapid urbanization and industrial growth, both factors generate inflationary pressures. Domestic agricultural products become more expensive and, since they are wage goods, this forces industrial wages up. Inelastic export supply and declining international terms of trade result in exchange controls to ensure import of essential intermediate goods, a pressure intensified by an unequal distribution of income when the wealthy have a high propensity to consume imported goods. Resultant devaluations again generate domestic inflation. Add to this the pressures of a fiscal deficit resulting from necessary infrastructure projects, and the basis of a structural analysis of domestic inflation is laid.

A set of policies to change these structures is linked with the analysis: restructuring agriculture to remove that bottleneck; diversifying exports to generate foreign exchange; intensifying import substitution to take advantage of industrial dynamism. But, the linkage to policy is quite loosely made, which has significant implications.

In the first place, specific policy steps are not clearly indicated by the analysis. As Baer (1967, p. 21) notes, structural change in agriculture could
mean expropriation of large holdings, formation of cooperatives, or changes in the tax structure to affect land use and rural wages. Secondly, the priority of analysis over policy was not always clear. Economists in Latin America make fewer pretensions about the separation of theory and practice, but this may mean that a political program will dominate analysis. As Baer (1967) notes, quoting Hirschman "...the structuralist position is really an attempt to get some external economies out of the problems of inflation, to utilize it for the purpose of bringing some new pressure and of rallying some new forces for the purposes of solving others...", i.e. the problem of socioeconomic reforms necessary to better the life of the submerged masses.

Finally, Albert Hirschman (1965) noted with his usual prescience that structuralism is an approach which is open to all. The version above is the "left-wing" variant, but he cites right-wing variants from Chile which criticize the structures of social security and of government control on economic activity, and which suggest very different policies for structural change.

This all too brief introduction to structuralist analysis provides the basis for consideration of the methodology of structuralism. The term was not used in Prebisch's 1950 article and, according to Hirschman, was first used in a 1956 Noyola article. But methodologically, the approach can best be understood as one particular variant of structuralist methodology which Keat and Urry (1975) locate in "realist philosophy of science," differentiating it from positivism or conventionalism. Specific consideration of the methodology will make the distinctions clear. The main emphasis will be on Prebisch's approach.

THE METHODOLOGICAL CONTEXT

Structuralism as an approach to knowledge is not unique to economics and is actually more prevalent in other disciplines. Piaget used structural analysis in his studies of cognitive development in children. Chomsky's transformational grammar is an example of analysis based upon the search for "deep structures." And Levi-Strauss's movement in anthropology was specifically termed structuralism.

In its broadest sense it holds that "relations between the constituent elements of a structure are more important than the individual
elements...there is the implication of regular, systematic and orderly relations between elements which comprise the structure.

More precisely, Keat and Urry isolate seven elements of structuralism, five of which are directly relevant here. 4

1. For structuralists, each system must be studied as an organized set of interrelated elements and not broken down into individual elements and studied atomistically. This is exactly the implication of Prebisch's division into center and periphery and his concentration on their relations.

2. Structuralists seek to identify the structure which lies behind the directly observable and knowable social reality, the deep structure. The term is often applied because Latin American analysts examine particular surface structures of the Latin American economies—markets, transnational corporations, etc. This is certainly an element. 5 But from a methodological standpoint, the structuralist program depends on a successful identification of the "deep" structures of the economy.

3. Structuralists employ semiology, the general science of signs, which emphasizes that the observed meanings of events or objects in the social world are conventional or socially structured, rather than natural. In an important way this element underlay much of Prebisch's activities internationally when he continually made the case that the international system had very asymmetrical benefits. In so doing he was quite successful in altering the meaning of "international economic system." The same was true of the structuralist view that inflation was not simply a result of increases in the money supply but a sign of inelasticities and internal conflict over income distribution.

4. Structuralists hold that systems can be analyzed by means of binary oppositions. Levi-Strauss claimed that binary oppositions ordered both mind and nature, and they are common in structuralist analysis: center-periphery; development-underdevelopment; transnational-nation state; agriculture-industry.
5. Structures change over time and so economic phenomena may have very different meanings in different periods. Any analysis is historically contingent, a proposition which would be widely accepted by the Latin American structuralists.

The final methodological preliminary is to note, following Keat and Urry, that structuralist analysis can be carried out using a variety of philosophical approaches to scientific knowledge. They distinguish three: positivist, realist, and conventionalist (instrumentalist). Of course North American economics is dominated by the positivist approach which strives for prediction based upon empirical regularities. There is a growing awareness that there are important limits to crude positivism, but many economists use it as the standard of science in evaluating research (McCloskey, 1983).

Realism seeks to explain phenomena through knowledge of the underlying mechanisms and structures, and the manner in which they generate or produce the phenomena to be explained. So if an approach is to be successful, it must show not only why something occurred in society but also how it occurred, what were the mechanisms.

Finally, conventionalism holds that scientific statements are not true descriptions of some independent "reality," but are constructions by the scientist which appear useful and which are accepted on some non-objective basis.

With these preliminaries, the focus can return to the Latin American structuralists. The claims that will be made are as follows: Prebisch's approach can best be described as a form of realism, and his success and continuing importance is in good measure a result of his success in using this methodology. Secondly, the particular methodology of Prebisch and the others is structuralist and much of its scientific strength derives from the use of that methodology. But the domestic structuralists have been less successful in the realist program, a failure which results from the absence of analysis of the deep structure of the domestic Latin American economies. The final implication is that Latin American structuralism is a methodologically and scientifically interesting and important endeavor, certainly one which should not be dismissed as ideology by mainstream economists. The efforts of the new structuralists
should serve to place structuralism at the center of development economics during the 1980s.

STRUCTURALISM AND METHODOLOGY

It is clear that Prebisch is not a positivist and that Latin American structuralism does not hold a positivist concept of science. Perhaps the best evidence is that when Prebisch made his early basic claim that the terms of trade for underdeveloped countries had deteriorated, there was as yet no data set which could support this position. Also, although structuralism is empirically based with substantial effort made to collect and analyze new sorts of data, the purpose is not to improve the ability of the theory to predict. Rather the studies update and amass further evidence in favor of a case which has already been made.6

At the same time this is no conventionalist program. Prebisch argued that “Only if this regional economy (Latin America) can be explained rationally and with scientific objectivity, can effective proposals for practical action be achieved.” (1950, p. 4) So the goal was the discovery of scientifically correct representations of reality.

If structuralism is derived from a realist concept of science, two of its elements are central. The first is the deep structure which is the basis for the entire theory. This is the bedrock of the approach, and its explanatory success depends greatly upon the scientist’s ability to understand the deep structure which underpins the observed reality. The second element is the surface structure or the mechanisms and structures which aid in explaining why the deep structure generates particular observed results.

I maintain that Prebisch’s success and his continued importance has rested primarily upon his ability to isolate a deep structure of the international economy, one which is convincing and provides a framework for a broad-reaching program of research on the surface structures and mechanisms and which suggests policies to deal with them.

Prebisch’s deep structure was described above. Its most important element was the postulate of center and periphery. Out of the operation of this system comes development for the center countries and underdevelopment for
the periphery. Development and underdevelopment have many facets, but most important is the asymmetry and the claim that the operation of the system is the key to generating underdevelopment.7

From a methodological perspective, the measure of Prebisch’s success is how well his characterization of the deep structure has fared over time. I suggest that it did quite well, especially until the mid-1970s. The fundamental division has remained a vital one in understanding Latin America. In addition, it has provided a useful focus for the second component of the realist-structuralist program, the study of the surface structures and mechanisms. The vitality of a structuralist program depends on the ability to isolate and explain these mechanisms and structures. There was a sustained output on these questions through the early 1970s, generated primarily in ECLA (the UN’s Economic Commission for Latin America).

Much of this work critiqued the assumptions of traditional, market-oriented economics and elaborated empirical studies of the mechanisms which generated underdevelopment in the periphery. For example, the claim that the terms of trade for underdeveloped countries had deteriorated sparked a debate which still continues (Bairoch, 1975). The suggested mechanism was the higher rate of technical change in industry whose fruits were appropriated by center countries because of their monopoly power.

These analyses provided a basis for two types of activity. First, they generated a series of proposals for international policy reforms—commodity stabilization programs, preferential tariffs, free trade areas in Latin America, development of domestic research and development capacity. In addition, as the structures and mechanisms evolved, e.g. as technology was transferred through transnational corporations, they guided understanding and research on these changes. The analysis suggested that the technology transferred was inappropriate, and that the payments which were made for the technology were too high, perpetuating the capital shortage of Latin America and maintaining the underdevelopment of the periphery.

This work started and continued squarely in the structuralist mode. Recall Keat and Urry’s five components. The system perspective remained, with the operation of the international system seen as dominant in determining the
development performance of Latin America. And that binary deep structure of
center-periphery, development-underdevelopment was also retained as
representing an underlying reality. There was a continual effort on the part of
ECLA to affect the social meaning of elements of the international economy.
Thus the common claim of a mutually beneficial international economy was
confronted with evidence of asymmetric benefits. While the deep structure
claims did not change, there was a constant effort to adapt the understanding of
the surface mechanisms to new developments.

The success of domestic structuralism was quite different, and for
methodological reasons noted above. There was much less development of the
deep structure of the domestic economy. In many cases the low saving rates,
low capital formation, small industrial base, central economic role of the
government, and tendency toward inflation were all taken as reflections of the
center-periphery relation. When the domestic economies were examined, the
understanding of their deep structures ranged from interest group analysis to a
form of class analysis. In the absence of a persuasive and generally
agreed-upon view of the domestic deep structure, the policy proposals for
structural change were quite varied and were not convincing.

Paradoxically, one misfortune of the domestic structuralists was their
ability under certain circumstances to undertake programs of structural change
designed to deal with the domestic problems. Thus under General Juan Velasco
Alvarado, the Peruvian government undertook a wide range of structuralist
programs, ranging from massive land reform to the development of forms of
worker-ownership in industry, all combined with an aggressive anti-dependency
foreign economic policy (Lowenthal and McClintock, 1984). And the government
of General Augusto Pinochet in Chile carried out a thorough-going structuralist
reform from the right, diminishing government's economic role, liberalizing the
financial sector including social security, as well as opening to the international
economy (Foxley, 1983).

Both efforts failed decisively for reasons which are too complex to deal
with here. It is clear that they overlooked elements of the deep structure of the
domestic economy and that they were incorrect in their understanding of how to
deal with the reality of the center-periphery relation in the international
sphere. It is also clear from Prebisch's own activities in Argentina in 1984 that his understanding of the domestic economies and of short-run policies to deal with their difficulties was no better.

Thus it may appear that the decline in influence of ECLA structuralism, after its high point in the early 1970s, combined with the failure of the domestic structuralists may signal the end of this tradition in the 1980s. But there is a new generation of structuralists growing out of an amalgamation of traditional Latin American structuralist analysis with the methods of North American and British economics. This may be the mix which can maintain the vitality of the structuralist tradition as well dealing with the reality of the 1980s.

**THE NEW STRUCTURALISTS**

In addition to the energy and activity of Prebisch, now the director of the *CEPAL Review*, the structuralist tradition remained alive for two principal reasons. The first was the institutional base of its UN agency status. This provided resources and a certain legitimacy through international visibility. The second was the sheer dynamism of the mechanisms and structures of the center-periphery relation. The 1950s and 1960s were a time when the multinational corporation became a major actor in Latin American industrialization. This generated a whole series of problems for analysis, and it was a challenge to understand how this change could be combined with the traditional commodity export base to restructure the international economy in favor of Latin America.

But there was a certain isolation and loss of momentum after 1973. The key analysts and most influential international figures were no longer associated with ECLA. The *ECLA Review* ceased publication. The rapid rise of the neo-conservative analysts to policy dominance made this situation all the more clear. ECLA and the structuralists were no counter to this new amalgam of orthodox market analysis and radical structuralist reform under the control of military elites dedicated to ending underdevelopment.

The international turmoil of the late 1970s and the 1980s will keep Prebisch and the ECLA structuralists on center stage. For it is clear that their traditional description of Latin America in the world economy in terms of center
and periphery is as relevant today as it was during the 1950s. The reality of the 1980s has shifted the balance away from the neo-conservatives and has created space for ECLA's resurgence. But from a methodological-intellectual perspective, the emergence of a group of 'new structuralists' is more interesting and ultimately more important.

**METHODOLOGY AND THE NEW STRUCTURALISM**

Taylor (1979) indicates that one of the major elements of the new structuralist methodology is the application of the tools of mathematics to the economic issues of the Third World. "Economists long ago learned that mathematical formulations of their problems help clear away logical and metaphysical cobwebs. There is no reason not to apply these tools to models for poor as well as rich countries." (p. 2) At one level this appears to be a fairly modest achievement, substituting one idiom for another with no substantive change. It would expose structuralist concerns and writings to a wider audience more accustomed to the mathematical idiom, widening its range of influence. But this underestimates the contribution of the new structuralists.  

It is important to note that the new structuralists fit quite clearly into a realist concept of science. They are concerned with developing a real understanding of the structures and mechanisms which are in operation, and in this they often draw upon insights which are quite congenial to those of the ECLA group, e.g. problems with the terms of trade, problems with capital flows, problems with oil shocks, etc. Although it is not generally made explicit, they have also adopted Prebisch's rendition of the deep structure, that the world can be characterized by the binary opposition of center and periphery and that underdevelopment in the periphery is the outcome of this system's operation. As a result, much of the force of the new structuralist argument will rest upon the success of this understanding of the deep structure of the world economy.

The new structuralists and their mathematical idiom make three important contributions to Latin American structuralism. First, they tie it much more directly into other existing and ongoing traditions within economics. More specifically, as a particular problem is modelled, the analyst can point to the tradition out of which a particular approach comes. If the price-setting process
in the developing country is modelled as a result of mark-up pricing, this is a
derivative of Kalecki's understanding of the process. (See Taylor, 1981, for the
specific model which incorporates these elements). Or if investment is
exogenously determined in the model this is quite consistent with Keynes'
understanding of the investment process dominated by the "animal spirits" of
capitalists. These ties with other traditions add to the reality of the approach
and to its generality, while expanding the audience to participants in other
traditions.

The second contribution is a higher degree of specificity in the claims
which are made. Rather than the general claim that under existing
circumstances an increase in productivity in the periphery will worsen its terms
of trade, it can be reformulated as a worsening of terms of trade "when the
Engel elasticity of Northern demand for Southern exports is less than one." This
provides a more nuanced set of claims, delimits more clearly their range of
applicability, and provides a stronger basis for empirical verification.

One other potentially important contribution would be a better or different
understanding of the surface structures and mechanisms of the international
system.

This may be occurring, but it appears that many of the new structural
analyses draw upon the existing structuralist tradition, e.g. terms of trade
problems, and upon the other analytical traditions being melded in, e.g.
segmented labor markets or markup pricing. On the other hand, one of the
benefits of the new structuralism has been to provide periphery governments
with an argument for their position which was expressed in the lingua franca of
international negotiations. As Taylor put it, (the approach) "might help them to
deal with their own severe problems as well as those posed by visiting
emissaries pleni potentiary from, for example, the International Monetary Fund
"(1979, p. xi).

One other unlikely effect of the new structuralism may be to increase the
ability of center countries to understand some of their own problems and to deal
with them. As the US economy becomes more open, as certain geographic areas
of the country become less competitive and actually deindustrialize, indeed as
"Latinamericanization" proceeds, it may well be that the basis laid by the new
(Latin American) structuralists can provide an important element in understanding and dealing with the process (Hirschman, 1980; Jameson, 1984).

THE LIMITS OF STRUCTURALISM—OLD AND NEW

Lest the expectation be created that new structuralism will satisfactorily answer the theoretical and policy questions of Latin American development, a number of important problems with structuralism must be noted.

The vitality and validity of structuralism rests heavily on its understanding of the deep structure of the economy. The center-periphery rendition, and underdevelopment, have generally been quite robust categories in understanding the world economy, though not without challengers (Morawetz, 1975; Warren, 1980). But the problems of the 1980s appear certain to provide support for this view of the deep structure of the international economy.

But the major limitation of new and old structuralism is the incomplete understanding of the deep structure of the domestic economies of the periphery. This was a central reason the neoconservative structuralists could take center stage during the late 1970s and early 1980s. Ostensibly the new structuralists can and do examine much more systematically the internal structures of the periphery. Income distribution may be considered to have an element of class structure; the investment process may be determined by the goals of capitalists, who may actually be a comprador elite more interested in luxury consumption than in capital accumulation. These and other questions of land distribution and capital flight are potentially much more open to the new structuralist analysis, but the accomplishments in this area remain to be seen, and it is not clear whether this major failing of traditional structuralism will be remedied.

This raises the question of what direction might be the most fruitful in developing the knowledge base. Does Prebisch show the way when he suggests that concentration should be on some ten social structures of the countries (1983)? Is it an important limitation that structuralist approaches remain “economic” in their orientation? Some of the offshoots of ECLA structuralism, such as dependency and world systems, have been much more open to including the political and social elements in their research program. This in turn causes difficulty, but it should be quite clear that these elements have a major role in
the events to be played out in Latin America and the rest of the Third World. An economic approach allows for a clear methodology, but it may ultimately clash with the reality of the systems being studied. Perhaps the major task of the structuralists during the 1980s will be to draw upon earlier experience and analysis, take from it what was worthwhile, and develop a new understanding of the internal economies of the periphery which may be helpful in policy development.

The nature of structuralism saddles it with one other major limitation. Latin American structuralism of both varieties is fundamentally a theory of underdevelopment, an account of the creation and maintenance of the periphery. Its appeal as a realist explanation is intellectually quite strong. However, in the policy arena, it must compete with two other theories which are theories of development, of positive change and advance. On the one side is the neo-conservative approach which holds out the ideal of the "free, social-market economy" in which the problems of underdevelopment will be overcome by individual actions melded together by the invisible hand. On the other is Marxism which, in at least one variant, envisions the unstoppable onrush of capitalist development, leading to ever higher levels of productivity in the world, and finally ushering in the next great advance, socialism. When confronted with such inspiring visions, someone who would adopt in preference the vision of underdevelopment which the structuralists provide— even if it appears to have stood the test of time in the post war— would have to be convinced of the truth of its propositions. And it would also be important that a sense of increasing understanding be developed and carried forward.

In many areas of Latin America the 1980s appear to be a time of redemocratization, of re-envisioning the political structures of a viable nation state. The challenge to structuralism is to maintain its strong points, the center periphery distinction, while at the same time developing an understanding of the deep structure of the domestic economy, especially under democratic government, and of the policies which may provide positive direction to the economies. A common effort of the redemocratization and the structuralist reassessment will be a redefinition of Latin American development in the context of the 1980s.
Notes

1. Both the agreement with the IMF and the austerity program were soon altered as Argentina continued its hard bargaining and pragmatic adjustments to international pressures during most of 1984. For Prebisch's role see *The New York Times* (April 7, 1984) and *Latin American Weekly Report* (April 20, 1984).

2. For an extensive treatment of dependency theory see the paper by David Ruccio and Larry Simon in this issue. There are some difficulties in differentiating structuralism and dependency. One approach is in terms of those involved, e.g. Prebisch versus Frank. A more important distinction notes dependency's willingness to use a wide variety of analytical frameworks ranging from sociology and political science to Marxist economics. For the most part structuralists remain bounded by relatively conventional economic constructs. The relation of Prebisch and the doctrine of unequal exchange are treated in the interesting article by Love (1980).

3. Given Prebisch's current involvement in debt questions in Latin America, it is interesting to note that he presided over preventing Argentine default during the 1930s, the only "independent" Latin American country to avoid default. In his 1950 article (p. 2) he states "The negative factors (in foreign investment) include the failure to meet foreign financial commitments during the great depression of the nineteen thirties, a failure which, it is generally agreed, must not be allowed to happen again."

4. The other two elements of structuralist methodology are: the structural linguists' claim that both surface and deep structures are expressions of the structural properties of the mind; and the more general claim that different aspects of social life can be characterized by isomorphic structures, that the rules governing the economy mirror rules governing kinship and language (Keat and Urry, 1975).

5. There are many parallels between the Latin American structuralist approach to surface structures and that of the institutionalists in the United States. For an extensive treatment see Street (1967) and Street and James (1982).
6. A good example is the article by Cáceres and Jiménez (1983) which applies discriminant analysis, a new statistical technique which has not been used in the structuralist versus monetarist debate, to a new data set and concludes that two structuralist variables, investment dynamism and agricultural supply elasticity, are the key factors in explaining inflation.

7. De Oliveira, in a highly critical treatment of Calso Furtado's writing and public policy involvement, suggests that the concept of underdevelopment is the only contribution which Furtado made. I feel that both he and Prebisch made many other contributions. But the specification of center-periphery and underdevelopment was central to their work, perhaps in a sense parallel to Keynes' less than full employment equilibrium.

8. There is one sense in which the mathematization of structuralism would be a major methodological step. Recall that one of the claims of structuralism was that the observed structures are reflections of the underlying structural properties of the mind. If the mathematical representation more closely approximated the structures of the mind, this would be a major methodological contribution to strengthening the structuralist argument. But this is certainly not Taylor's claim.
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