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BRINGING HETERODOXY BACK INTO A WORLD OF PESSIMISM

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Introduction: Bringing Heterodoxy Back into a World of Pessimism

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The Persistence of Change

We live in a world of recurrent crises: the 2008 financial crash, the Arab Uprisings, the COVID-19 pandemic, the (re)emergence of authoritarian nationalisms in every corner of the world, rising social inequality, the Ukraine invasion, the conflict in Israel and Palestine, the military coups in Niger, Burkina Faso, and Gabon, humanitarian emergencies and migration flows due to civil conflicts and brutal environmental catastrophes. These events mount one on top of the other, producing multiple ripple effects. What is more, it seems that specialists cannot keep up with the pace at which these events happen and prolong without resolution, reducing the space in which scientific knowledge can contribute constructively and offer alternatives or solutions. Mainstream social sciences – being neoclassical economics, behaviourist sociologists, neorealist or

constructivist IR or neoliberal and neo-institutionalist political scientists – often reflect a Western intellectual and political dominance that today, more than ever, is put under scrutiny, called out for its hypocrisy and challenged by different up-comers. Conventional wisdom in the West presupposed many optimistic predictions concerning growth, development, globalisation and peace that did not materialise. It is time to bring heterodox thinking to the forefront of the debate. We need to better explain how the world works, why the pendulum is swinging in a pessimistic direction, characterised by conflicts, sectarianism, authoritarianism, isolationism and segregation – and, most importantly, propose alternatives.

In attempting to discuss these issues, we organised a conversation between scholars from

different generations to question how factors such as the role of the state, class formation, social struggles, inequality, knowledge production and predatory consumption of nature define a country's development trajectories and inclination to crises. We argue that previous structuralist approaches have offered exciting ideas about how development functions in a highly unequal world with a steady division of labour that leaves little space for contestation or revision. They also offered us interesting analytical tools that enabled us to grasp multiple factors for the current crises. However, many of these ideas and tools did not gain mainstream status within social sciences for obvious and not-so-obvious reasons.

In this *Extractivism Occasional Papers'* volume, we brought together two first-wave scholars working on structuralism, class and development, Luiz Carlos Bresser-Pereira and Hartmut Elsenhans, and upcoming scholars – Ingrid Harvord Kvangraven, Fernando Rugitsky and Johanna Siebert – who build on structuralist thinking to present their own take on the importance of revitalising it. Our project follows the Hegelian dialectics and seeks *aufheben*, in the sense of learning from the past, preserving what is valuable, and abandoning what is no longer suitable to elevate the sophistication level of our way of thinking about the world. In other words, we are not proposing a nostalgic return to long-buried times nor simply copying what has been said before; revitalisation means testing what can be used and emphasising what needs to be discarded.

This introduction proposes three interlinked arguments. First, we argue that these crises are a product of the global economic structure to which states and societies are submitted. In other words, the current global condition is prone to crises. This way, with a longer-term perspective, we can realise that the economic, political, social, and academic problems faced today have not simply accumulated during the last two decades. They

may be more visible now, but they are not random epiphenomena disconnected from one another. Second, we view the current mainstream debate as inadequate to address the consequences of the ongoing rearrangement of power hierarchies and actors, thus being unable to provide clear-cut analysis or policy alternatives. Third, we argue that bringing heterodoxy back into the discussion, along with elements of structuralism, must open up our approach to multiple perspectives on power, agency, materiality, and transformations, moving it away from its traditional narrowness. Our intention is never to glorify existing approaches but to offer key insights into how to produce new knowledge to make sense of the world's complexity. Indeed, many first-wave heterodox works that leaned heavily on the structuralist tradition were rightly buried or relegated to ostracism. In fact, the main reason why structuralism lost so much ground was because it could not sufficiently explain social change. It offered little room for contingency, alternativity, and different types of agency.

Nevertheless, structural constraints remain evident today, perhaps more than ever. The dynamics of Capitalism and, therefore, global development – a world in itself much contested and debated outside the mainstream – cannot be explained without an immersive look into the structure in which actors interact. Throughout history, virtually no country found the conditions to promote a stable, progressive and durable socioeconomic transformation only by pulling the right strings at the domestic level. A correct set of international partners, access to markets, alignment to global norms, time, and timing also seem to matter. However, the other way around is also true: even under ideal international conditions, most actors struggled and failed to mobilise the correct domestic factors to promote development. Many countries have received massive inflows of international revenue without transforming that into improvement for their societies. Therefore, it seems clear that structure and agency must be computed in a discussion

about development. This leads us to question how much structure is necessary to emphasise constraints and how much autonomy actors have for promoting change. Whichever theory efficiently balances agency and structure will be much closer to explaining the world's changes and continuities.

The following pages introduce briefly our provocation with this Extractivism Occasional Paper. We first focus on the notion of crises and

Crises, What Crisis?

For almost two decades, a series of crises have been accumulating and overlapping on the global level (Hopkin 2020). While events like the COVID-19 pandemic could be mitigated in theory through effective policy measures, their causes, we argue, are far from being solved. The factors that cause the constant manifestation of overlapping critical junctures, predicaments or calamities on a global level remain quite persistent. Most of the policies taken so far alleviate the materialisation of a problem but do not eliminate its source. Moreover, these manifestations occur at different levels and scales, be it locally, as housing rents in urban centres multiply and environment catastrophes become increasingly daily business, or globally, as civil struggles become proxy rivalries wars in Iraq, Ukraine, Uganda and the Nargono-Karabahj region and emerging new institutions like OPEC+ or the BRICS+ challenge old norms. Unfortunately, the discussion about these crises tends to occur in different policy spaces and distinct disciplines and subject areas, often without referring to each other. So, with every new event, the impression one has is that we are living in an increasingly fragmented society.

However, on a closer look, these multifactoral crises have also led to a growing political engagement of the civil society. While mainstream Western political science has pointed, in the last couple of decades, to the depoliticisation of

how they shape the world as a consequence of global uneven development – which we argue is the main characteristic of the current global condition. Second, we concentrate on the scholarly debate emerging from analysing these crises, stressing their weaknesses and strengths. Our goal is to pinpoint where the mainstream theories of social science analysis failed to provide correct answers. Finally, we introduce the contributions of this volume.

everyday life, the decreasing electoral engagement, and an overall turn towards post-democracy (e.g., Crouch 2004), this may not be the case just yet. Increasingly, we see people mobilising and taking up the streets to contest the current political context and demand change. Civil society engagement over the Israel-Gaza conflict and climate action are but two examples. Nevertheless, this recent politicisation turn has been leaning more often than not to the far right. Masses contesting electoral results and invading Congress in the United States and Brazil, as well as extremist parties being praised in Italy and Germany, indicate a fast politicisation from new and relatively obscure actors. All that has been challenging the capacity of the state to choose the right mechanisms and intervene in day-to-day life to orient the direction in which normal politics are heading. This dynamic is pushing forward new discussions – among civil society, politicians and academics alike – about democracy and democratisation of the political system, growth orientation choices (or de-growth) and alternatives for political action.

With that in mind, we argue, first, that in the current scenario, it is clear that the state is back in as a central political and economic actor as well as a subject of study. Even though we have heard this phrase many times since Evans, Ruschemeyer and Skocpol's (1985) seminal book, statehood has

once again become an essential political and economic actor. After what we consider the evident failure of the neoliberal agenda, even the most conservative thinkers, policymakers, and institutions had to rely on the figure of the state to overcome some significant problems. For example, by being crucial in mediating the 2008 financial crisis and the COVID-19 pandemic, the state gained tremendous influence in economic life. Policymakers worldwide feel now emboldened to use rather unconventional tools that would be condemned in the heydays of neoliberalism: credit default risks and even entire commercial and investment banks were nationalised, large-scale compensation payments for looming unemployment were set up, and enormous capital controls were introduced to sanction oligarchs after the Ukrainian invasion. Thus, one can expect a more active and expansive role for the state in the future, challenging the conventional neoliberal prescription of the gradual reduction of the state's function. This way, it is clear that the developmental state is back in (Thurbon et al. 2023).

Second, the state is not only back in terms of a crisis mitigator but also as an agent and promotor of socioeconomic development and welfare. After two decades of weak results, neoliberal prescriptions on seeking socioeconomic development under a minimal state are convincing fewer and fewer people. The top one per cent is becoming richer and more affluent than ever, with the income gap deepening. The cleavage between rich and poor societies increased tremendously. Inequality is on the rise, contributing to political stress and turmoil (Freeman 2021; Korzeniewicz and Moran 2009). Today, even traditional neoliberal institutions like the World Bank and the International Monetary Fund (IMF) call for strategic intervention of the state in many social, political, and economic areas to promote growth and sustainability (Evenett et al. 2024). New efforts for reaching structural transformation and overall societal improvement have been observed in different countries in Asia,

Africa and Latin America (Diao et al. 2019; Whittaker et al. 2020). Scholars and policymakers are facing questions concerning how to explore a country's comparative advantages, insert themselves in growingly more complex value chains, reshape social contracts, and appease different societal contestations.

Most importantly, these scholars have been questioning what development is today, to whom and to what environmental costs. Meanwhile, classic questions of development economics, particularly on industrial policy, are returning to the debate (Andreoni and Chang 2019; Cherif and Hasanov 2019). In this sense, state-led development is again being promoted as an alternative in the North and the South (Rodrik 2014).

Nevertheless, socioeconomic development and industrialisation cannot be seen today as they were at the peak of the import substitution industrialisation (ISI) policies. Perhaps more than ever, handling climate change became a structural problem with planetary boundaries, affecting the centres of capitalist production in the Global North but, more drastically and aggressively, the Global South (Rockström et al. 2009; W. Steffen et al. 2015). In this sense, the climate crisis has brought the world closer together: the issue no longer concerns a group of countries or individuals but is now heading to the top of the political agenda of many countries. On the one hand, it is clear that Europe or the United States will no longer be able to afford the same consumption patterns and industrial production based on fossil fuels as they once did. But what should they do today to guarantee their prosperity in the future? Green industrial policy, de-growth and green growth are ideas that were born out of this debate, and they are quickly shaping the direction of economic policy conversations on a global level (Hickel and Kallis 2020; Loiseau et al. 2016).

On the other hand, developing countries are facing even harder pressures, and the climate

change mitigation argument takes an almost manicheist approach that opposes development and sustainability. People in the Global South deservedly continue to desire a more prosperous lifestyle, and any type of transition that kicks away the ladder (Chang 2002) will be highly contested and create tensions. It is important to stress that countries with higher levels of poverty, inequality and political turmoil tend to be the ones more vulnerable to climate change catastrophes. Cases of environmental emergencies in Libya, Haiti, and Pakistan have shown us that richer countries will have to assume much more environmental responsibility for the world to reach some level of just transition.

Therefore, the return of the developmental state concerns choosing now which roles countries can and want to play in a future that has decisively a much narrower political room for manoeuvre. During the 2000s commodity boom, many countries in Latin America, such as Venezuela, Bolivia and Brazil, promoted a genuine comeback of state involvement in economic growth. Left-leaning politicians and advisors saw the state as the actor with the needed capabilities to administrate the exploitation of natural resources in a way that would be fair for the majority. The policy of using rents from raw materials exports to channel social welfare improvement and poverty reduction was named neoextractivism. However, many of these countries failed as the export rents proved seductive in the sense that they did not result in reinvestment in other productive sectors nor in long-term and sustainable growth (Warnecke-Berger and Ickler 2023).

Under the current scenario, an inevitable push for green development will be necessary in light of the climate crisis and the ongoing reconfiguration of the international system. However, a key point we stress is that the current wave of green development is techno-centrist. It concentrates on the development and availability of most modern technology, which is often capital-intensive and prone to deepening international

technology gaps. Therefore, while these changes contribute to the reconfiguration of world politics, prevailing structures are still robust. Extractivism, for instance, is a persistent pattern of unequal specialisation. For decades, extractivist societies have strengthened their focus on raw materials instead of industrialisation, diversification, and equitable development (Warnecke-Berger et al. 2023). Nevertheless, most of these societies did not gain access to the technology needed for diversification, remaining dependent on foreign actors to guarantee the continuity of their extractivist model.

Third, the Ukraine crisis not only provoked a harsh increase in energy prices but also functioned as a wake-up call for a broader political acceptance of the need to invest in energy security and environmentally sustainable strategies, particularly in countries that are dependent on fossil fuel imports (B. Steffen and Patt 2022). Countries in the North, particularly in Europe, are boosting their investments in green and cleaner energy, renationalisation of production, and massive projects that link their energy security with the sustainability discourse, such as the RePowerEU. In their turn, Global South countries rich in raw materials are gaining a prominent role in a renewed discussion on international price regulations. The growing realisation that prices will have to rise is motivating producing countries to revisit the possibility of cartelising raw materials and commodities production and exportation.

The needed energy global transition promotes a shift from fossil fuels to minerals such as lithium, copper and cobalt. These resources are spread around many countries in the world, but their technologies and cost of extraction are much more varied than fossil fuels ever were. In a future of e-batteries and e-mobilities, the rents from these “green resources” will be exorbitant for some producing countries. Will we see the emergence of new OPECs, or will the market be more fractioned and defined by special trade agreements between buyers and sellers in

different world regions? While these questions are much up for discussion, it is clear that the energy transition will define new winners and losers, enabling raw material producers to use their natural deposits as a political resource. We witness a re-evolving interest in a “new” New International Economic Order that mirrors the discussion of the 1970s (Laszlo et al. 1978) and that some countries push to the international agenda (Mares 2022; Veit and Fuchs 2024). The tense reaction of the energy markets and its direct influence on national politics everywhere, not only due to the Ukraine crisis but also events like the military coup in Niger (which holds around 5% of the world uranium output), indicate that the upcoming new age, in Hobsbawm terms, will be an extractivist one (Shapiro and McNeish 2021).

Finally, these overlapping and intertwining crises happen in an ongoing global order reconfiguration. In economic terms, the long-standing unequal division between the North and the South continues to characterise the global capitalist system (Thompson and Reuveny 2010). However, these asymmetries are not set in stone but are dynamic and in constant flux (Warnecke-Berger 2021). Within the South, there are growing discussions on differentiation, with some countries being pinpointed as the future locomotives of growth (Dargin 2013; Prashad 2012) and others being set to further marginalisation from any decision-making process on the global level. Discussions about a “south within the South”, the impoverishment of certain regions and non-urban centres and growing inequalities within a single country add to this complexity (Breckenridge and James 2021). The (re)emergence of China, Russia and India opens new spheres of influence in international society, enabling many other Global South countries to reject Western dominance and build different

norms and institutions. In this sense, more fragmentation in global politics with multiple organisations, alliances, and competition seems to be a possible scenario in the future.

What we understand as global asymmetries are transforming, so we must change the lenses to analyse them. Here, it is crucial to stress that there is a growing literature on the inequality of global knowledge production and how the North academic community has worked as a subjective and material gatekeeper by reproducing political and economic asymmetries (Connel 2007). Interacting with this literature is necessary to build new theories to explain the complexity of current global crises.

Taken together, recurring economic and political crises on a global scale contribute to the impression that the world is increasingly shifting into a new era, one that we still do not know what it will look like. A new “global condition” (Bright and Geyer 2012) is gradually emerging, but it is not yet possible to foresee precisely what this condition might be.¹ Crises produce contingency that must be leveraged. How do we understand these crises as a turning point? How can they be leveraged?

First, the crises represent an *intellectual turning point*, challenging mainstream knowledge dominated by the West in virtually all social sciences faculties. A renewed academic interest in the material world in history, humanities, and social sciences is visible already (e.g., Riello 2022). Second, they are a *geopolitical turning point* as the old guard struggles to maintain its technological, financial, political and military leadership while new actors like China increase their influence in all these spheres (Katzenstein 2018). They represent a rising multipolarity within the international system and a rearrangement of power hierarchies.

¹ Global history scholars accentuate, though the study of the different processes of globalization, the condition of entanglement and enmeshment on a global scale. These authors date this global condition back to

somewhat between 1830 and 1870. Since then, a global interconnectedness was established, and individual countries could not escape being integrated into this condition (Bayly 2004; Bright and Geyer 2012).

Third, they expose a *material turning point* in which fossil fuels are being replaced and, in this way, pave the way for a fundamental material transition in terms of production, consumption, and financial feasibility.

In a hypothetical world, we could leverage this contingency towards a more equitable world, producing social change and structural transformations that encourage political participation, life quality improvement and less inequality. Nevertheless, this contingency also produces massive insecurities for many. It raises different perceptions of the future for different societal actors, reducing predictability and threatening those from below and in the top simultaneously. For example, authoritarianism, sectarianism and radical nationalism are rising in both the South and the North. New proto-fascist movements are gaining political ground in virtually all continents – from top down to down up. At the same time, populist and “anti-globalist” leaders use this fear of the unknown and change to gain elections and become the new normal (Berman 2021).

In short, tensions seem to rise everywhere: long-standing conflicts without a resolution in sight in Yemen and Syria, massive protests in Iran, Sudan and Chile due to general social dissatisfaction, popular support to military coups in Gabon and Niger, conflict anxiety in Taiwan, Azerbaijan and Lebanon, and, of course, the Ukrainian invasion

and the intensification of the Israel-Hamas confrontation. At the same time, people are finding new contestation venues to demand better policies for race equity, women and queer rights, and migration. The transnational social activism seen in movements like Fridays for Future in Europe and anti-extractivist indigenous movements in Latin America indicates that people are growing increasingly aware of the need to fight for environmental rights, territorial protection, and self-determination to mitigate climate change. Simultaneously, separatist movements based on colonial grievance and ethnic conflict persist in Africa and Asia, and the growing power of India and China means that the world will see increasingly more discussions on Kashmir, Tibet, Xinjiang and Nagaland.

In conclusion, history is open, enabling new types of political agency while provoking political setbacks and reactionary responses. As Marx dubbed it in his 18th Brumaire, people make history but not under the circumstances they chose for themselves (Marx 1960/[1852]). We live in a complex social system of emergence, and our lives are embedded into a macro social order that reproduces itself constantly. The transformation of an entire system cannot be readily attributed to individual actions or a social choice. This observation was a significant critique of the rigidity of structuralism in the past. This critique is again valid today.

Back to the Future: Reviving Heterodox Approaches

The prevailing mainstream doctrines in social science have been ill-fated in explaining all the interconnectedness of these crises, losing much of their potential explanatory value. With this volume, we propose that heterodox approaches are in a comeback moment due to their ability to tackle the complex reality of class struggles, conflict for resources, predatory consumption of

nature, the role of the state in development, and inequalities on a global scale.

Heterodox authors are linked by not taking part in the hegemonic structure of knowledge production. As such, their approaches tend to point to rather dark sides of reality. They consider that our world is not flat and, therefore, is prone to crisis. Furthermore, they acknowledge that our lives are embedded in structures that are not

necessarily visible. At their core lies a considerable critique of Capitalism as the fundamental engine of growth, development and the distribution of power and wealth. However, as reality is not static, we consider it crucial to constantly rethink these ideas, adapting them to changing realities.

Moreover, heterodox approaches are often associated with a fatalistic structural background that struggles to recognise change and, for that matter, has been judged outdated by many peers. Nevertheless, the global trajectory of the last fifty years has proved that the world has passed through many shifts – the current one is not unique. For example, despite their initial dependent position, some countries, most prominently the Southeast Asian Tigers and China, promoted structural transformation and altered their condition within the international division of labour. Traditional structuralist authors from the period would lack the tools to explain that. Similarly, they would struggle to explain how the world has witnessed a rather harsh increase in inequality between the North and the South. While global asymmetry measured in income level differentials was around 1:3 in the late 19th century, in our times, it accounts for at least 1:80 (Thirlwall 2013, p. 3). It is quite possible that the energy transition, green growth, and green industrialisation (in line with Industry 4.0) will not create the needed number of decent jobs to overcome the prevailing labour surplus. Thus, global asymmetries will continue. The revival we are proposing must reduce this fatalistic, unchangeable view of the world and embrace its multifactorial and constantly changing characteristics.

Around this question, a lively debate already emerged in the heterodox camp in economics. For example, first, the United Nations Economic Commission on Latin America (ECLAC/CEPAL) has gained more intellectual influence by proposing an active role of the state within the development process, particularly supporting industrial policies (Alonso and Ocampo 2020; Cimoli et al. 2009).

Interestingly, by proposing the state's active role within the international economy, ECLAC has contributed to a shift away from neoclassical and modernisation-inspired approaches (Porcile 2021). Second, we also witness a revival of Marxism through different fashions and disciplines, going beyond its traditional intellectual frontiers and seeking interdisciplinary exchange with International Relations, Developmental Studies and Political Ecology (e.g., Andreucci et al. 2017; Anievas 2010). Third, a new wave of dependency (or *dependencia*) authors is emerging with fresh topics and new methodologies, much more attentive to integrating agency and contingency (Palestini and Madariaga 2021; Reinert and Kvangraven 2023). These works are revising dependency ideas by including fresh takes on topics once mainly ignored by economic authors, such as intersectionality, social inequality, race and gender (Madhok 2013; Mezzadri et al. 2022; de Oliveira 2019; Kvangraven and Alves 2020).

The texts in this Extractivism Occasional Papers' volume take on these advances to argue for a critical look back into previous heterodox literature to find analytical tools to grasp these current crises as a structural phenomenon. Our intention is not to lionise what was said before but to bring critical insights that contribute to de-complexifying the current world's complexity. One thing we can learn from looking into this literature, we argue, is the benefits of a more open-minded discussion, with fewer disciplinary boundaries and a greater appreciation for interdisciplinary. As we have shown so far, this complexity cannot be explained by any means within the frontiers of one traditional discipline. While politics can explain much, much is also overlooked if economics or sociology is excluded from the analysis, for example. Same for levels of analysis: explanations are not found in the international, regional, state, or domestic spheres alone. Combining different perspectives and theoretical insights seems crucial to avoid being blinded by our paradigmatic

parochialism or the nuances of other ways of thinking.

We see that the current ways crises are being tackled are mostly misguided because they are still compartmentalised and over-focused on one factor or one singular or linear causal explanation. This volume aims to start mending these ideas. We claim that any new take on structuralism must be aware of the previous setbacks and promote itself as more interdisciplinary, intersectional, and intergenerational than ever before. That is why we invited authors from distinct stages of their academic careers for this issue. They stress different points and make distinct arguments. Still, they express overall discontent with the lenses chosen by mainstream academics, their lack of interdisciplinarity, and their impairment to see the broader picture.

We begin with *Ingrid Kvangraven's* introduction to structuralism and the dependency school. She argues that dependency bring fresh ideas into the current discussion about development because it broadens the view of "the economic" to a more holistic understanding – particularly if they are enriched by a nuanced understanding of intersectionality and the role of agency. After that, we bring two original texts from a different intellectual generation, *Hartmut Elsenhans* and *Luiz Carlos Bresser-Pereira*, who review their contributions to the general structuralist scholarship. First, Elsenhans discusses his complex understanding of Capitalism, development, and rents. He argues for a structuralist political economy that can shed light on the interplay of political and economic mechanisms in shaping

society. Even though rents are crucial in disturbing economic processes, he argues that the same rents can be channelled into development if mixed with proper economic planning. Bresser-Pereira discusses the persistence of natural resource dependence in developing economies, particularly in Latin America, through the lens of his neo-developmental theory. He argues that the *Durch disease* is a crucial problem in the region, but in contrast to typical protectionist measures, policies should neutralise rents to diversify and industrialise. The fourth contribution to this volume comes from *Fernando Rugitsky*. He returns to Latin American classical thinkers to stress the importance of academics in exile. He argues that discussions on "styles of development" initiated by Celso Furtado delivered new thoughts on balancing redistributive policies and industrialisation strategies. Finally, *Johanna Siebert* brings in Trotsky to discuss climate change. She claims that understanding development and an uneven and combined process between states can help us better grasp the many global asymmetries that permeate and hinder the environmental discussion within International Relations.

Combined, these texts offer a critical and intergenerational engagement with the literature, bringing the best and exposing the worst of the previous structuralist academia. They help conceive a new – more self-aware, intersectional and critical – scholarship that can grasp the complexity of discussing global development in such a complicated and unstable world.

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Re-Considering the *Structural* in Contemporary Analysis of the Global Political Economy

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Introduction

Radical analyses of economic structures underpinning the global economy have largely been marginalized within economics in recent decades. This occasional paper is an opportune moment to re-evaluate what structural analysis can bring to debates about political economy and what aspects of traditional structuralism we may want to reconsider or further develop. I spent part of my PhD reading old and new structuralist and Marxist literature, as I was interested in evaluating the relevance of dependency theories for understanding structural inequalities. Some parts of dependency theory were both a reaction to and an extension of structuralism. A central point for the Latin American structuralists was that the periphery countries were structurally and institutionally different from the industrialized countries of the centre, thus rendering orthodox

economic theory inapplicable (Furtado 2020). A series of proposals were put forward to correct these structural differences. That was an active program in the UN Economic Commission for Latin America (CEPAL) in Latin America (see Fajardo 2022 for a recent exposition). So, when dependency theory developed in the 1970s in Latin America, it was in response to the inadequacies of the CEPAL's analysis, including that of Prebisch, Singer and Furtado, and the perceived failure of import-substitution industrialization (ISI) to spur sustained industrialization. Meanwhile, Marxist dependency theory strands have developed in Latin America and Africa. Given that there is much debate within dependency theory regarding the drivers of dependency and what dependency is, let us start with that.

Pillars of Dependency Theory

There are many strengths and weaknesses of dependency theories that are important for thinking through how structural analysis may be relevant today and what we need to overcome to understand the world better – and address problems in it, especially from the perspective of the periphery. It is ultimately important to develop radical alternatives in the current moment.

The explicit recognition of *peripherality* is important in dependency theory and stands in contrast to the idea of “late development” in development studies, as the latter suggests that the challenges simply lie in arriving late to the development project rather than being in a structurally disadvantaged position. The distinction between core and periphery was first made in a lecture by Prebisch in 1944 (Love 1980) and was later picked up and further developed by dependency theorists. More recently, Fischer (2015, 701) called for the relevance of “peripherality,” which he defined as ‘*an assessment of structural modes of integration into the world economy via the dissemination of technological and industrial development*’. That is a helpful way of thinking about peripheries – as the recognition of constraints imposed by unequal integration into the global economy rather than a sharp bifurcation of the world into two. Indeed, this way of thinking about peripheries also allows us to think about peripherality in a European context (Madariaga and Palestini 2021).

The scholarship on dependency theory is often considered a confusing field of conflicting approaches. I propose that dependency theory can be best understood as a research program with a few key interrelated elements that define its approach rather than as a singular theory (Kvangraven 2021). I believe this is fruitful because dependency theory is not defined by a single element but rather by combining several

elements. This combination reflects a deep anti-disciplinarity and a systemic approach, combined with attention to the particularities of peripheral economies. I also believe that defining dependency theory as such can help us preserve the research tradition’s strengths and move beyond its weaknesses.

I argue that there are four pillars of this research program. First, the critical concern of the research program is the production and reproduction of uneven development that is inherent to capitalism. It involves economic theorizing that addresses the tendency of capitalism to be polarizing, i.e., producing and reproducing uneven development. An economic theory of uneven development is, thus, a necessary aspect of the program, as without it, the research program is reduced to mere descriptions. It is important to note that dependency theories that explain polarizing tendencies in the global economy do *not* claim that some countries cannot catch up but rather that it is unlikely and challenging (e.g. Cardoso and Faletto 1979). Moreover, we still see that between-country inequality is significant in explaining high global inequality levels (Anand and Segal 2015; Milanovic 2015). Therefore, a research program that aims to discuss dependency needs to take these inequalities as a starting point.

Second, a focus on structures of production and the social relations that underpin them is another critical pillar of the dependency research program, which distinguishes it from other research programs concerned with colonialism and global inequality, such as parts of decolonial and post-colonial theories. That involves the structures of the labour markets, social relations of production and the characteristics of the goods produced and consumed in an economy. Again, that is key for understanding global production, given that we

need to understand the material realities of how production takes place in variegated ways across the world to see how global production is hierarchical, and, therefore, culturalist explanations will remain inadequate (Kvangraven 2022).

Third, dependency theorists pay attention to specific *constraints* that peripheral economies face and the relationship between these constraints and the domestic structures of production. Such constraints could include technological dependence, falling terms of trade, or financial constraints. That is especially important when considering how theories developed in the core may not directly apply in the periphery and vice-versa.

Finally, regarding methods, I believe the strongest strands of dependency scholarship are those that take a global historical approach to development (Kvangraven 2021). All dependency approaches are, in one way or another, critiques of linear historiography, from the structuralists' analysis of the role of colonialism in shaping peripheral structures of production (Furtado 2020) to the neo-Marxists' attention to the extension of

capitalism differing across time and geographies (Amin 1988). Indeed, many dependency scholars have gone to great lengths to document the divergence of the periphery from the centre under colonialism and the origin and persistence of structures that reinforce these inequalities at the expense of the periphery. In line with this, a core motivation in the neo-Marxist approach to dependency theory was to challenge the stagiist view that many Marxist authors held at the time, namely that the developed nation shows the underdeveloped 'the image of its own future'. It is important to understand how capitalism evolved in different ways in different countries and how colonialism and imperialism have shaped the possibilities for capitalist development across the world in very uneven ways.

It is important to stress that I do not argue for applying concepts or approaches from the past dogmatically. On the contrary, these four pillars may be a helpful way to bring the dependency research program forward and address some of its weaknesses, which is especially important for this "new generation" of scholars we represent.

Moving Forward: Weaknesses to Address

There are four main points that I would like to address in terms of weaknesses that need to be addressed within the dependency literature to think constructively about how best to approach structural problems in the current global economy. These involve 1) theorization, 2) the role of agency, 3) the unit of analysis and especially the role of the nation-state, and 4) intersectionality.

Let us start with theorization. It is essential to address this if we want to push a dependency research program forward because a lot of dependency theory was quite descriptive and tended to describe *dependency symptoms* without rigorously theorizing the mechanisms (see, e.g. Dussel's 2001 engagement). With such an

analytical frame in mind, it is insufficient to refer to dependency as a *condition* (e.g. dos Santos 1970) or a *situation* (e.g. Cardoso and Faletto 1979). When dependency theorists refer to conditions or situations of dependence, they refer to the empirical manifestations of dependency (Madariaga and Palestini, 2021). In other words, it is about studying the symptoms of dependency. On the other hand, studying mechanisms of dependence requires theorizing about the *causes* of dependence.

That is why the first pillar I mentioned in the dependency research program is about *theorizing* about the uneven dynamics of capitalism. It may seem obvious, but there are many critical

theoretical debates within the dependency program. For example, in a discussion of dependency theory and Marx, Dussel (2001, 219) puts the theoretical problem as follows:

“we can say that there is ‘theoretical space’ in Marx’s strict discourse for this question which is so central to Latin American social sciences. Not only is there space – it was explicitly traversed by Marx himself. However, it requires our continuing it theoretically. (It is erroneous to think that Marx completed the theoretical discourse, and it is only up to us to apply it).” (Dussel 2001, 219)

In other words, further theoretical development and exploration must be done. That may indeed be why the discussions of Marx’s role in dependency theory are still central in the contemporary revival of dependency theory (e.g. Felix 2022; Martins 2022).

The second fundamental weakness to be addressed is the mechanic nature of some dependency theories, which arguably does leave relatively little room for agency. That addresses questions on the relationship between agency and structure and the relative importance of both. Indeed, this was an important question within dependency theory, in addition to the relationship between internal and allegedly ‘external’ processes. While uneven development obviously cannot be explained only by studying the local level and individual agents, theory should also not move to the other extreme version, resulting in “structuralist superdeterminism,” which does not account for the complex interrelations of international and national forces throughout history (Johnson 1981, 112).

However, the claim that the way dependency scholars describe the dynamics of international capitalism leaves little room for action by the state or social groups is simplistic if it is meant as a general critique, as it is only applicable to some parts of dependency theory and is most relevant for world systems theory. On the contrary, dependency theorists placed internal and external

relations at the centre of their analysis. Indeed, the critique of dependency theory for over-emphasizing the external and neglecting agency stems partly from the misrepresentation of dependency theory in the United States, based chiefly on Andre Gunder Frank. Something so diverse got boiled down to one author because of the Global North-centrism of academia, where Frank, one of the few dependency theorists based in the Global North, received much more attention than his counterparts across Latin America and Africa.

In contrast, the core insight to retain from dependency theory is that internal dynamics must be examined in relation to the dynamics of the centre countries. Taking the structure of the global economy as a starting point was crucial for dependency theorists, but this did not necessarily mean thinking *only* in core-periphery terms or thinking *deterministically*. That is where we need to be careful and ensure there is room for agency in the analysis, too.

I would argue that a *strength* of the dependency research program that we would want to retain is that it historicizes and contextualizes unequal and exploitative relations between classes in the centre and periphery, essential for understanding uneven development. So, the challenge for us is to explore how things evolve in a particular place with particular agents within a broader global economic and historical structure. As I write elsewhere, this does not mean assuming that all developing countries are doomed to underdevelopment forever or that people in developing countries have no agency (Kvangraven, 2021; 2023). On the contrary, this kind of structural and historical analysis can also help us understand “successful” development cases, like that of South Korea (Pérez, 2021). Indeed, to understand how some countries were able to defy this tendency towards uneven development observed by the dependency theorists, it is necessary to dig deeper into how the structures of production were transformed and how constraints

to development were relaxed, as was the case in South Korea.

Third, the national question is another crucial theoretical and methodological question underlying these discussions about dependency (Cueva 1977; Dussel 2001; Grigera 2014; Arboleda 2020). As many dependency theorists analyze how the nation-state is subordinate to a global hierarchy (and implications for balance-of-payment constraints, the trade imbalance, lack of competitiveness, technological capabilities, etc.), the tradition has been critiqued for focusing too much on the nation-state as a unit of analysis.

Although many dependency theorists preferred to highlight domestic units of analysis (Cardoso and Faletto 1979) or even global units such as the global working class (Marini 1973), to what extent the national level is a helpful unit of analysis to employ in anti-colonial scholarship is an old and legitimate question that we must think carefully about. It dates back to Marx's 'List critique' from 1845 when Marx dismissed List's proposal to protect German industry from free trade as a bourgeoisie ideology (Szporluk 1988; Pradella 2014). Nevertheless, elsewhere, Marx also opens the possibility that perhaps a case could be made for the existence of a "relatively progressive national bourgeoisie" in a "developing country" struggling against "imperialism" (Marx's speech on free trade cited in Szporluk 1988, 41). So, we have to be careful about our units of analysis and how they help us see some issues, but they may keep us from seeing others. Generally, the anti-colonial and anti-imperialist scholars of the post-independence era were fighting for *worldmaking*, as Getachew (2019) puts it. Still, in policy terms, they were often limited to national frames. One strength of a dependency theory framework is precisely that it can help makes links between different scales of analysis – taking the particularities of the periphery seriously, while also situating them in a global structure of accumulation. When we move to think about alternatives and what to do about these unequal

structures, the unit of analysis also becomes very important. Perhaps the "new generation" of radical scholars is more critical of the *national* as a unit of analysis than the previous, given the destructive nationalist tendencies we have witnessed in recent years (Pradella 2014; Narayan 2017; Styve 2019). Dependency theory may also help in this regard, given that the starting point for many dependency theorists was precisely to situate the local within the global economy and the theorization of global structures of exploitation (e.g. Kvangraven et al. 2021).

Fourth, and finally, it is also worth considering the relative lack of intersectional analysis in dependency theory, given its strong emphasis on only class. Therefore, the dependency research program would benefit from building further on this work to consider how racism and sexism shape production and social relations structures and how these effects constrain periphery development. Although some parts of the dependency literature do explore racial inequalities (see, for example, de Oliveira 2021, on the intersectional potential of the work of Bambirra and Marini), gender is rarely discussed (Scott 2021). The dependency research program would benefit from building further on this work to consider how racism and sexism shape production structures and how this affects constraints to development in the periphery. Indeed, there has been some interesting work in this regard by the "new generation", for example, by Edwards (2020), who connects the Black Radical Tradition and dependency theory, as well as by Antunes de Oliveira (2021), who tries to bring identity into theories on dependency.

Concluding Remarks

Finally, concerning how we can understand the wave of pessimism, populism, and nationalism, I would say that a racial political economy approach would be necessary. What does this entail? While mainstream tools are, of course, limited in terms of their lack of attention to structures, structural approaches also need to consider the political and economic implications of decades of austerity on people across the world. That means broadening our view of ‘the economic’ to a more holistic understanding – a critical defining feature of dependency theory.

Here, I do not mean holistic in terms of interdisciplinarity – which often amounts to adding disciplines or methods to each other - but rather about approaching research questions openly and systemically, addressing how underdevelopment has been historically and structurally produced and developing explanations that traverse political, sociological, economic, and historical boundaries (see also Kvangraven and Styve 2023). That is more important than ever for the conjuncture we find ourselves in today.

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Rent as a Challenge

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Introduction

Throughout my work observing the complex social-economic interactions among unequal societies, I have argued that rent is the usual form of surplus appropriation, whereas profit, in contrast, is a unique form (Elsenhans 2023; Warnecke-Berger 2021). Profit depends on particular conditions not automatically established by expanding economic relations between private economic agents on markets. That means that more and expanding markets do not lead automatically to capitalism; in other words, we cannot expect one from another. With this position, I argue for a differentiated view of the relation between the market and other mechanisms of allocation of surplus and resources. The market imposes clear-cut rules for allocating surplus under very specific conditions, and only then can it sanction misbehaviour such as markup prices or collusion through the loss of profit and competitiveness.

In contrast, non-market mechanisms depend on political and cultural factors that eventually decide how to allocate rents. Therefore, I justify and support the Constructivists' call for the

importance of political, social, and cultural factors in understanding and interpreting the social world. However, the extent to which this is relevant depends on the specific configuration of rents, profits, and wages. Conversely, Structural Political Economy deals with this problem of allocation of surplus by evaluating the role of profit and the resilience of rent. This way, it also highlights the importance of mass consumption, which ultimately supports profit.

Therefore, I distinguish three types of income: rent, profit, and consumer incomes, like the incomes of informal sector producers, petty producers, and wages. As mentioned, profit and rent are two forms of surplus. Therefore, in this model, I consider tax as an element of redistribution from one of the three other types of income (rent, profit, and consumer incomes).

Let us start with rent. Rent is appropriated via the political control of assets which are naturally not reproducible or rendered not reproducible by political power. Therefore, rent depends on natural or politically produced market imperfections. More specifically, rent from natural

resources, such as differential rents (most prominently: the oil rent) or consumer rents (such as an export tax on coffee), becomes, in this model, just exceptional cases of market imperfections. As it is appropriated by political power, access to rent (and its distribution) is most likely dependent on actions directed to these rent-generating market imperfections. Thus, rent distribution results from the political negotiation between powerful social groups. Here, those with access to other key assets, especially political power, financial resources, and societal prestige, are, therefore, better positioned to access rent than the mass of the population. As rent is the result of political appropriation, rent becomes the basis for constructing and maintaining political structures that safeguard rent appropriation. Historically, this is particularly true for tributary modes of production (such as the Roman Empire, the pre-colonial civilisations in Latin America, the Indian Moghul empires, the Chinese dynasties, etc.). In these tributary empires, access to surplus depends on the position within a politically organised ruling class. I call this ruling class a tributary state class characterised by diverse and changing degrees of centralisation. Ancient China's bureaucratic structure and West European feudalism are extreme cases.

In a nutshell, I argue that rent-based structures have been the standard case for millennia, not something connected only to the current economic system. The institutional emergence of markets within such structures did not change the predominance of rent or the appropriation of surplus by political instruments. Hence, the resilience of rent does not require further explanation: it is the standard case of history. My contribution opposes the idea of a historical evolutionary path in which a quasi-automatic process of modernisation and the emergence of capitalism is unavoidable – an idea predominant across mainstream and Marxist historiography. In contrast to these approaches, I argue that a structural political economy approach should focus on explaining the emergence of capitalism

as a very unique and particular mode of production. That is because profit dominance depends on specific conditions, realised only accidentally. The central aspect here is the empowerment of the societal lower strata. Such empowerment triggers net investment spending and creates income used for consumption goods. This additional income can only emerge in a sector that does not produce final consumption goods. Thus, profit appears in sectors that produce consumption goods because there is an additional demand for these goods from incomes earned in the investment goods sector. Therefore, the question is: how do income and demand emerge apart from the consumption goods sector emerge? The cost of this extra demand for consumption goods producers does not form part of their current costs but part of their profit. Therefore, the central question is not from where surplus comes but why this additional income translated into additional demand for mass consumption goods.

In tributary modes of production, innovation may occur. Historiography usually describes this innovation as cultural progress. However, innovation is not endogenised and, therefore, not a systemic force. Nevertheless, innovation may be driven by microeconomic or microsocial mechanisms. Those with access to surplus are not sanctioned if they do not use their surplus for investing in innovations, nor does the degree of their innovativeness determine their share of the surplus. On the contrary, politically organised rent-appropriating classes usually defend the political structures that guarantee them access to surplus. Hence, the strength of this setting explains the historically long duration and permanent reconstitution of rent-based structures. I argue that the emergence of classes capable of appropriating surplus without needing political power is a condition for disempowering rent-appropriating classes. This process is usually described as the bourgeois revolution and linked to the emergence of autonomous power of the mass population (Elsenhans 1983).

In this text, I want to clarify some aspects of my approach and outline why a structural Political Economy is essential for the current conjuncture - marked by pandemics, crises, and wars. First, I concentrate on the basic formulation of the emergence of profits and rents, initially modelled as closed systems. I then open up both systems and underline that the problems that rents tend to create are even aggravated in a global system in

which both capitalist profit-led and rent societies coexist. Afterwards, I concentrate on the domestic structures that rent usually creates to advance towards discussing exit options and intelligent ways of using rent to overcome rent. Finally, I conclude by presenting some general meta-theoretical points vital in moving my approach further.

Profit as a Unique Form of Surplus

Capitalism is based on production for monetary profit (Keynes 1973, 408-411). Profit depends on the “realisation” of surplus, hence not only on exploitation but also on sufficient demand. In principle, capitalists appropriate profit by selling their products on anonymous markets. Here, Kalecki’s (1942) model is instructive: capitalists earn what they spend; wages, but only wages, are used for consumption goods. Therefore, there are two different sectors: an investment goods sector producing machines and a consumption goods sector using these machines for producing final consumption goods. Let us assume that the government sector and foreign trade are in balance. I neglect luxury consumption following Rosa Luxemburg’s (1951, 104) argument that capitalists cannot indefinitely increase their consumption. Thus, capitalists of the consumption goods sector can sell their products at higher prices than their total (direct and indirect) wage costs, provided that another economic sector pays wages. Under the restrictive conditions mentioned, these wages can only come from the investment goods sector. In this simplified model, profit depends on the spending of the capitalists on investment goods, not due to the productivity increase triggered by new investment goods but the demand these investments create. This demand originates from additional wages in the investment goods sector. There is a necessity to respect identical profit rates in the investment goods sector compared to the now positive profit

rate in the consumption goods sector. Total profit depends, therefore, on net investment spending. Therefore, profit is not the result of savings accumulated or previously done for financing spending on investment. A sufficiently flexible monetary system that allows money creation through credit provides the necessary liquidity, as has already been done in the bill of exchange.

Investment spending increases productive capacity in relation to labour employed; if there is no wage increase (not necessarily in parallel with total national income), these investments increase the productive capacity more than the consumptive capacity. Consequently, there is limited interest in continuing investment spending if effective demand does not increase. Further expanding this notion, I distinguish between four types of investment spending: rationalisation investment that reduces total production cost; investment in producing new products that do not replace old ones; investment in production extension of known products; and defensive investment. In my simplified model, all other categories require rising consumption except rationalisation investment, which means rising mass incomes. That also applies to defensive investment, where capital intensity increases more than productive capacity so that the capital-output ratio increases. Consequently, labour costs for unskilled labour have to increase, so capital-intensive technology becomes competitive with older, less capital-intensive technology. The

accumulation of available surplus, as supposed in Lenin's (1899/1960, 54-69) model of the market creation by simple accumulation, can lead to unsurmountable contradictions in the form of exploding growth rates of labour productivity required for servicing the accumulation process (Elsenhans 2022, 50-54, 58-61) - such macroeconomic configurations have never been observed and are highly unrealistic.

Therefore, capitalism requires rising mass incomes, provided competition exists for the privileged. I even maintain that the transition to capitalism in north-western Europe has been

On Underdevelopment and Rent

In my approach, underdevelopment is characterised by a lack of local mass markets and rising mass incomes. However, these factors would be the basis for extended accumulation and ever-increasing net investment with local multiplier effects. Here, the marginality-cum-rent configuration becomes relevant. Rising mass incomes cannot be triggered through labour scarcity if marginal labour produces less than it has to consume at bare-bone subsistence levels. That can be expected to be the case in economies with low average productivity, high shares of agricultural production, and high shares of food in total consumption while the population increases. However, with a rising population and restricted additional arable lands, the marginal product of additional labour will ultimately decrease. It may decrease below the additional food consumption of labour supplied. In precapitalist arrangements or in cases of owner-operated farms predominance, labour whose marginal product is less than additional consumption may not be shed. A feudal landlord is not forced to maximise surplus, and in an owner-operated farm, the product of the "first" hours may be high but insufficient for a family's total needs. Therefore, additional labour time has to be provided. The

based on, and not accompanied by, rising mass incomes (Elsenhans 1983; 1992, 41-47; 2012, 60-65). What has to be explained is not why rent persists, as the powerful will always seek more rent when there are opportunities to do so. Instead, structural Political Economy must explain why profit emerges even when the powerful can afford appropriate rent. There is, per se, no compelling tendency of capitalists to dissolve precapitalist structures of surplus extraction as classical, neoclassical and Marxist authors assume. Only the resistance of the societal lower strata creates the level and structure of demand where profit can thrive.

additional output may be low and less than average per labour supplied, whereas the low output of marginal labour time is "subsidised" from the result of the highly productive "first" hours (Elsenhans 1994, 394-399).

For the feudal landlord, subsidising marginal labour results from non-economic considerations, often called "culturally" determined. For the farmer family, supplying low-output marginal labour is the consequence of its subsistence cost not being considered as production costs. Such supply of marginal labour implies that the employment level is not defined by marginal product exceeding marginal cost but by average costs becoming lower than subsistence cost, hence at a higher production level than under capitalist conditions. Hence, marginality offsets the empowerment of labour because labour will not become scarce. It is evident that, in the case of high average productivity in agriculture, it is highly likely that the marginal product in agriculture is higher than the average food consumption of agricultural labour and the additional costs of non-food items in consumption. Therefore, one condition for overcoming underdevelopment is overcoming the

too-low marginal product in agriculture, including raising the average productivity.

Integration of Underdeveloped Economies Fosters Rent

There is no harmonious development under capitalism. If an underdeveloped economy with limited growth opens to the world market, there is a great probability of increasing export rents. One of the reasons for that is the characteristics of technical progress in developed capitalist countries and the pattern of specialisation often detected in underdeveloped economies. Productivity increase varies significantly between production lines, branches, and sectors. There are even some production lines where productivity may recede, especially in the extractive industries.

The industrially developed countries dominate prices on the world market; prices correspond to their relative productivities. However, due to the competitiveness of leading countries, lagging behind countries have to accept the imposed prices. I call this the imposition of the world market price system, which discourages diversification in underdeveloped or in-development economies.

Moreover, different sectoral productivities may be observed as being close to others due to price movements. Production lines with high productivity increases enjoy initially rising profit rates and increase. Therefore, production and output through net investment, as long as such high profit rates, can be achieved nowhere else. In other words, they attract labour, and wages may increase, triggering increasing production and bringing together the tendency of market saturation. Then, price increases become limited, leading even to a price decrease. Profit rates return to normal, and productivity, measured in price, no longer increases or declines.

Conversely, under conditions of high employment, production lines – which lose labour moving to the

highest paying production lines – are reduced and possibly face waiting for lines, pushing more price increases. It is important to stress that productivity is measured in monetary terms. Decreasing productivity in monetary terms of the innovative product lines and increasing productivity in monetary terms of the non-innovative production lines converge.

To simplify it, let us assume an underdeveloped economy with no productivity increase. This economy will become more competitive due to internationally low local factor production costs, usually land and cheap labour. Where productivity lag is lowest concerning the capitalist developed countries, competitiveness is achieved at the earliest. That has consequences for patterns of specialisation in underdeveloped economies. In these cases, the trade balance may not be balanced at the levels of international costs of the local factors of production required for the then-competitive products. This leads to further lowering the international price of local factors of production, especially labour, which may render new production lines competitive. The mechanism may be the lowering of the exchange rate. Local factors of production are made cheaper by a lower exchange rate. Production lines that are already competitive will face lower prices of their exports internationally if they compete with each other based on lower costs of factors of production.

Suppose that the price elasticity of demand is low. Lowering the prices of already competitive products leads to a loss of earnings for the underdeveloped country. As mentioned, previously competitive production lines were competitive at the former levels of the world market prices already. Then, an export tax leads to higher earnings. Differences in productivity

increases according to production lines in the “centre” create new possibilities for rent appropriation in the “periphery”. The appropriation of new rents increases the total earnings of an underdeveloped economy, so it has to specialise in “old” products, products with low income and price elasticity of demand. Productivity advances of the centre are typically highest in new products, as described in the product cycle theory (Vernon 1966). That is because new products require new technologies. Moreover, they can be launched more quickly and efficiently if the production is close to high-income markets. Thus, until at least the recent phases of globalisation, the specialisation of underdeveloped economies is characterised by low prices and low-income elasticity of demand.

The recent phases of globalisation are characterised by declining terms of trade of the

new exporters despite any rapid export expansion. Often, they proceed to sophisticated forms of rent appropriation. For example, South Korea stopped importing textile machinery to launch an initially high-cost local production of textile machinery. Because of the low-price elasticity of its textile exports, higher prices in Korean currency did not lead to corresponding reductions in quantities exported. Singapore taxed cheap labour to subsidise skill formation. The People’s Republic of China allows profit transfers but insists on costly technology transfers by its partners in joint ventures. These are all cost-increasing measures rendered possible by the cheapness of some production steps, burdening the comparatively cheaper sectors and production steps with additional costs as if rent was appropriated in favour of the government’s industrial policy budget.

Various Ways of Distributing Rents

On the other side of the spectrum, rent-based economies are much more inflexible as relative productivities diverge following the transposition of the world market price system. A simple egalitarian rent distribution will not necessarily lead to a flexible adjustment of the local productive apparatus. High prices may be too low to compensate for the still massively lagging behind production lines. Moreover, rising demand for some products will face the absence of certain production lines, as their emergence depends on technology imports. Production increases in some production lines will go with increased dependency on imports of inputs. Thus, simple income redistribution may result in inflationary pressures or balance of payment problems.

Most often, rents tend to appreciate the local currency, discouraging local diversification. That is usually called the Dutch disease. However, I argue that there are economically efficient ways of using rent. That demands the creation of a coherent

productive apparatus to obtain multiplier and accelerator effects over the local demand. Such a productive apparatus is characterised by integration, linkages between the different productive units and competitiveness on the world market at the achievable exchange rate. That may imply that, for some periods, the country opts for the not-most-modern technologies. Moreover, it is especially helpful in creating the local technological capacity not necessarily in autarky – to shift to local production in case of changing prices or requirements.

Therefore, the efficient use of rent implies planning. Planning requires political instances capable of designing and implementing long-term and forward-looking development strategies. If no competing classes control essential parts of the surplus, a planning agency can be politically independent enough to manage most of the surplus. I deduce this from my previous work on state classes (Elsenhans 1996). In the case of state

classes that emerge in rentier societies, the access to surplus depends on the control of state institutions – in practice, that means that they hold the political mechanisms for the appropriation and negotiation over the use of rent.

State classes may have the appearance of bureaucracies and their administrative clientele. However, their internal dynamics do not correspond to the structures predicted by the Weberian state. In fact, there is no independent political authority that ultimately decides between segments of the administrative apparatus. Instead, different societal (and powerful) elements organise across formal internal divisions to constitute coalitions that promote their

interest, which usually means more access to resources, stronger political influence and prestige. That creates a permanent struggle between segments of the state. While this struggle may be initially based on different conceptions of the development process, they ultimately establish different political alliances that do not necessarily reflect common objectives concerning development. Nevertheless, these alliances – and the permanent political struggle among them – will always have one priority goal: maintaining a segment's position in the power structure, which depends on some level of social legitimisation. Therefore, I conclude that state classes are torn between the necessity of maintaining some legitimacy and their direct interest in self-privileging.

Using Rent for Overcoming Underdevelopment

My point of departure is the inflexibility of underdeveloped economies, their weakness in technology production and their orientation to the existing highly inegalitarian income distribution. These inegalitarian income distributions render these economies more dependent on imports due to higher technical requirements for consumption goods and on investment goods imports due to highly specialised machinery used in small quantities.

Overcoming underdevelopment means mobilising rents to prepare the economy flexibly to react to rising mass demand (Elsenhans 2004). All development theory is centred on changing the production structure when market signals are not strong enough – thus, some planning is necessary to promote development. The degree of planning, nonetheless, is highly controversial. Similarly, while the deduction of the economic structure's future is less controversial, the methods of arriving there are hotly discussed.

Two fundamental economic arguments for orienting planning towards mass consumption are

economies of scale and lower technical requirements. Industrial production involves exploiting economies of scale, with the pottery wheel an early example (Baldi and Roux 2016). The power loom and the spinning jenny have been essential for the Industrial Revolution in Great Britain. Productivity increases in manufacturing were due to machinery designed to execute a limited number of production steps in repetition. Optimal economies of scale may vary, but economies of scale in inputs, especially technology production, require production facilities with optimal size multiplication. This requirement is multiplied in the inputs sector, especially technology. A more egalitarian income distribution leads to a less diversified demand so that production batches for each item are larger than a more inegalitarian demand (Elsenhans 1975). The lower-income strata also have lower quality requirements: the gadget is not more important than the product value-use for them. That allows more simplified products and greater reliance on local inputs and technology, enlarging the possibility of local production.

More standardised technology can be employed, especially if the international costs of local labour and locally produced technology are low compared to imported technology. Standardised technology can also quickly enter local production, providing training on the spot for the not-yet-skilled local labour force. That can constitute an asset for the continuity of a constructive learning trajectory concerning technology, improving local technical standards. Finally, in cases with egalitarian income distribution, final demand promotes local production of less complex technology. That, in turn, translates into cost reduction and creates additional employment. Equality and local production, therefore, outperform imported special-purpose technology.

There are two requirements for research of structural Political Economy: evaluating the demand structure in case of rising mass incomes and evaluating the most rational entry into local technology products based on the initial (and simple) technology present on the ground, with high learning effects. For evaluating the future demand structure, some methods of comparing the slightly better off with the lowest incomes may be helpful. So, the structure of demand of the fourth quintile can be used to evaluate the structure of demand of the fifth quintile in the case of its increasing income. Therefore, overcoming underdevelopment requires the observation of consumption structures. However, products belonging to the same product group may differ substantially in technology requirements according to their users. For example, the TV for the poor may differ from the TV for the rich.

Moreover, marketing research can provide insights into the expected demand structure in case of rising mass demand. Research on available technical solutions for lower-quality consumption goods is also required. It is, however, critical to stress that technical progress in a developed capitalist country is often oriented to the speed or the precision of the mechanism of transfer of

power from a tool to a workpiece and on the narrowing down of the steps of the machine to particular purposes, hence, the development of special purpose machinery. Here, quality requirements and small batches of production render production entry particularly difficult in a lagging behind economy. On the other hand, the capacity to locally produce technology means the capacity to produce some technology, to unpack, repair and possibly improve imported technology. What has to be evaluated is the optimal trajectory of local technology production, the ties between imports and their entry into local technology production in general-purpose technologies, which optimally allow diversification.

I argue that state classes in most of the Global South could overcome underdevelopment by using rents only to a limited degree. This task is more challenging for those with higher rents. The resource curse literature observed that those economies with higher rents did not experience comparable economic growth to those with low rents. Therefore, high rents constitute a disincentive for diversification, as Hans W. Singer has observed (1950, 482). In some cases, such as Algeria, a relatively large rent distribution to the population was quite successful despite the emergence of highly wasteful and corruptive practices and limited efficiency in investment. Nevertheless, I argue that the economies that developed the best opted for quasi-automatic distribution and did not dispose of large rents to be discretionarily used by the powerful.

Moreover, land reforms are crucial. Land reforms reduce inequality and increase agricultural productivity. They internalise marginal labour in farms (Elsenhans 1979, 552-569) while easing labour markets with the double aspect of redistributing consumptive demand to the lower incomes and providing labour below the cost of average necessary income because of opportunity earnings in agriculture following low marginal income, the so often commented feminisation of the export industries of the newly industrialising

countries. The successful East Asian economies all applied land reform independently of their ideological orientation. Nevertheless, it must be stressed that this export orientation is also a form of rent mobilisation, reducing the discretionary

power of rent-appropriating classes and providing a mechanism which lowers labour costs and increases competitiveness at the prevailing exchange rate.

Export Orientation as a Strategy for Mobilizing Rents

The import substituting strategies (ISI) based on inegalitarian income distributions ran into the blockage of the industrial sector. As a result, it did not earn the financial resources required for its reproduction and further growth. This blockage led to an imbalance of payments and fiscal crises, as seen in the debt crisis of the 1980s. Bankrupt economies could do nothing but opt for earning additional money through additional exports.

A growing demand for higher raw material prices in the 1960s and 1970s accompanied the demand for political independence in many African and Asian countries. It became a central issue for the Group of 77 international strategies and the UNCTAD as a Global Southern platform. The financial resource exhaustion in the Soviet bloc due to its internal economic inefficiencies precluded any chance of increasing rent extraction from the West by using the threat of joining the East (Elsenhans 2000). There was no material help for creating a debtors' cartel like the creation of OPEC in the 1960s, and many economies that ran into balance of payment difficulties had to follow the economies that had never enjoyed substantial rents from raw material exports. These "raw material poor" economies, later labelled as the "newly industrialising countries" or "Asian tigers," had no other choice but to specialise in exports of initially labour-intensive manufactures.

A general criticism of export-oriented manufacturing argues that it is only possible with low real wages and, therefore, constitutes further exploitation of the global periphery. However, differences in international labour costs had been described as a relation of about 1 to 20 between

Western industrialised countries and the Global South's newly emerging manufacturing exporting countries (Amin 1973, 183; UNCTAD 1983, 16; ILO 1980, 37). However, real wages between both areas have been estimated at 1 to 6, thus describing undervalued currencies in these underdeveloped countries (Strack, Helmschrott, and Schönherr 1997). In other words, the exchange rate does not correspond to purchasing power parity. As a result, underdeveloped countries specialising in manufacturing exports became competitive through undervalued exchange rates. At exchange rates below purchasing power parity, the purchasing power of additional export workers on the world market is lower than on the internal market. As a result, additional export workers buy more on the internal market than they can afford on the world market.

There has to be a supply source for this additional consumption so that the workforce can buy more on the internal market than can be financed by its share in the earnings of manufactured exports. This source is local wage goods production, which is local food production at low real income levels. Export-oriented manufacturing depends on a surplus of local agriculture, which, in turn, is not exported to the world market, although its products would fetch higher prices there. Rent taken from agriculture and channelled into local mass incomes is the surplus for subsidising workers employed in the economy's export sectors. A thriving informal sector contributes to the overall scenario.

All non-city states that eventually became manufacturing exporters were particularly successful during the Green Revolution, combined with land reform. Their small and medium-scale industries have been dynamic. Whatever the inequalities in the world system, nobody will counteract the capacity to devalue based on the local agricultural surplus. Therefore, devaluation-driven manufacturing exports will end only in case of the exhaustion of the agricultural surplus in the wake of increasing mass incomes, which, in these economies, will lead to rising food consumption.

What I just described exposes the limits to manufacturing export growth based on devaluation. It is not the exhaustion of the agricultural surplus but the exhaustion of surplus labour which is crucial for development. Overcoming of marginality is therefore central. When underdevelopment is overcome after the removal of surplus labour, continued devaluation will lead to additional demand for labour by export industries according to their capacity to pay higher wages than those in the internal market-oriented industries. Consequently, internal market industries will also have to raise their wages to compete. The result will be a process called imported inflation. Therefore, another limit to manufacturing export-led growth based on devaluation is overcoming underdevelopment by removing structural unemployment.

High multiplier and accelerator effects of investment and demand increases on overall employment promote employment creation. Nevertheless, any form of economic planning during the development process must support the emergence of linkages between this employment creation and the local economy. When the import content of the lower income strata's consumption is lower than the rich's import content, egalitarian income distribution will stimulate overcoming underdevelopment. Reducing the import share in export products by promoting their local production has similar effects.

The conditions of import-substituting industrialisation and export-oriented manufacturing are identical: using rent for industrialisation and supporting this process by rising mass consumption. While export-oriented manufacturing is more sustainable for the underdeveloped world, there are present risks for the developed world after underconsumption at the global level (Elsenhans 2006, 239-245). In other words, import-substituting industrialisation is less sustainable for the underdeveloped world but presents fewer threats to the developed world. An intelligent combination of both logics allows the most rapid absorption of the local surplus labour in the Global South and, in different combinations, is practically pursued by successful export-oriented manufacturing economies.

On Some Global Aspects of the Argument

The current global system is characterised by changing comparative advantage in the wake of the disappearance of raw material rents in exports for a substantial part of the Global South. That allowed the overtaking of the advanced West despite the South's absolute lagging behind in all production lines and those branches in which the South once became competitive. One possible reaction is wage restraint in the West, leading to productivity outpacing production and

unemployment in the West. As export-oriented manufacturing threatens overall employment in rich countries (Elsenhans 1981), the solution is accelerating employment creation in the underdeveloped world. Concrete action between the West and the South is necessary to avoid a global underconsumption crisis. This collective action's primary target should be removing "structural" surplus labour in the Global South and overcoming underdevelopment. Moreover, a

concerted action between labour forces and the underprivileged in the West and the South would contribute to a harmonious expansion of demand at the world level. Unfortunately, there are few chances for this perspective to be realised.

I argue, therefore, that a revision of some basic tenets of mainstream interpretations about capitalism is necessary so that, one day, this perspective can become possible. The new comparative advantage conjuncture results from the weakening of raw material rents in the wake of a global power configuration that prevailed between the end of World War II and the fall of the Berlin Wall and the shift of comparative advantage to manufacturing in large parts of the Global South. Development efforts may have contributed, but the main contribution comes from the success of the Green Revolution, which allows devaluation below the purchasing power parity. Devaluation became possible so that underdeveloped countries could lower international prices of their local factors of production to levels at which they could become competitive despite still lagging behind in productivity.

Specialisation, according to comparative advantage, implies no higher productivity of the newly competitive economy but a relative lowering in the level of lagging behind compared to other activities. That implies a risk of overtaking. In the Heckscher (1949) and Ohlin (1927) formulation, specialisation patterns force “backward” countries to specialise in labour-intensive products and advanced economies in capital-intensive ones. That is convincing as long capital accumulation characterised capitalist growth processes. However, the capital-output ratio does not increase with growth. Labour – which is paid higher wages – still is what produces higher capital stock at constant prices. Therefore, capitalism is mainly capital-saving (Elsenhans 2022, 47-53). Consequently, the capital intensity does not necessarily protect against the South’s new competitiveness.

According to comparative advantage, specialisation depends on differences in relative productivity. Advanced economies have productivity innovations based on learning by doing. Such advances are most remarkable in the production lines that exist only in advanced economies and are only partially transferable to new production lines. There are, however, new production lines which emerge simultaneously in the advanced and lagging behind economies. Here, productivity improvements for advanced economies exist but may be lower than in already established “high” technologies, which only exist in the hitherto advanced economies. That is the configuration between Western Europe’s and East Asia’s catching-up economies today.

Following the comparative advantage logic, specialisation on backwardness threatens advanced economies. Advanced economies usually react to this challenge through wage restraint and industrial policy, promoting rent mobilisation for subsidising innovation. Moreover, they complement these measures with other measures in favour of threatened segments of its labour force, thereby reducing the wage element imposed by labour through a politically negotiated rent element. I call these developments the threat of globalisation of rent (Elsenhans 2019).

However, one must not forget that maintaining the primacy of profit as the source of surplus appropriated on anonymous markets requires increasing world demand that does not necessarily originate from private consumption - it can also originate from public consumption. One example is energy transition and fighting climate change. In both fields, public spending is crucial. Public consumption favoring the environment and accepting productivity-reducing but environmentally superior production methods have similar consequences as increasing private consumption. They enlarge consumptive capacity in relation to productive capacity.

Nevertheless, the absorption of marginal labour is greatly enhanced if real incomes in the South increase. Against the argument that increasing costs for environmental protection and increasing private consumption endanger competitiveness, my critical interpretation of capitalism insists on two arguments. First, increasing consumption cannot be satisfied without capacity enlarging investment, and the enterprise sector can always finance additional investment via the monetary system. Tensions in the market for goods and services are always resolved in favour of business because, in case of too high monetary demand, consumers cannot get protected against inflation other than by reducing their purchasing power. Consumers cannot eat up the financial resources necessary for investment. Secondly, international competitiveness does not depend on national costs but on the international costs of local factors of production, which are mediated through the exchange rate. Exchange rate devaluations do not hurt labour beyond its possibly too high international price but influence the distribution between capital and labour in favour of labour.

Therefore, I conclude that integration in the world market, not only import-substituting industrialisation, requires rising mass incomes to overcome underdevelopment through mass production for mass consumption. Therefore, there are clear venues for a successful use of rent. Whereas rent is ambiguous in its possible economic impacts, as are the state classes, all depend on wise combinations of the market and the state. Historically, the argument is proven by capitalism's emergence by creating popular poles of industry, hence mass consumption (Elsenhans 1983). The system faces a threat without the spontaneous tendencies to increase mass consumption, which worked historically in advanced countries through class struggles – not of economic understanding. The alternative would be the worldwide globalisation of rent threat and the politicisation of the international economy with the respective direful consequences for the peaceful character of the global system (Elsenhans 2019).

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Extractivism, Anti-Imperialism, and the Second Argument Legitimising Import Tariffs

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Introduction

Extractivism may be defined as the abusive use of human and natural resources to benefit certain groups or countries. On one side, it is related to the significant and recent literature on protecting the environment and climate change and exploring national resources. On the other hand, this topic is also linked with colonialism and the imperial countries' exploration of societies in developing countries. In this paper, I discuss this second aspect of extractivism. The first section's theme is classical developmentalism and anti-imperialism versus associated dependency theory.

In the second section, we explore the rise of a new generation of developmental economists who focused on the growth of East Asian countries. In the third, the focus is on the rise and contribution of new developmentalism, and in the fourth section, the problem of protectionism and the addition of a second argument in the history of economics (besides the infant industry argument) legitimising import tariffs on manufactured goods. Finally, I conclude by stressing some critical remarks to continue the discussion.

Anti-Imperialism and the Dependency Theory

In the 1950s, while the ECLAC's economists led by Raúl Prebisch (1901-1986) defined the centre-periphery model (Prebisch 1949), in Brazil, the group of nationalist intellectuals of the ISEB built the national-developmental model (Rangel 1957; 1960; Jaguaribe 1956; 1962). Both groups defended industrialisation, and both were anti-imperialist. They started with the thesis that the imperial centre opposes the periphery's industrialisation. For the Global North's rich countries, it is interesting that the developing countries serve as markets for their sophisticated manufactured goods and their capitals; it is not interesting that they industrialise and become competitors in the production and export of manufactured goods. Prebisch did not use the term "imperialism", which was incompatible with a United Nations agency. The term "centre-periphery" enabled circumventing the issue. According to both models, a country should reject the North's ideological hegemony and define a national development project.

The most influential economist of the ISEB was Ignácio Rangel (1914-1994); its leading political scientist was Hélio Jaguaribe (1923-2018). While the ECLAC's contribution was chiefly economic, the ISEB's was political. Celso Furtado (1920-2004), who worked next to Prebisch at the ECLAC and delivered conferences at the ISEB, was the liaison between the two groups.

Both models argued that at the political level, the industrialisation of Latin America, which was underway at the time, was due to the formation of a developmental class coalition made up of industrial entrepreneurs, the public bureaucracy, and urban workers. Despite being informal and unstable, these political pacts reasonably reflected the reality of the 1950s. Developmental policies were successfully adopted in Latin America at several moments when

industrialisation picked up pace and had the support of left-wing intellectuals. In Brazil, for example, in its 1958 congress, the Communist Party decided to support this interpretation – something that at that time made a difference. However, the Latin American industrial bourgeoisie was not as firmly nationalistic as those of Asian countries. In the 1960s, after the Cuban Revolution (1959) and within the context of the Cold War, Latin America underwent a process of political radicalisation. Feeling threatened, industrial entrepreneurs broke their agreement with the public bureaucracy and organised workers and aligned themselves with the old exporting elites, the liberal middle classes, and the United States. Then came the coups d'état in Brazil (1964), Argentina (1967) and Uruguay (1968) – right-wing coups that violently repressed the region's left-leaning intellectuals.

As a reaction against the military coups, the 'dependency theory' remerged – a misguided thesis that would deliver a harsh blow to both the centre-periphery anti-imperialist theory and the national-developmental model. This originally Marxist theory was formulated by German economist Andre Gunder Frank (1929-2005) in the days of the 1964 military coup and reflected the outrage of the left in Latin America (Frank 1966; 1969). It criticised the classical anti-imperialist theory and the national-developmental model, arguing that they were doomed to failure because the bourgeoisie at the periphery of capitalism was intrinsically dependent – incapable of leading a national and industrial revolution.

The thesis was simplistic and only partly reflected the reality of developing countries and the Latin-American bourgeoisie, which are contradictory and ambiguous; at some moments, they are nationalist and align with the working class and the state bureaucracy in promoting

industrialisation; at others, when they feel threatened by the left, they embrace the economic liberalism defended by the centre. Two versions of the dependency theory were formed in the late 1960s: the Marxist version of Frank himself and Ruy Mauro Marini (1932-1997) and the “associated” version of Fernando Henrique Cardoso and Enzo Faletto (1935-2003). The former group concluded that, given the bourgeoisie’s dependency, a national or bourgeois revolution was impossible, and the solution was to be found in a socialist revolution – a logical answer but unrealistic (Marini 1969; 1973). In the book *Dependency and Development in Latin America*, Cardoso and Faletto (1969) formulated the associated dependency theory, criticised the national-developmental project of classical developmentalism and Celso Furtado’s argument on the underdevelopment and stagnation of Latin America, which he formulated immediately after being exiled of Brazil in 1964 (Furtado 1965; 1966). The two authors affirmed that the opposition to industrialisation that developmentalists attributed to the rich countries was mistaken, as the investments of the multinational corporations in the manufacturing industry “proved”, ignoring that one thing is the business strategy of companies, another, the liberal strategy of the Global North aiming to block the industrialisation in the periphery. Thus, the associated version preached the Latin American countries’ association with the United States. This association was not always clear, despite the commitment of Cardoso and Faletto to democracy and the critique of the military regime for the increase in inequality that its development policies were causing.

The ECLAC chose not to recognise that it was under criticism and allowed itself to be meekly co-opted. The ISEB was extinguished by the military in 1964, and its intellectuals were repressed by the right and the left because their defence of a class

coalition of the working class with the industrial bourgeoisie had represented a “betrayal” of the working class cause. The associated dependency theory was enthusiastically received in the United States, as Cardoso noted somewhat ironically (Cardoso 1977). Dependency theory appealed to left-wing intellectuals that the military coups in Brazil in 1964, Argentina in 1967, and Uruguay in 1968 had left outside of the political process. Resentful of the coups and their exclusion, they criticised those on the left who had argued for a political agreement with business industrialists.

On the other hand, the associated dependency’s submission to imperialism was unclear to Latin America’s left-wing intellectuals, who were attracted by the class analyses and the defence of democracy.² Thus, the left in the region received the associated dependency interpretation well. Cardoso became its more important intellectual for twenty years, while the centre-periphery model, vital for Latin America’s industrialisation, was left aside. In the late 1970s, the ECLAC’s thinking and, more broadly, classical developmentalism plunged into crisis – which Albert Hirschman recognised in a 1981 paper.

Beginning in the 1970s, two Marxist sociologists, Immanuel Wallerstein (1930-2019) and Giovanni Arrighi (1937-2009), contributed to the political economy of development with their “world-systems theory”. According to this model, built based on the long-term concept of French historian Fernand Braudel (1902-1986), Wallerstein and Arrighi inserted the periphery’s development into the broader process of capitalist development and international division of labour. Arrighi’s contribution was fascinating because he developed a theory of phases-cycles of capitalist development and quickly realised China’s emergence (Arrighi 1994; 2007). Unlike classical developmentalism, however, the two were sociologists and never formulated an economic

² I, for instance, only became fully aware of this subordinated character of associate dependency in the early 2000s.

development model. After the collapse of the Soviet Union, they argued that the triumph of liberalism had never occurred but that the final

crisis of capitalism was beginning. They have been too optimistic.

Third Generation

In the 1980s, Latin American countries plunged into the foreign debt crisis and fell into moratoria while their economies faced total stagnation. They failed because they had adopted the growth policy with foreign savings and because, in 1979, the Federal Reserve Bank radically increased its interest rate to fight stagflation. East Asian countries, however, continued to experience high growth rates. This fact opened room for a new generation – the second generation – of classical developmental economists.³ The 1982 book by Chalmers Johnson (1931-2010), the 1989 book by Alice Amsden (1943-2012), and the 1990 book by Robert H. Wade showed how industrial policy was necessary for those countries to develop, while the books by Eric S. Reinert (2007) and Ha-Joon Chang (2002) showed how developed countries had since the 1980s been attempting to prevent countries at the periphery of capitalism from adopting developmental policies, the very same policies that they had adopted when they made their industrial revolutions. Based on Hyman Minsky and his experience at the UNCTAD, Jan Kregel provided a deep analysis of financial crises. Gabriel Palma contributed to the analysis of premature de-industrialisation, financial crises, and the Dutch disease with studies constantly supported by empirical research.

Around 1980, after the interest rates shock, the Global North experienced the Neoliberal Turn (the transition from a developmental to a neoliberal policy regime) under the UK's and the US's lead. The United States charged the World Bank, the IMF, and the WTO to limit the policy space of peripheral countries and pressure them into embracing neoliberal reforms. The 1985 Baker Plan and the 1989 Consensus of Washington were manifestations of this pressure. The neoliberal diagnosis was simple. The state had become the problem rather than the solution; quasi-stagnation was caused by the "protectionist populism" of the ECLAC's industrialisation policy by import substitution. This was not true, but classical developmentalism lacked an effective response to this criticism from liberal orthodoxy. Around 1990, they capitulated to the North and carried out the neo-liberal reforms: commercial and financial openness. Liberal orthodoxy guaranteed Latin American governments that growth would resume as soon as they opened their economies. Instead, they entered a process of premature de-industrialisation and have remained quasi-stagnant since then. There was some growth in the first decade of the 21st century, but due to a commodities boom. And the region quickly returned to its quasi-stagnant condition.

³ The first was the generation of Raúl Prebisch (1901-1986), Paul Rosenstein-Rodan (1902-1985), Ragnar Nurkse (1907-1959), Hans W. Singer (1910-2006), Arthur Lewis (1915-1991), Albert Hirschman (1915-2012), and Celso Furtado (1920-2004). The second

generation, Hollis B. Chenery (1918-1994), Anibal Pinto (1919-1996), Celso Furtado (1920-2004), Antônio Barros de Castro (1938-2011), Maria Conceição Tavares, Luiz Carlos Bresser-Pereira, Luiz Gonzaga Belluzzo and Lance Taylor (1940).

The New Developmental Theory

The new developmental theory emerged in the early 2000s as an economics and political economy that begins by criticising the hypothetic-deductive method of conventional economics, a mathematical castle built in the air. Adopting the hypothetical-deductive method starts with axioms such as the homo economicus, the general equilibrium model, and rational expectation. Instead of using the claim's adequacy to reality as its primary truth criterion, it deems accurate, which is logically consistent. It is thus uncommitted to the reality. These economics and its proposed reforms and economic policies are misguided, purely ideological, and harmful to the growth of countries, be they developed or not. Conventional economics survives in universities because it is abstract, expressed as mathematical models, that serves the interest of rentiers and financiers and matches the idealistic Platonism of the academia. For sure, there are neoliberalism-classically trained economists who are remarkable and discuss economic reality with competence. Still, they can do that because they have cast aside the core neo-classical tenets. It is also worth pointing out that many researchers have emerged in the universities who carry out empirical investigations into topical subjects without support from any economic theories; they rely on econometrics or develop algorithms, usually to evaluate public policy. They do helpful research.

New developmentalism understands that the balance of economic systems and their economic development arises from combining the two institutions that coordinate the capitalist economies: the market and the state. The market is unparalleled when coordinating the economy's competitive sector but cannot coordinate the monopolistic sector and the macroeconomic prices.

New developmentalism argues, based on a classical view, that the role of the state in the

economy is to guarantee the general conditions for the accumulation of capital (education, healthcare, institutions to guarantee the market's proper functioning, infrastructure investments, science and technology investments, and a domestic financial system capable of funding investments in domestic currency) so that entrepreneurs can innovate by investing. It is, therefore, to ensure the microeconomic conditions for development – the conditions on the supply side that are essential for economic growth.

Rather than engaging in the opposition between the market and the state or stating the obvious (that the two institutions are complementary), new developmentalism starts from the distinction between the economy's competitive sectors, which the market coordinates better than the state, and the naturally non-competitive sectors (infrastructure, the basic inputs industry, and the too-big-to-fail large commercial banks), which the state must coordinate.

New developmentalism, adopting a post-Keynesian perspective, argues that implementing a macroeconomic policy that sustains demand is also a role of the state. From its viewpoint, new developmentalism argues that increasing public savings to fund public investments and implementing a macroeconomic policy that keeps correct the macroeconomic prices are also a central role of the state – prices that guarantee employment and growth. The objective is to increase the population's wages or standard of living, but this increase is only solid when the five prices are correct.

Its macroeconomics is based on the thesis that the market cannot keep the five macroeconomic prices or the two main macroeconomic accounts – the current or foreign account and the fiscal account – at the "right" levels. The right price is

not a “market-determined price”, as conventional economics assumes, but a system of prices that will ensure an economic system’s employment and growth. The most strategic of all macroeconomic prices is the foreign exchange rate; the most operational is the interest rate; the most important is the profit rate because investment and growth depend on it. Inflation is a permanent risk that must be avoided. The objective is to increase the population’s wages or standard of living, but this increase is only solid when the five prices are correct. The exchange rate must be competitive – a rate that assures companies using the best technology access to the existing demand.

If left to the market, macroeconomic prices will prevent stability and growth. The interest rate level around which the central bank conducts its monetary policy tends to be high in such countries – far higher than the international interest rate plus sovereign risk; the foreign exchange rate tends to be chronically and cyclically appreciated; the wage rate is depressed in the long term because of a low rate of capital accumulation and a high level of unemployment; the inflation rate tends to increase when the economic systems stop functioning correctly, and the industrial sector’s profit rate tends to be correspondingly dissatisfying. In addition to ensuring supply-side conditions for capital accumulation and adopting a Keynesian macroeconomic policy, the state must always embrace an active macroeconomic policy to avoid incorrect macroeconomic prices.

The two main macroeconomic accounts must stay balanced for the macroeconomic prices to remain correct. Still, in developing countries, the fiscal account tends to be in a chronic deficit because of fiscal populism, and the foreign current account tends to be in a chronic deficit because of foreign exchange populism. The fiscal account must go into deficit when the economy’s demand level is insufficient, and the state undertakes

countercyclical fiscal policy. As for the current account deficits, no valid justification exists. Or, more accurately, one only does it in the rare times of accelerated growth, when the rate of substitution of foreign for domestic savings increases because, in this case, the capital inflows do not push up consumption or discourage investment (Bresser-Pereira and Gala 2008).

New developmentalism defends that public investments and savings are kept between 20% and 25% of total investment, but populist politicians are attracted by fiscal and exchange rate populism. An appreciated exchange rate artificially increases the purchasing power of wages and rentiers’ earnings, thus stimulating consumption while making industrialisation projects that use the best technology not competitive.

Its development analysis argues that public investment is harmed by the State’s difficulties in increasing public savings and that private investment is impaired by high interest rates that appreciate the exchange rate and stimulate consumption while making uncompetitive industrialisation projects using the best technology.

The fourth generation of developmental economists is enriching new developmentalism. They include, among others, Nelson Marconi, José Luis Oreiro, Paulo Gala and André Nassif. The former two were my co-authors for the most comprehensive book published on new developmentalism: *Developmental Macroeconomics* (2014). Paulo Gala was my co-author in a paper that completely critiques the policy of growth with foreign debt. André Nassif, in addition to being my co-author, is writing *Forty Years of Quasi-stagnation in Brazil*, which situates new developmentalism properly among the leading theories to understand the Brazilian economy and its long-term quasi-stagnation.

Protectionism or Neutralisation?

After 40 years of quasi-stagnation, Latin American countries have not yet found their way back to development. They are quasi-stagnated, their growth per capita being much smaller than the other countries. One of the reasons for this fact is an exchange rate chronically overvalued because, around 1990, these countries stopped neutralising the Dutch disease. Before, they industrialised because the high import tariffs on manufactured goods neutralised the severe economic disadvantage faced by countries with abundant natural resources and exporters of commodities.

They legitimised the import tariffs on manufactured goods with the infant industry argument, which, however, lost validity as the manufacturing industry matured, and they were left without a political justification for the industrialisation policy by import substitution. As a manifestation of the imperialism of the Global North and its opposition to the industrialisation of Latin America, the Liberal orthodoxy has offered harsh criticism of the high tariffs policy since the 1970s, accusing the Latin-American countries that they had been industrialising since 1950 due to protectionism. This was a misguided critique which ignored the Dutch disease. The liberal economists didn't consider that given the Dutch disease the import tariffs did not "reward incompetence" but assured the industrial companies in the countries, national or multinational, a level playing field in their competition with similar companies of other countries.

In the 1990s, after ten years of persistent foreign debt crisis and stagnation, and after the crisis of the classical developmental theory, Latin-American governments yielded to the Global North's pressure and opened their economies. Their manufacturing industry then faced a significant competitive disadvantage, the countries de-industrialised and entered a regime

of long-term quasi-stagnation. I say "competitive disadvantage" because many manufacturing companies, although adopting the best technology available and technically competitive, do not neutralise the Dutch disease and become economically non-competitive.

Since the Second World War, several Latin-American countries have industrialised because their policymakers neutralised pragmatically the Dutch disease that they did not know. They were, however, developmentalists and knew that development is industrialisation, and if the tariffs were eliminated, industrialisation would stop, if not regress, in their countries. Tariffs on manufactured goods are second best when compared with a variable tax on the exports of commodities, but in countries where the Dutch disease originates in agriculture, they are politically more viable because the export tax faces the opposition of the farmers, who are many, more robust than the import tariffs.

Thus, in the last years, I have been defending that the Latin-American countries use tariffs to neutralise the Dutch disease concerning the domestic market and subsidise the exports of manufactured goods, following the same rule of the tariffs, even though knowing that the country will have difficulties with the World Trade Organisation (Bresser-Pereira 2020). Adopting this trade reform will require that developmentalism turns again hegemonic – which is perfectly possible due to the collapse of neoliberalism in the Global North. It will require that the local policymakers become developmentalists again.

The neutralisation of the Dutch disease argument that I am proposing is a second argument legitimising tariffs – a second argument in the history of economics. The first was the infant industry argument, which was provisory. The second argument does not lose legitimacy with

time but depends on the fact that the country is an exporter of commodities and, therefore, has the disease. The liberal orthodoxy was so hegemonic in the last 40 years that it paralysed the developmental economists and policymakers in relation to tariffs. Now that this orthodoxy is in

crisis together with neoliberalism, developing countries may again become developmental and defeat the extractivism and the economic liberalism that extractivism uses to avoid that they industrialise and compete internationally in the exports of manufactured goods.

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Latin American Structuralism's Enduring Legacy

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Introduction

It might not be a coincidence that some of the most fruitful efforts in critical thinking were the product of persecution and exile. For example, during the wars and crises of the first half of the 20th century – Hobsbawm’s “age of catastrophe” – intellectuals from Frankfurt who fled Nazism and exiled themselves in the United States undertook one of the most significant attempts to build on the legacy of Karl Marx. An Italian, roughly their contemporary, could not escape repression and had to leave his lasting contribution in his prison notebooks. “The exilic intellectual does not respond to the logic of the conventional but to the audacity of daring, and to representing change, to moving on, not standing still,” argued a later expatriate (Said 1994, 64).

That this conjunction of critical thinking and exile also characterised the field of development

economics in the time of its so-called pioneers may be less well-known. Hans Singer and Albert Hirschman, for instance, were some years younger than their Frankfurt compatriots but were also forced to leave Germany in 1933. I want to focus, however, on the political and intellectual developments that took place some decades later, when the military governments that spread around Latin America exiled some of the region’s development thinkers. From abroad, they examined what went wrong and revised their earlier formulations. During these years, they came up with a set of concepts and frameworks – summarised by the idea of “styles of development” – that can still contribute, half a century later, to interpreting the challenges peripheral capitalist societies face and rethinking the meaning of development. They are one of Latin American structuralism’s enduring legacies.

Celso Furtado's Lost Illusions

Founded in 1948 and initially headed by the Argentinian economist Raúl Prebisch, the United Nations Economic Commission for Latin America and the Caribbean (ECLAC) was the headquarters of Latin American structuralism, the region's strand of early development thinking. Reading its founding documents, one can see that its members did not underestimate the challenges they faced to guide Latin American economies through a sustained development process. But, without being naive, their work exuded excitement and optimism. They were coming up with detailed statistical pictures of most of the region's economies, and they had a clear goal: to foster processes of industrialisation that could liberate Latin American countries from the shackles imposed by their peripheral role in the international division of labour.

With a Ph.D. in Economics from the Sorbonne in France, Celso Furtado joined ECLAC in 1949, in his late twenties, quickly becoming one of its leading intellectuals. In the almost ten years he was at the commission, mainly as the director of its Development Division, Furtado headed missions to more than a dozen Latin American economies while engaging in academic debates on development. Formulating his ideas in dialogue with Arthur Lewis, Paul Rosenstein-Rodan, Ragnar Nurkse and many others, the Brazilian economist helped shape the field of development economics in its heyday. At the same time, working at ECLAC, he left his mark on a study that would be the basis of one of Brazil's most comprehensive development plans, which the government implemented in the second half of the 1950s.

In 1957, then, he left the commission to accept Nicholas Kaldor's invitation to spend a year at the University of Cambridge in the United Kingdom, where he wrote what would become one of the classic works on Brazilian economic history:

Formação Econômica do Brasil (translated to English as the *Economic Growth of Brazil*). In the following year, he returned to Brazil and soon became Minister of Planning – during the tumultuous early 1960s, joining the government that the 1964 military coup brought down.

The coup was the dramatic culmination of contradictions that had been piling up for some years, and it gave pause to the early development thinkers, forcing them to question their earlier hopes – not only in Brazil. In the late 1960s, Hirschman (1968, 1) noticed the 'considerable disenchantment' that characterised the debates on Latin American development. The slowing down of the industrialisation process led many countries to political turmoil and the establishment of military governments. To come to grips with the failure of the development projects influenced by their work, Furtado and his colleagues focused on understanding the structural limits of development in the capitalist periphery, conceiving a tendency towards stagnation.

The main argument, first published in 1965 by an exiled Furtado (1965), was as follows. The structural surplus population that characterised Latin America – a population plagued by massive rural and urban underemployment – created an obstacle to increasing wages. Thus, the wealthiest groups appropriated the bulk of the income generated by industrialisation. With wages held at a low level, productivity increases were reaped as profits. The rising profit share joined forces with the structural duality in the labour market – polarised between wage workers employed by the new manufacturing firms and the vast majority in informal or unwaged occupations – to produce high levels of income inequality. The latter, in turn, generated a structural duality in consumption patterns. The expenditures of most of the

population, with stagnant incomes in a booming economy, did not represent a promising consumption market for the new firms. Industrialisation had to cater, thus, primarily to those at the top, and the possibility of selling growing quantities of essential non-durable goods was quickly exhausted. The consumption pattern of the more affluent sections of society forced development to move to more complex – mainly durable – goods, like electric appliances and cars.

The problem, however, was that the firms producing those goods tended to be capital-intensive. When they became the major thrust of the industrialisation process, the latter lost its capacity to employ – as wage labourers – workers from the ‘subsistence sector’ and, thus, transform the relations of production. Besides, according to Furtado, the shift towards capital-intensive activities, given the limited scale of the markets in the capitalist periphery, pushed down capacity utilisation rates and, consequently, profitability and capital accumulation. Therefore, we are back to the beginning: the structural duality of the labour market is cumulatively reinforced by the forces generated by itself. Circular processes that lead to stagnation and the reproduction of underdevelopment connect the demand structure (income distribution and consumption patterns) and the supply structure (sectoral composition of output and employment). Writing from exile, Furtado could not help but notice that the economic limits were coupled with political ones: “increasing concentration of income and its sequel of underemployed population flowing into the urban zones create social tension which, by themselves, are capable of rendering the process of growth nonviable” (1965, 174).

Furtado envisaged a complex solution to this bleak situation: a planning program that would carefully

change demand and supply structures in tandem, gradually reducing income concentration and unleashing capital accumulation. However, the Brazilian military rulers showed that there was another way to stimulate economic growth: a few years after Furtado formulated his tendency towards stagnation, they presided over an unprecedented economic boom, the so-called Brazilian economic miracle. Underlying it, instead of Furtado’s reformist program, there were brutal persecution of trade unions and political opposition generally, a minimum wage policy that meant substantial wage repression, and a consumption boom premised on the indebtedness of white-collar households.

In a famous article titled *Beyond stagnation*, radical Brazilian economists Maria da Conceição Tavares and José Serra, exiled in Chile, offered an interpretation of the economic miracle that started from a critique of Furtado’s stagnationism (in Portuguese, *estagnacionismo*). According to them, most Brazilians “remain in great economic deprivation (...) mainly due to the dynamism of the system or, rather, the kind of dynamism that characterises it” (1971, 908). The dictatorship’s policies changed the structure of demand – concentrating income, boosting profits, and accelerating the shift of consumption patterns towards durable goods – in a way that further pushed the structure of supply in the direction identified by Furtado. He was right in concluding that that would lead to a continuous reproduction of the duality of the labour market. However, it did not entail stagnation, as recovered profitability and a debt-led consumption boom could make the cumulative structural dynamics compatible with accelerating growth. A kind of growth that entailed the reproduction of underdevelopment.⁴

⁴ In the mid-1970s, Furtado (1973/2021, 15) revised his stagnationism, effectively agreeing with his critics: “Higher rates of economic growth tend to imply aggravation of both external dependence and internal

exploitation. Therefore, higher rates of growth, far from reducing underdevelopment, tend to make it more acute, as it entails increasing social inequalities.”

The subsequent debate examined in detail the different ways in which the structural dynamics of peripheral development could impact income distribution and growth (Rugitsky 2016; 2018). Mathematical models were presented alongside detailed statistical investigations of the Brazilian boom and the structural characteristics of growth processes in other Latin American countries. There was talk about unequalising spirals and social disarticulation, among many other concepts. However, much of the debate would share an overarching framework, which assumed that the

interpretation of development processes should start by identifying the cumulative processes that connect demand and supply structures. This framework, essentially the basis of Furtado's stagnationism, would be called 'styles of development' by Chilean economist Anibal Pinto (1976). The specific conclusion drawn by Furtado – the tendency towards stagnation – would be proved misleading. Still, his formulation would survive as the springboard for later efforts, even the ones undertaken by his critics.

Styles of Development in the 21st Century

The Latin American boom in the early 1970s, with the Brazilian economic miracle at its forefront, would be negatively impacted by stagflation in the capitalist centre and, a few years later, cut short by the Volcker shock of 1979. In the region, the 1980s are called the "lost decade." Still, not only the 1980s but also the 1990s were dismal - economically - characterised by low growth, high inflation, high unemployment, increasing inequality, and currency crises. Latin America's average annual GDP growth rate, which was more than 6 per cent in the 1970s, shrunk to almost a third of that in the 1980s and recovered slightly to 2.8 per cent in the 1990s.

The growth rates observed in the heyday of development thinking were never observed again in the region, but the rise of China in the 2000s and its impact on global commodity prices stimulated the growth of South American primary exporters. The ensuing boom was more modest than its 1970s precursor but was nonetheless remarkable after two decades of quasi-stagnation: between 2004 and 2011, Latin American GDP grew on average more than four per cent per year. As this latest boom ended and political turmoil once more

engulfed the region, much intellectual energy poured into the challenge of understanding the recent development experience. This emerging literature mainly focused on the countries governed by left-of-centre parties in the period – the so-called Pink Tide. Indictments of policy mistakes flourished across the political spectrum, but interpretative efforts that dug deeper into the structural dynamics underpinning the Pink Tide boom could also be found.⁵ Those were, unsurprisingly, building on the legacy of Furtado and the literature on "styles of development."

Empirical research on the South American economies, mainly in Argentina and Brazil, suggested that a cumulative process connecting the demand and supply structures led, in this specific episode, to a circular interaction between falling wage inequality and structural regression. The story can be roughly told along the following lines. Redistributive policies adopted in the region – ranging from sustained minimum wage increases to an expansion of social transfers – reduced income inequality and impacted consumption patterns, allowing for some consumption diversification beyond essential

⁵ See on the Brazilian case, among others, Medeiros (2015), Rugitsky (2017; 2019), Loureiro (2018; 2020), Brenck and Carvalho (2020), and Dweck et al. (2022).

goods for the groups at the bottom of the income distribution. As a result, the shares of food and clothing in aggregate consumption fell, opening the way for higher shares of simple services and manufactured goods. As China and its neighbours became the “workshops of the world,” those goods were mainly imported. So, the shifts in the consumption patterns led to changes in the supply structure towards basic, low-productivity services and construction. The workers that flowed to the jobs thus created were coming from agriculture – where the carrot of formal urban employment and the stick of land-grabbing played complementary roles – and from the hollowing out of what had remained of manufacturing production after decades of stagnation. As a result, employment structures had their tails compressed, with low-paying service activities and construction concentrating the bulk of new (and precariously formalised) jobs. Such a compression reinforced the reduction of the wage disparity resulting from the redistributive policies, restarting the process.

So, instead of the 1970s unequalising spiral, we had an equalising one. Has Latin America finally found the recipe for inclusive development? Unfortunately not. As mentioned above, the decline in wage inequality was premised on shifts in the structures of supply that enhanced the region’s economies’ foreign vulnerability, increasing its dependence on the volatile revenues from primary exports and weakening its economic activities with higher technological sophistication. When the commodities boom ended in 2011, growth started to decelerate in the region, and after only a few years, most economies were dealing with the challenges of recession and unemployment. The gains made in the 2000s regarding labour formalisation and falling inequality were substantially reverted during the profound crises that followed.

The redistributive policies of the 2000s have been rightly praised and defended from the wave of political regression of the last few years. However, it is crucial to understand that their limits do not

lie only in the political opposition they faced from the ruling classes but also in the economic and political consequences of the structural dynamics in which they were embedded. Moreover, the full extent of the impact of these policies on wage inequality can only be gauged in light of the shifts in the supply structure that were, in part, unintended effects of the policies themselves. Therefore, the political consequences of the structural dynamics are plausibly at the root of the political backlash itself.

To understand this connection, one needs to examine how the Pink Tide development style impacted the region’s class structures and how the shifts in the latter led to an aggravation of class conflicts. Take the case of Brazil – similar processes can be identified in its neighbours. The labour market transformation in the 2000s boom should not be considered an epochal strengthening of the working classes because the formalisation process was precariously located in low-paying activities, and increasing workers’ indebtedness acted as a disincentive to militant action. However, as the commodities boom shielded the country from foreign shocks, it allowed for a cyclical expansion that lasted much longer than usual in Latin America, so that eventually, unemployment reached a low level. The timid, gradualist policies resulted in a tight labour market. In the early 2010s, a massive strike wave took shape, the likes of which had not been seen in decades. Therefore, the conciliatory stance of the Workers’ Party (PT) governments resulted, unintentionally, in an aggravation of class struggles.

In between the capitalists and the workers, the role played by the middle classes should not be overlooked. As the style of development weakened the manufacturing sector and the technologically sophisticated part of the services sector, it led to a relative decline in the number of high-paying jobs that allowed the middle classes to occupy their “contradictory class locations,” to borrow Erik Olin Wright’s (1985) phrase. A larger

and larger share of the middle classes ended up employed in jobs at the lower end of the pay scale for these groups – specifically, in the education and health sectors. Different empirical investigations of the class structure and income distribution in Brazil have revealed the relative decline of the income of the middle classes, another consequence of the structural dynamics of the Pink Tide development style (e.g., Figueiredo Santos 2015; Loureiro 2020).

As Marxian literature suggests (Chibber 2008, 359), the politics of the middle classes tend to be more contingent than the politics of the workers and the capitalists. Thus, it is not hard to fathom that, as they were relatively squeezed, the middle classes decided to march behind the ruling classes, fighting against their encroachment by the

workers. Such an alliance between the ruling classes and the middle classes proved to be particularly strong – and electorally visible – on the vast expanses of the Brazilian hinterland that, since the commodities boom, have been dominated by the production of soy, animal protein and a few other primary commodities – another political shift underpinned by the structural dynamics. This regionally concentrated political alliance was one of the leading forces behind the defeat of the Workers’ Party, which began with a parliamentary coup and culminated with the election of the far-right Jair Bolsonaro, revealing the fragility of the country’s democratic institutions (Nunes 2022). Half a century after the 1964 coup, the structural limits of development were once more brought to the fore in a context of political regression.

Whither Development?

The debates that led to the formulation of the “styles of development” framework in the 1970s established that high growth and fast industrialisation processes do not entail overcoming underdevelopment and producing a less unequal income distribution. Contrary to the hopes of the pioneers of development, industrialisation was not necessarily a recipe for “slay[ing] the dragon of backwardness” (Hirschman 1981, 23). It could contribute to the reproduction of underdevelopment. Half a century later, critical analyses of the Pink Tide that resorted to similar frameworks concluded that redistribution alone does not unleash a sustained, inclusive development process. In that context, it cumulatively interacted with structural regression, sowing the economic and political seeds of its reversal. Redistributing the windfall gains from the commodities boom, Pink Tide governments enhanced South America’s foreign vulnerability (by increasing the import composition of consumption without a corresponding strengthening of export capacity). And, at the

same time, they stimulated the formation of political alliances that would defeat them and weaken the region’s democratic institutions.

Such critical diagnoses of the development experiences provided by the “styles of development” framework allow for a more precise assessment of the challenges faced by peripheral capitalist societies. Nevertheless, can it contribute to devising an alternative development strategy? This perspective offers a critical standpoint indicating that a development strategy that aims to be inclusive must face the challenge of making redistribution and the reduction of foreign dependence compatible, assuming from the start that neither redistributive policies nor industrialisation strategies, by themselves, allow for overcoming underdevelopment. More concretely, making compatible the simultaneous overcoming of inequality and foreign dependence requires considering how, in any strategy, the structures of demand and supply will interact with each other.

Several economic issues are involved in such a strategy, including balance of payments constraints, the structure of the labour market, and so on. However, beyond such concerns, the success of any strategy depends at least as much on politics as it does on economics. As the defeat of the Pink Tide experience makes clear, a development effort is only sustainable if it builds the political conditions for its continuous reproduction. Moreover, a development strategy will only do so if, from the beginning, it is constructed from the bottom up by the autonomous participation of the popular classes that resist the impositions of global and domestic capital. In all peripheral capitalist societies, with different degrees of success, workers demand decent jobs and working conditions; communities defend their ways of life and their environments against the dislocations imposed by extractive capital in its insatiable pursuit of natural resources; and social movements call for redistribution of income and wealth and the de-commodification of social reproduction.

These resistance attempts point towards alternative conceptions of development, demanding concessions from capitalist development that it does not appear ready to make. If isolated, these struggles cannot prevail against the overwhelming power of capital, the imperialist policies that reproduce international hierarchies, and their allies within peripheral societies. An inclusive development strategy worthy of its name prioritises building alliances between the resistance efforts to forge a coherent

program from them. At this stage, the “styles of development” framework may help, indicating the potential implications of changes in the demand structure to the supply structure and vice-versa. A program can thus be assessed in light of the cumulative process that it may unleash and the economic and political limits that it may face.

As left and centre-left parties return to government in some countries in Latin America, the challenge of enabling inclusive development comes to the spotlight once more. In Brazil, Chile and Colombia, there are indications that lessons from the Pink Tide defeat have been learned, as leaders criticise extractivism, gesture towards indigenous communities, and propose redistributive policies based on progressive taxation. The global economic context is much more challenging than that of the 2000s commodities boom. However, it may have a silver lining: as redistributing the windfall gains from primary exports is not at hand, governments may be unable to bypass the strategic questions related to development. It is not unlikely that these governments will eventually fail, leading Latin America to yet another crisis, reinforcing the views of those who think development itself is a myth or an illusion (Furtado 1974/2020; Arrighi 1990). However, let us suppose they beat the odds and forge a path ahead, building a future anew for their countries. In that case, we can be sure they were guided – knowingly or not – by the enduring legacy of the exiled Latin American structuralists and their audacity of daring.

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Beyond Dualist Worldviews: The Theory of UCD in Times of Climate Crisis

Johanna Siebert

The Theoretical Problem of a Heating Planet

Science is clear: The effects of climate change are already felt in numerous societies worldwide today. Last year, we have registered a spike in extreme weather events, with unparalleled heat waves across Asia and the US, dramatic drought in Europe and the most severe floods in Pakistan's recent history (Lopez 2022). Climate change and the broader ecological crisis⁶ affect every aspect of human life: our ways of producing and consuming, our politics, our health and well-being, and more. Moreover, we have only begun to make sense of the crisis' effects on our understanding of the world. Yet, it is already becoming clear that

most concepts and theories in modern social sciences are ill-equipped to deal with the intellectual challenges posed by a heating planet. Given their overwhelmingly anthropocentric outlook, most theories tend to analyse the social world in abstraction from its ecological conditions.

However, it has become increasingly visible that this neat separation rests on shaky ground. Indeed, the idea of nature as constant and non-intervening no longer holds. Science tells us that a warming and unstable climate has profound implications for the social world

⁶ I understand the ecological crisis as the conglomerate of multiple, intersecting crises in the planetary ecosystem, of which the greenhouse effect and climate change are but one.

Three important exceptions are recent interventions by Olaf Corry (2020), Johanna Siebert (2021) and Luke Cooper (2022)

and, if left unchecked, ultimately threatens to undermine the biophysical conditions of human and non-human life on Earth. According to the postcolonial historian Dipesh Chakrabarty (2021), the intellectual implications of climate change have thrown modern social theory into profound contradiction and have led to the collapse of dualisms that have long defined the parameters of modern thought. Not only is the social world no longer neatly separable from ecological processes, but – as argued below – the ecological crisis also blurs the boundaries between societal and international processes, social and species history, and agency and structure. In a nutshell, the social sciences have been slow to theorise the crisis in its whole socio-ecological meaning.

This paper attempts to address these intellectual shortcomings by drawing on the theory of uneven and combined development (UCD). I argue that UCD – in Leon Trotsky’s original formulation and its contemporary applications – was devised and applied precisely to overcome dualist conceptions of the social world and should, therefore, be particularly well-equipped to meet the intellectual challenges posed by global warming. However, for the most part, UCD has done little to challenge its own

anthropocentrism. In order to make sense of a warming world, I argue, UCD must return to and harness its historical materialist roots. Doing so, allows the theory to move beyond the most foundational dualism of modern social theory, the society / nature divide.

Drawing on Chakrabarty’s work, I start by outlining how the climate crisis challenges modern social theory by collapsing four sets of ontological dualisms: society / nature, societal / international, particular / universal, agency / structure. Second, I argue that the theory of UCD was designed precisely to mediate and hold in dialectical tension binary concepts. Being largely applied to analyse capitalist globalisation, it allows us to (1) specify the international dynamics at work in social development, (2) unite the particular and universal aspects of human social life, and (3) conceptualise the interaction between agency and structure in historical processes. However, I argue that this does little to move beyond anthropocentric matters if it does not address the foundational dualism between society and nature. Thus, section three turns to UCD’s historical materialist foundations to subsequently explore how an “ecologized” UCD can mediate the dualisms that paralyse social theory in the wake of the ecological crisis.

Climate Change and the Collapse of Dualisms in Modern Social Theory

In a global economic system that rests on competitive accumulation and comparative advantage, halting climate change presents an enormous social, political, and economic challenge. However, it is not only in the sphere of policymaking that the ecological crisis has altered the parameters. The looming threat of ecological collapse also has profound

intellectual implications, challenging established ways of understanding the world in the humanities. In *The Climate of History in a Planetary Age*, Dipesh Chakrabarty (2021) argues that growing awareness of global warming has thrown modern social theory into profound contradictions because it challenges the traditional way of thinking along Cartesian

dualistic lines that separate society from nature. If the social and the natural world can no longer be separated analytically, this raises fundamental questions about the subject matter of social theory and the agent of historical change.

Humans depend on a stable and healthy ecosystem. By threatening our existence, climate change forcefully demonstrates that the analytical separation between society and nature that provides the basis for much of social theory is no longer tenable. Until recently, geo-, and biophysical changes had been regarded as slow, almost timeless compared to human history, allowing us to treat the natural environment as ontologically separate: a durable canvas on which the history of human agency could be painted. Today, however, it is no longer possible to maintain a purely “humancentric” perspective on social change because “the planet as such has emerged as a site of existential concern for those who write its histories” (Chakrabarty 2021, 70).

However, neither the responsibility nor the effects of climate change are distributed equally across the modern inter-state system. Instead, the blame for most CO₂ emissions can be largely assigned to an affluent, white, male capitalist minority in the Global North (i.e., Malm and Hornborg 2014). And yet, greenhouse gases accumulate globally, independent from borders or levels of industrialisation, meaning that rigorous international cooperation to reduce CO₂ emissions and prevent catastrophic climate change is paramount. The ecological crisis thus challenges a second long held, yet controversially discussed, binary of modern thought: the separation between social and international processes. What has been known to postcolonial approaches for decades has perhaps become more evident than ever with climate change: social development at the level

of individual societies is closely intertwined with inter-societal dynamics. This significantly broadens the subject matter of social theory because methodological nationalism is no longer tenable.

Moreover, the ecological crisis sheds light on the significance of humanity’s identity as a species. Without a biophysical identity that situates humans within the wider “Earth system” – a complex web of physical, chemical, and biological processes that characterise our planet – climate change would have no meaning to the social world (Chakrabarty 2021, 40). Despite the inequalities and divisions between humans, humanity, as a species, has evolved into a dominant force that subjugates other living organisms. While humans have always been biological agents (and have, in part, also been theorised as such), it is only recently – in the context of industrialisation and capitalist globalisation – that we have acquired geological agency and, thus, the capacity to disrupt biophysical processes on a planetary scale. Human interference with geological processes in the Anthropocene has led to a “collapsing of multiple chronologies” (Chakrabarty 2021, 7). The temporality of human globalisation has become entangled with the much more long-term evolutionary history of our species and even the geobiological history of the planet. Consequently, the subject matter of our theories can no longer be confined to the social world of a divided humanity. It must be extended to include human life as a species in the broader earth system. Theories of capitalism, colonialism and globalisation are key to explaining climate change and the inequalities at the heart of the crisis. Yet, global warming also reveals a dimension of human existence (our collective history as a species in relation to other organisms) that is not reducible to the logic of capital or colonialism but necessitates the study of natural sciences.

Finally, the climate crisis forces us to reconsider the subject of social theory and demonstrates that human agency is not (or no longer) the only source of short- to medium-term historical change. To be sure, humans have fundamentally altered, destabilised, and accelerated biophysical processes through modern technology and production. However, due to feedback loops and tipping points, these processes also increasingly (and at an accelerated rate) reach into and impact contemporary social life. Ecological imbalances in one part of the world can profoundly affect another. Regions sparsely or not at all populated by humans – such as melting glaciers in the Arctic, rising seas or thawing permafrost in Siberia – play a crucial role in further destabilising the atmosphere, thus directly impacting the ecological context in which human life exists. In light of the climate crisis, social theory should therefore be able to radically decenter “the human” and also recognise “complex, multicellular life in general” (Chakrabarty 2021, 78) as the protagonist of planetary history.

In summary, these challenges to modern social theory amount to a call for abandoning four key dualisms in how we think about the world. First, in the wake of climate change, it is no longer possible to keep society and nature analytically separate. Second, global warming

contradicts any kind of methodological nationalism, throwing into question the analytical separation between societal and international processes. Third, human social history has become entangled with geophysical history. This demands the integration of two dimensions of human life that are intellectually in tension with each other: humanity’s universal identity as a species that is but one of the numerous interconnected life forms and the particular identity of a divided humanity that is characteristic to capitalist modernity (Chakrabarty 2021, 15). And, fourth, the climate crisis also sheds new light on the age-old debate about agency and structure since the greenhouse effect is temporally staggered. The CO₂ emitted as a by-product of human agency in the past has produced the structural conditions and ecological constraints within which present and future generations operate, blurring the lines between what stays on the analytical territory of agency and structure.

In the wake of the ecological crisis, social theory must move beyond its traditional dualist worldview to fully grasp the socio-ecological meaning of human history. I argue that one of the few approaches designed precisely to mediate ontological dualisms is the idea of uneven and combined development. Let us take a closer look at this theory.

Mediating Social Dualisms: The Theory of UCD

The idea of uneven and combined development was first articulated by the Russian revolutionary Leon Trotsky, who sought to explain why Tsarist Russia did not conform to Karl Marx’s linear theory of capitalist modernity (Trotsky 1980). Societal unevenness, Trotsky observed, meant that capitalist globalisation reached different countries at different points in time, producing

distinct geopolitical pressures and opportunities for comparative latecomers – something Marx himself neglected. Trotsky referred to these inter-societal dynamics of capitalist development as “the whip of external necessity” and “the privilege of historic backwardness”. Faced with increasing geopolitical competition due to capitalist development in Western Europe – Trotsky

observed – Tsarist Russia was pressured to initiate top-down industrialisation (whip of external necessity). Nevertheless, as a latecomer in capitalist development, Russia benefitted from importing and improving already established foreign developmental achievements in areas such as technology, knowledge, and institutions (privilege of historic backwardness). The result was a peculiar form of combined development: internal and external social elements were mixed up and adapted inside Russia, enabling it to skip what classical social theory had regarded as predetermined stages of development. This produced a highly productive industry that was superimposed onto a largely agrarian society by an autocratic regime.

Trotsky was primarily concerned with explaining why the socialist revolution in Russia differed from what orthodox Marxism had projected. However, in doing so, he devised an explanatory theory that integrated inter-societal dynamics into Marx's conception of capitalist world development. In other words, he argued that developmental processes in one country cannot be fully dissociated from the social dynamics in other societies, meaning that societal development always has an inter-societal dimension. Building on Trotsky's analysis, contemporary Marxists in International Historical Sociology and International Relations attempt to challenge reductionist, Eurocentric and internalist interpretations of capitalist development (e.g., Rosenberg 2006; Matin 2011; Anievas and Nişancioğlu 2015). Capitalist globalisation, they argue, is a spatiotemporally uneven process refracted through societal multiplicity, thus producing unique, non-linear developmental outcomes in different social and geopolitical contexts.

While Trotsky largely attributed the dynamics of uneven and combined development to the

modern world, the idea has been extended beyond capitalist dynamics to be reworked into an ontological premise in International Relations. Since human existence has been socially fragmented throughout all recorded history, unevenness and combination are conceptualised as general features of developmental processes in countries, nations, and societies (Rosenberg 2006; Matin 2011). The structure of the international system is, then, defined by unevenness and combination. Integrating societal multiplicity into the very notion of development foregrounds the distinctly inter-societal and interactive dimension of the social world, thereby refuting any stageist or unilinear conception of human history in general.

The idea of uneven and combined development was arguably designed and refined precisely to bridge the gap between three sets of dualisms in social theory: the societal / the international, the particular / the universal, and agency / structure. First, the separation of social and inter-societal dynamics is challenged by recognising that multiple societies co-exist and interact, which means that social developments never occur in abstraction from the broader inter-societal context. By specifying the causal significance of “the international” – that is, societal multiplicity – for social formations, UCD thus blurs the boundaries between internal and external and captures geopolitical and geo-economic dynamics that cannot be reduced to the logic of capital (Rosenberg 2010).

As a consequence, UCD also rejects the binary conception of universality and particularity. As mentioned above, the theory was developed precisely to explain the particularities of Russia's historical development in the universalising context of capitalist globalisation. Building on this, an extended UCD scholarly conceptualises societal multiplicity as an inherent dimension of human

social life, thus embedding the notion of particularity, contingency and interactivity within the concept of historical development itself. Universality within UCD thus lies with the interactive heterogeneity of historical change, precluding any homogenous or unilinear developmental outcome (Matin 2011). In radical contrast to Eurocentric theories, UCD's conception of the universal thus "articulates rather than homogenises particularity" (Anievas and Nişancioğlu 2013, 101).

Finally, as mentioned above, UCD also addresses the age-old agency-structure debate. As an "international" historical materialism, it follows Marx's famous dictum that "men make their own history, but they do not make it just as they please" (2008, 15). Rejecting the false dichotomy between the two spheres, UCD situates creative agency in the context of historically grown and inherited structures: inter-societal unevenness provides the structural context in which combination takes place through human action. This, in turn,

creates further unevenness, thereby producing new structural constraints for future historical actors (Matin 2022, 28).

In summary, UCD is a theory that navigates the complexities of the social world by moving beyond established binaries in modern thought. It should therefore be well-equipped to meet the intellectual challenges posed by the contemporary ecological crisis. For the most part, however, the concept has been firmly rooted in an anthropocentric worldview, neglecting that the duality between nature and society should also be questioned.⁷ In the wake of accelerated biophysical change, I believe that UCD must also tackle this endemic duality to make sense of the global crisis in its proper socio-ecological meaning. We can "ecologize" the theory, I argue, by recovering its theoretical foundations in Marx's historical materialism. This allows us to harness the UCD's dialectical potential in the context of the ecological crisis. Let us see how this might be the case.

Beyond the Society/Nature Divide: Applying an "Ecologized" UCD to Mediate Dualisms in the Context of Climate Change

Trotsky (1980, 4) believed uneven and combined development was a capitalist phenomenon. Yet, he regarded unevenness as a transhistorical characteristic of human social life. He located the reason for this in nature itself: Radically different geological and climatic conditions necessitate differing adaptation strategies, thus giving rise to

qualitatively different social orders over time. While proponents of an extended UCD, mostly following Rosenberg (2010), have drawn on this ecological-niche argument apparent in Trotsky's writings, their application has largely focused on explaining anthropocentric phenomena. However, with a view to historical materialism's explicit conceptualisation of the

⁷ Three important exceptions are recent interventions by Olaf Corry (2020), Johanna Siebert (2021) and Luke Cooper (2022).

human-nature relation, we can equip UCD with the analytical tools to truly move beyond the society / nature dualism.

According to Marx and Engels' (1970) original formulation of historical materialism, societies are conceptualised as dialectically entwined with nature since human production and reproduction depend on and are conditioned by constant material ("metabolic") exchange with non-human nature. By collectively organising their reproduction (food, shelter, security, and more), societies develop different social structures to govern their joint relations with nature. However, the human-nature relation is one of co-constitution: human social life operates within the constraints of the given ecological conditions; yet societies also

transform their ecological environment through the historically specific ways in which they socially and technologically organise production, reproduction, and distribution. Such a perspective on the society / nature divide has the unique ability to make sense of humanity's dependency on the non-human world, while simultaneously recognising the profound impact of human social life on ecological processes. With this historical materialist foundation in mind, let us then explore what insights an "ecologized" UCD might provide in times of ecological crisis. To do so, we must harness the theory's dialectical potential by re-assessing its mediation of the three dualisms discussed above with a particular focus on climate change.

Why is Climate Change Experienced Unevenly? The Societal and the International

As already discussed, key to UCD is a conception of the societal and international dimensions of human life as dialectically entwined, meaning that social development within individual societies must be placed in the broader context of interactive multiplicity. In concrete terms, this means that external geopolitical and geo-economic factors shape if, how, and when social changes are implemented and by which historical actors (such as governments, social classes, political or economic elites, among others). Drawing out the implications of a historical materialist perspective, however, multiplicity is not purely social but socio-ecological: co-existing societies present multiple ways of collectively organising human interaction with nature. They are sustained through material exchange with their own domestic ecologies and through interacting with other socio-natural formations, including their ecosystems. For example, consider how the peculiar ways in which production and distribution are organised in different oil-exporting states (e.g., see Matin 2013, ch. 5).

Recognising this socio-ecological unevenness allows us theorise why climate change affects countries unequally. Due to certain ecological features (i.e., island states, coastal regions, or proximity to the equator), combined with a lack of financial and technological resources as a consequence of colonial and capitalist exploitation, some countries are significantly more vulnerable to the effects of global warming than others. This presents an obstacle to coordinated global action since not all countries have the same imperative or capacity to act – nor the same responsibility. For example, while Kiribati and Tuvalu (responsible for a minuscule fraction of CO₂ emissions) have demanded swift and far-reaching climate measures from the international community for decades, states in the Global North – and increasingly also emerging emitters such as India and China – have purposefully delayed and obstructed serious action (i.e., Batur and Weber 2017). Moreover, socio-ecological unevenness allows for ecological problems to be externalised through unequal ecological exchange (i.e., Clark and Foster 2009). In many

cases, the transition to carbon neutrality in one part of the world is enabled by outsourcing environmentally harmful activities to other countries with more lenient environmental and labour laws, thus shifting the problem rather than producing genuine solutions. Examples are international carbon offsetting schemes and the large-scale import of hydrogen and

solar power, or the mining of rare minerals such as lithium, nickel, cobalt, and copper in the Global South. These are integral features of the European Union's plans on transitioning away from hydrocarbons and towards "clean" energy (i.e., see Dunlap and Larratte 2022 on neo-colonial elements in the European Green Deal).

The Socio-Metabolic Roots of Climate Change: The Universal and the Particular

From a historical materialist perspective, interactive multiplicity is not purely social or socio-ecological; it is also ecological in its own right. Interacting biophysical and geological cycles – that operate independently from human agency – facilitate socially fragmented human life on earth. Humanity, as a species, is sustained by a universal metabolism with non-human nature on a planetary scale (i.e., certain climatic and geological conditions). With climate change, however, humans (as a species) have now acquired the capacity to significantly alter and disrupt the planet's uneven and interactive ecological entirety, on which all life on earth depends. Through the lens of UCD, we see that this is neither an evolutionary nor an inevitable development. Instead, the planetary accumulation of CO₂ in the atmosphere must be understood as a largely unintended outcome of the systematic extraction and burning of fossil fuels historically specific to global capitalism's social and inter-societal relations.

In the context of colonial exploitation and geopolitical accumulation, capitalism's fossil-fueled metabolism developed within particular societies (Malm 2016; Chatterjee 2020). Accelerated and modified through geopolitical dynamics (such as trade, war, colonial exploitation, and decolonial struggles), this socio-metabolic order globalised – as observed by Trotsky – in an uneven and combined manner, giving rise to a modern inter-state system that rests on fossil-fueled competitive accumulation (Hoffmann 2018). Mediated by socio-metabolic multiplicity, global capitalism now mobilises, exploits, and alters ecological unevenness to such an extent that it threatens to undermine the planet's self-equilibrating processes on which all living organisms depend. This allows us to bring into a dialectical conversation the particular and the universal dimensions of human life: In the wake of the ecological crisis, the modern history of a highly unequal and divided humanity, shaped by colonialism, industrial capitalism, and globalisation, has endowed the human species with geological dominance.

Planetary Processes as a Structuring Force in the Social World: Agency and Structure

By radically broadening the subject matter through incorporating the natural world, an "ecologized" UCD also sheds new light on the relationship between agency and structure in the wake of the climate crisis. Once charged with ecological meaning, it enables us to

recognise climate change as the outcome of various social actions mediated by inter-societal interaction. At the same time, it acknowledges the delimiting ecological constraints the climate has on present and future historical agents. Through dialectical

interaction with “domestic” natures (e.g., the burning of fossil fuels), societies do not only transform their local environments (e.g., earth moving or air pollution) but indirectly also modify the ecosystem of the planetary whole (e.g., rising atmospheric CO₂ concentration). Changes in the latter, in turn, dialectically impact local ecological conditions (e.g., rising temperatures or sea levels), in the context of which future human social life develops.

However, this biophysical structure is more than an aggregate of carbon dioxide in the atmosphere, gradually warming the planet. It is an uneven, complex, and largely unpredictable

Concluding Remarks

Climate change and the broader ecological crisis have left almost no aspect of human life untouched. The sudden confrontation with human dependency on the natural world has laid bare the inadequacy of contemporary approaches and concepts in modern social theory due to their anthropocentric orientation. Climate change not only challenges the intellectual separation between society and nature, but also leads to the collapse of further analytical dualisms – particularly those that separate the societal from the international, the particular from the universal and agency from structure. Coming to terms with the socio-ecological nature of the global crisis therefore demands a move beyond established dualisms in modern social theory. I argued that one approach designed to address social binaries is the theory of UCD. However, it too has – for the most part – been firmly grounded in an anthropocentric worldview. When recovering and utilising its historical materialist foundation, however, UCD can

web of life, with its own cycles, patterns, and dynamics that – due to tipping points and feedback loops – have the potential to spiral out of control and eventually disrupt, destabilise and even undermine human life on earth. Therefore, human social action is no longer the only source of short- to medium-term historical change. With accelerated biophysical change, planetary ecosystems increasingly emerge as a major structuring force in social and international relations – both due to direct environmental implications as well as the political consequences of climate (in-)action.

move beyond the society / nature divide. Applied to dialectically mediate a dualist ontology in times of ecological crisis, this allows for a truly socio-ecological theorisation of climate change.

To close with a brief outlook on the future, UCD’s ability to unite, in dialectical tension, the different aspects of human socio-ecological life might allow us to envision the universal and internationally oriented form of solidarity that climate action necessitates (see Cooper 2022). This would be an internationalism that retains diversity and cultural variation and pays attention to historical inequalities and exploitation, while still recognising our joint dependency on the ecological whole. But most importantly, UCD frames social and international structures as historically grown and changeable. This constitutes a forceful reminder of the transformative power of human agency and mandates us to strive for rigorous and immediate climate action.

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EXTRACTIVISM

|The Project

The collaborative research project *extractivism.de* links the Universities of Kassel and Marburg. The project scrutinizes the extractivist development model and proposes new economic, political, and sociological conceptions of extractivism. It preliminarily focuses on Latin America and the Maghreb. The project researches the conditions under which extractivism persists and transforms. It furthermore explores how extractivism affects cultural processes and habitual routines and questions under what conditions and how far the development model extends into institution-building and social practice, i.e., everyday life.

The project aims to understand extractive societies not as deviants from the Western trajectory of development but in their own logic and their own particularities. The project, therefore, combines a strong empirical focus with theoretical work. It links both broad field research and data gathering of primary data and the qualitative and quantitative analysis of available secondary sources with a stringent transregional comparison. It develops methods in cross-area studies and investigates whether and why similar patterns of social change emerge in different areas and world regions despite significant cultural, social, or religious differences. Finally, the project intends to translate the findings for politics, society, and development cooperation.

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