

Dependent Development and Beyond: Can Latin America Transcend Extractivism?

by **Gerardo Otero** | Simon Fraser University | otero@sfu.ca

Since its first articulation into the world economy and globalization during colonial times, Latin America and the Caribbean have played a central role in providing raw materials and cheap labor power. The main beneficiaries have been internal and metropolitan ruling classes. The extraction of natural resources, called extractivism in the twenty-first century, has been a hallmark of dependent development in the region. Hence, Latin America became the locus where “dependency theory” was elaborated. It emerged in the late 1940s, especially since the foundation of the United Nations Economic Commission for Latin America (CEPAL for its Spanish acronym) under the leadership of Raúl Prebisch in 1948. Into the 1960s and 1970s, dependency theory evolved into radical and reformist strands. Proponents of the radical strand advocated socialist revolution as the main vehicle to supersede dependency, seen as causally linked to Latin America being in the periphery of the capitalist world economy. Only by transcending capitalism could dependency be overcome. The reformist strand, for its part, mostly associated to CEPAL, argued for the formation of a national bourgeoisie to promote an autonomous, endogenous development model, abetted by the state. Dependency itself was seen as a condition that was intimately related to Latin America’s role in the world division of labor, which put it in the position of primarily exporting raw materials for further processing in the industrialized centers of the world economy.

Even if the larger Latin American countries managed to develop manufacturing industries, at the turn of the twenty-first century the region—even the larger countries—experienced a major relapse into the exporting of primary goods.

Re-primarization of Latin America, or its focus on extractive industries from oil to mining and agricultural exports, became a central feature of economic growth, exacerbated in part by the rise of China as a major manufacturing hub in the world economy. To provide context for the discussion on socioenvironmental destruction, extractivism, and dependency, I will offer an overview of theorization about dependent development in the 1960s and 1970s. Latin America and the Caribbean continue to face a similar development plight, over half a century later. Consistent with the central theme of our LASA2022 Congress, a key question is whether the extractivism predicament can be transcended in some ways with the re-accommodation and rivalry between great powers. This point will be further discussed in the papers that follow.

The Rise of Dependency Theory in Latin America

The differences in conceptualization among CEPAL-associated scholars are not large. The most fundamental differences regard the degree of optimism or pessimism on achieving development or remaining in underdevelopment. Let us start with the definition of development and then highlight the concept of autonomy as key to this process, along with the state as the main entity that could engage in collective action. The world economy was seen as divided between the industrial center and the underdeveloped periphery.

The key concern for Raúl Prebisch was how to respond to the challenges and opportunities of the world economy (Ferrer 2010). From his

first writings (1950, 1963, and into 1971), Raúl Prebisch mentions the “raising of the standards of living of the masses” as the main objective of development. He does not provide an explicit definition of development, but the objective of this process is known. The “how” of achieving that objective, according to Prebisch, “ultimately depends on the existence of a considerable amount of capital per employed man in industry, transportation and primary production, and on the ability to use it well” (1950, 5). Prebisch was probably the most optimistic thinker among CEPAL scholars regarding the possibilities of development. As we will see, this is in sharp contrast with Osvaldo Sunkel, who was more concerned with the political and sociological barriers to overcoming underdevelopment.

Aldo Ferrer did not define development explicitly either. For him, too, the main objective is raising “the living standards of the great sectors of the population in the countries with a small degree of development, which have excessively low standards of living” (1956, 45). He later included an aspect originated in the works of Sunkel and Celso Furtado, namely, that development should include the capacity of nations to take decisions in economic matters *autonomously* (Ferrer 1971). To achieve autonomy, Ferrer says, “nationalism constitutes a strong motivation for the development of the dependent and less developed countries, and the state is the instrument of action of each national community” (1971, 103).

In a similar vein, Aníbal Pinto noted that Latin American development was of an exogenous nature. Rather than self-generated, its development depends on foreign exchange to be able to finance its industrialization. Regarding foreign aid, Pinto claimed that it has “reinforced and made the dependency of the periphery more complex” (1973, 130). Moreover, foreign direct investment represents an evident reduction in national decision-making power and the “foreignization” (*extranjerización*) of core areas of the economy (Pinto 1973, 131).

Celso Furtado proposed a theory of underdevelopment, or why countries remain in a state of economic backwardness, using a historical-structural method. He saw underdevelopment not as a stage of development but as a self-perpetuating condition. Furtado was the first economist to associate underdevelopment with high degrees of income concentration as cause and consequence of dual structures.

The concept of “dual economy” refers to a precapitalist or noncapitalist and a capitalist sector, respectively, with little relation between them. “This type of dual economy constitutes, specifically, the phenomenon of contemporary underdevelopment” (Furtado 1972, 178). The basic condition of underdevelopment consists of having a structural *surplus* of labor power, “a mass of population that remains available for employment in the capitalist sector” (1972, 179). Therefore, minimal conditions for dualist systems to experience development are “a more than proportional growth of the advanced sector, and b) stability or increased proportion of labor-power employed in the advanced sector” (1972, 181). By the later 1970s, though, Furtado introduced culture as a key factor in development, especially in the form of knowledge and technology for innovation (Cunha and Britto 2018).

In his early work, Osvaldo Sunkel discussed the conditions to overcome underdevelopment. It is an economic, political, cultural, and military structure which is dependent and is part of a broader system; and development “implies, necessarily but not only, the overcoming of that state of dependence” (1969, 11). Discussing dependency and development in a later work, Sunkel added that dependence had to be replaced by interdependence, and the nation must be able to choose among its alternative roads (1972, 477):

In sum, CEPAL thinkers were primarily interested in overcoming the state of dependency and underdevelopment by promoting a domestic industrial class abetted by the state to make autonomous decisions on development. They

were not necessarily anticapitalistic but wanted to overcome dependent capitalism via nationalism and the state.

Radical Dependencistas

Andre Gunder Frank developed much of his scholarship in Latin America. He tried to establish the historical continuity in economic dependence through different stages of Latin American development. Dependency, for him, “is nothing more than an euphemism now acceptable to hide the internal as much as external capitalist and imperialist subordination, oppression, alienation and racism that the people suffers, and —as a Frantz Fanon or a Jesus Christ would say— that even the oppressor and exploiter suffer while the oppressed does not achieve to liberate himself and thus liberate both” (1974, 18–19). Frank was clearly influenced by the Brazilian education theorist Paolo Freire and the Peruvian liberation theologian Gustavo Gutiérrez.

Fernando Henrique Cardoso and Enzo Faletto (1969) believed that the main conditioner of the process of development is the type of social integration of the groups and classes; that is, it requires an analysis of the internal and external contradictions present in each country. For a global interpretation of development, it is necessary to study the economic, social, and political systems not only within and among underdeveloped countries but also in their relationship with developed countries. Theirs was a sociological, relational approach. Dependency in the situation of underdevelopment implies a form of domination manifested by a series of characteristics in the way of acting and in the orientation of the groups that appear in the economic system, as producers or consumers (Cardoso and Faletto 1969, 24). Unlike Frank, who focuses on the historical continuity of dependency, Cardoso and Faletto try to stress the different modalities and forms that dependency took in each stage of development.

In studying the genealogy of the concept of dependency, in a keynote speech at the University of Texas at Austin, Cardoso argued that “as long as political practice does not destroy the

inequalities in appropriation between classes and nations, then the concept of dependency continues to possess full significance” (1973, 20). In sum, what Cardoso proposed is a “dialectical” concept of dependency, capable of revealing the conditions for its negativity or antithesis. When he talks about the “theoretical status” of the idea of dependency, Cardoso states that it is not an alternative but a complement to the theory of imperialism, which is the general theoretical framework in which the study of dependency is located (Cardoso 1973, 25).

Cardoso, in opposition to Frank’s “development of underdevelopment,” affirms that capitalist development does take place in Latin America. Cardoso does not refer to a type of capitalist development that “implies redistribution of income, regional homogeneity, harmony and balance between the different branches of production,” because that “really seems absurd”; this process is not occurring in the industrializing periphery. He understands capitalist development in terms of capitalist accumulation, which is “contradictory, exploitative and unequal” (1973, 27–28). He calls this process in Latin America “dependent-associated development.”

For Theotonio dos Santos, underdevelopment “is not a backward condition that appears before capitalism but a consequence of it and a particular form of development: dependent capitalism” (1971, 180). “New dependency,” beyond resource extraction, requires exports to finance the importation of capital goods for industrial development. Such exports are generally still linked to extractivism and traditional sectors controlled by foreign capital, which tends to send its profits abroad. Santos highlights two contradictions that impede development: that between the tendency toward creation of heavy industry, and foreign capital which is not interested in taking that step; “a very sharp contradiction is thus generated between development needs and foreign capital.” Secondly, the increasing importance of the working classes is converted into a dangerous threat of reaction to the policies of strength that are increasingly radical; the dominant classes thus try to remain within not too violent frameworks.

That renders the policy of strength ineffective and vacillating, holding class confrontations in the short term, but deferring them for the future (Santos 1973, 325).

From Transcending Dependent Capitalism Back to Extractivism

Early development thinkers in Latin America would hardly have expected the region's relapse into extractivism after a period of decades of import-substitution industrialization, with 6 percent average growth rates in the 1960s and 1970s. But this is where we find ourselves in the early twenty-first century. A rising China has absorbed much of the industrialization drive from Latin America and demanded massive quantities of raw materials and infrastructural development from the region. Central countries like the United States shed much of their industry and concentrated in high-technology sectors whose main assets are intangible intellectual property rights. From 2001 to 2014, China's manufacturing development generated a commodities boom that enabled left-of-center governments in Latin America to expand their social welfare policies (see the July 2021 issue of *LASA Forum*). But by 2014, it became clear that the region had not created the structural conditions for autonomous, self-sustaining development. Its deepened insertion into the world economy had continued to be dependent, of the type that our early thinkers had wished that it would go away. In this section, I will offer a brief outline of what my contributors discuss in this dossier of *LASA Forum*, highlighting deepening dependency, socioenvironmental destruction, and the sharp dilemmas for the left.

Juan Carlos Moreno-Brid, Alicia Puyana Mutis, and Stephanie Garry offer an overview of extractivism in Latin America and what challenges it poses for an inclusive and self-sustaining development. They review the brisk development in the early part of the twenty-first century, stopped in its tracks by the financial crisis of 2008, and then again by the COVID-19 pandemic in 2020, reversing many of the gains made against poverty alleviation. They offer a useful quantitative analysis that compares groups of Latin American countries

with the United States in terms of per capita gross national product (GNP), investment, fiscal share of GNP, and other key indicators to assess the continuing disparity. The worse gap was experienced by hydrocarbon exporters (i.e., Bolivia, Colombia, Ecuador, and Venezuela), but even Brazil and Mexico experienced regression in their per capita GNP. Key challenges replicate Furtado's analysis: a greater share of exports should be invested in fixed capital and not only on imports, and investment should be geared to displace the center of competitive advantages, from cheap labor and raw materials to innovation and decent jobs. Social and environmental challenges are also discussed in proposing a circular economy model of sustainability.

Gabriela Torres-Mazuera discusses the process of "forced modernization" in Mexico's southeastern states (Campeche, Yucatán, and Quintana Roo), which are the key target of megaprojects in the López Obrador administration (2018–2024). A region that had 50 percent forest cover in 1900 now has a mere 8 percent. Recent projects of capitalist expansion include megafarms of pork, chicken, and tilapia; mineral extraction, and photovoltaic and wind power projects. Ejido land, the product of land reform, makes up 60 percent of the territory. Torres-Mazuera discusses the process of land grabbing, privatization, and concentration of ejido land, along with resistance and conflict. Ironically, ejido landholders are paid for the land grabbing with pieces of their own land, once turned into freehold property titles.

Authoritarian democracy and extractive development in Guatemala are discussed by Nicholas Copeland, in contrast with indigenous political and environmental imaginaries. This is a case where extractive development converges with violence and long-lasting colonial legacies of dispossession. The group constituted by the "pacto de corruptos" uses legal authority to subvert the law, undermine state institutions, protect criminal networks, and criminalize dissent to enable further extraction. For many Indigenous critics, says Copeland, "democracy and dictatorship are not opposites, but different faces of a predatory state." The main drive for a

Constitutional Assembly is introducing indigenous sovereignty over development to promote “Buen Vivir” (Living Well) and decolonial futures.

In Brazil, food security has been compromised by agro-extractivism and doing away with former progressive policies to combat hunger, according to Marco Antonio Teixeira, Renata Motta, and Eryka Galindo. Food insecurity and hunger were exacerbated during the COVID-19 pandemic. Their national survey data show that 59.4 percent of Brazilian households suffered from food insecurity (concern about having permanent access to food in sufficient quantity and quality), with 15 percent suffering hunger. Brazil's racial inequalities were expressed in differentiated food insecurity, that is, more severe for black households. Hunger is a matter of political choice, and the federal government chose to disregard it. Soybean exports continue to be promoted at the expense of crops like rice and beans, Brazil's staples.

Peru's 2021 elections posed a stark choice for voters between far right and left candidates. The latter, Pedro Castillo, won by 50.1 percent, with large support from mining regions, as discussed by Verónica Hurtado and Maxwell A. Cameron. Castillo promised a significant redistribution of mining rents. Mining is Peru's leading economic sector, attracting 23 percent of foreign direct investment. But mining also generates a huge number of social conflicts, with 37 percent of them recording violence. Hurtado and Cameron explore the perspectives about Castillo from a variety of groups, from mining communities to company representatives. The latter seem willing to pay higher taxes in exchange for long-term stability, which is key to mining. Will Castillo's left-of-center government survive to enact reform?

The dilemmas for the “left-in-power” amid extractivism are ably addressed by Thea Riofrancos. The left-in-power must deal with restrictions imposed by the domestic right and multinational corporations, and from the left-in-resistance, located mostly in Indigenous communities directly affected by extractivism. This “left-in-resistance” has demonstrated its ability to stall oil and mining projects but not to articulate a national coalition. Riofrancos's

contribution helps us understand the dilemmas of these two lefts: the one in power, largely installed in the extractivist paradigm but using surplus rents for social programs, and the one in resistance, more concerned with environmental sustainability. Can they define a common ground for discussion and alliance?

The larger issue for Latin America's left, as predicted by dependency theory over half a century ago, is how to transcend extractive capitalism. Such an alternative would have to be autonomous from the dynamic of capital accumulation imposed by the center. “Extractivismo” is a perspective that challenges the very paradigm of development itself, whether capitalist or state socialist. Therefore, addressing the concerns of the left-in-resistance requires the transcendence of the parameters posited by the original dependency theory, ensconced as it was in the modernization paradigm of growth. If there is any chance for a unified response, the two lefts must be able to talk to each other and agree on a common, sustainable path forward.

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