This paper analyses the continuities and discontinuities regarding the concept of structural change in Latin American structuralism and neo-structuralism and considers the global context in which these ideas and their variations are produced. In this sense, the transformations of capitalism from 1950 onwards are taken into account as are the diagnoses and strategies promoted by the ECLAC to ultimately achieve structural change through structuralism and neo-structuralism. How the role of the state is conceived in each of these contexts and the consequences derived from state intervention to promote the structural change are also analysed.
Keywords: Latin American structuralism; neo-structuralism; state; periphery; Latin American development.

JEL: O14; O25; O33; O38; P16.


El artículo analiza las continuidades y discontinuidades respecto al concepto de cambio estructural en el estructuralismo y neoestructuralismo latinoamericano, considerando el contexto global en el que se produjeron dichas ideas y sus variaciones. Para ello, se tienen en cuenta las transformaciones del capitalismo desde 1950 en adelante, y los análisis y estrategias elaborados por la CEPAL para lograr el cambio estructural con el estructuralismo y neoestructuralismo. También se analiza cómo se entiende la intervención del Estado en cada uno de esos contextos y las consecuencias que se derivan de dicho abordaje para la promoción del cambio estructural.

Palabras clave: estructuralismo latinoamericano; neoestructuralismo; Estado; periferia; desarrollo latinoamericano.

JEL: O14, O25, O33, O38, P16.


O artigo analisa as continuidades e descontinuidades referentes ao conceito de mudança estrutural no estruturalismo e neoestruturalismo latino-americano, considerando o contexto global onde se produziram estas ideias e suas variações. Para isso, consideram-se as transformações do capitalismo desde 1950 em adiante, e as análises e estratégias elaborados pela CEPAL para alcançar uma mudança estrutural com o estruturalismo e neoestruturalismo. Também faz-se uma análise sobre como se entende a intervenção do Estado em cada um desses contextos e as consequências derivadas desta abordagem para a promoção da mudança estrutural.

Palavras-chave: estruturalismo latino-americano; neoestruturalismo; Estado; periferia; desenvolvimento latino-americano.

JEL: O14; O25; O33; O38; P16.
INTRODUCTION

Two of the main contributions of Latin American structuralism, created within the Economic Commission for Latin American and the Caribbean (ECLAC), were the original analysis of these economies’ problems to promote economic development and the proposal to carry out a state-led structural change. The theoretical framework argued that Latin American countries, as peripheral economies, should transform their productive structure by industrializing. This would allow them to obtain a share of the benefits of technical progress and progressively raise the standard of living of the masses (Prebisch, 1949).

However, there were many obstacles early on in Latin America. On the one hand, the characteristics of industrialization did not allow Latin America to develop (Hirschman, 1968). Despite this strategy’s initial good results, restrictions associated with the impossibility of advancing in the “difficult substitution” and overcoming the technological and financial dependence on central economies soon became evident. On the other hand, structuralism showed increasing difficulties in the face of the Neoliberal counter-attack (Kay, 1993; Sztulwark, 2005). This, boosted by the centre after the end of the Fordist-Keynesian mode of development, gained political and academic relevance in Latin America and repositioned a new understating of the development process (Toye, 1987). As a result, and facing an imminent capitalist reconfiguration (Fernández, 2017), the ECLAC revised its initial proposals to overcome its theoretical limitations and adapt them to the new context (Bielschowsky, 1998).

Conceptually, the new proposal of the ECLAC was called “neo-structuralism” (Sunkel & Zuleta, 1990). The prefix “neo” was intended to represent, at least discursively, an updated version of the original structuralism with the new challenges imposed by globalization. However, notwithstanding this pretension of continuity, the renewed discourse of the “structural change”, or the intention of “Changing Productive Patterns with Social Equity” (CEPAL, 1990), certainly implied an important rupture regarding the main concepts of the structuralist tradition. The very notion of the “structural change” was one of the pillars on which that redefinition took place.

This theoretical redefinition implied a remarkable displacement of concepts that, although being central in structuralism, appeared anachronistic under the new context. The following stand out: the role of power in the formation of differentiated productive structures, the conflicting dynamics of peripheral capitalism, the role of the state as the development-subject, and, particularly, the importance of formulating local ideas to problematize Latin American development. That is to say, to reflect from a “peripheral perspective”, as Prebisch noted in his initial writings in the ECLAC (Prebisch, 1951) and he then later highlighted the point during his last theoretical production years (Prebisch, 1984).

To clarify this process, the paper analyses the continuities and discontinuities regarding the concept of structural change in ECLAC’s structuralist and neo-structuralist theoretical production. We consider the global context in which these ideas and their
variations are produced. In this sense, the functioning and transformations of capitalism from 1950 onwards are taken into account as well as the diagnoses and the subsequent strategies promoted by the ECLAC to ultimately achieve the structural change under those different historical contexts. Finally, we analyse how state intervention is conceived in each of these contexts, paying attention to the impacts and consequences derived from the conception of state intervention that promotes structural change.

LATIN AMERICAN STRUCTURALISM AND THE PROPOSAL OF STRUCTURAL CHANGE: STATE-LED INDUSTRIALIZATION

Latin American structuralism emerged in a complex geopolitical and geo-economic context, at the end of the Second World War, the beginning of the Cold War, and during the consolidation of the United States’ global hegemony (Arrighi, 1994). At this juncture, the issue of development acquired a particular meaning, especially because of the many efforts made by the USA to reaffirm and legitimize the capitalist system in the areas under its influence (Bracarense, 2012).

Regarding the central countries, this implied the promotion of several strategies to consolidate the intensive-monopolistic mode of development (Boyer, 2016). Here, state-intervention assumed a key-role in the formation of welfare states and the predominance of Keynesian policies. During this geo-political context of post-war re-construction led by the USA, the control of social conflict was guaranteed by the creation of a “virtuous circle” among welfare states, corporate capital, and organized labour (Harvey, 1998). In this sense, the period that began in 1945 was characterized by outstanding economic growth accompanied by a pattern of income-redistribution that increased a large part of the population’s standard of living (Harvey, 1998).

The USA’s geopolitical positioning was accompanied by the consolidation, at a global level, of political structures that supported its dominance. This meant the reaffirmation of the already existing International Organizations, such as the ones that were part of the Bretton Woods agreement (and, among them, the World Bank and the International Monetary Fund), as well as through the creation of new international political institutions, for example, the Organization of the American States and the United Nations (of which the ECLAC was part). At the same time, while the USA—and central countries—centralized the main power institutions and instruments under their control, they also showed a special interest in stimulating debates about the economic development of the low-income countries.

In this context, in Latin America, the external changes experienced after the decline of the British hegemony, the 1930 global crisis, the two world wars, and the consolidation of the USA’s hegemony promoted relative autarkies in many countries in the region. The state-led industrialization—initially as a pragmatic reac-
tion to those processes and then as a political project in Latin American countries (Fajnzylber, 1983)– was deployed in the context of relative self-determination and autonomy within those national spaces. This allowed them to develop endogenous-accumulation strategies prompted by the states, but under the structural conditions, including financial and technological dependence, imposed hierarchically and unequally by the central countries (Fernández & Ormaechea, 2019).

Within this context of profound changes, the creation of the ECLAC as part of the United Nations and, especially, the emergence of Latin American structuralism, represented a critical and original contribution to problematize the challenges for Latin American development. There was a critical analysis of the capitalist system’s dynamics (Prebisch, 1949) and a theoretical framework for the state-led industrialization deployed in the region during those years (Bielschowsky, 1998).

The structuralists’ argument began with a critique of the dominant economic theory during the time in the field of international commerce. This was the Ricardian theory of comparative advantages, which highlighted the virtues of international trade based on productive specialization (Cardoso, 1977). Contrary to the supposed benefits this theory supported, the structuralists pointed out that capitalism was, in fact, formed by central and peripheral economies. This differentiation relied on the capabilities of each of these economies to generate and take advantage of technical progress (CEPAL, 1951; Prebisch, 1949). Because of this historical dynamic, the central countries had a homogenous and diversified productive structure. The modern technique had expanded uniformly among the different sectors and shaped a productive structure with similar levels of sectorial productivity. However, the peripheral countries had heterogeneous and specialized productive structures. In these economies, the modern technique had only developed those activities related to the export of commodities the central countries demanded. At the same time, the other sectors of the economy operated with very low productivity levels, similar to the pre-capitalist or subsistence methods of production (CEPAL, 1951).

According to the structuralists, there were several problems with this primary and heterogeneous productive structure. First, the deterioration in the terms of trade of commodities acted progressively limiting the periphery’s capability to import (Prebisch, 1949). Second, the commodities exported to the centre were not enough to support the economic demands for Latin American development. In this sense, the centre’s low-income-elasticity of demand for commodities generated an imbalance between the effective demand of the central countries and what the peripheral countries should export to cover the growing imports required for their development (CEPAL, 1951, 1954; Prebisch, 1983). Third, this scheme of productive specialization relegated the periphery to a vulnerable position in terms of the centre’s

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1 Notwithstanding structuralism’s “extracontinental roots”, because of the influence of Classical Theory, Marxism, and Keynesianism in its theoretical framework, its originality lies in the proposal to use some of those contributions to problematize Latin American development and to convert this interpretation into a set of policies to promote industrialization (Cardoso, 1977).
demand and economic cycles. This is because peripheral countries did not have an endogenous driving force to grow. They, instead, depended on central countries’ demand. Thus, they were subject to the centre’s economic oscillations (Gurrieri, 2001).

Therefore, to overcome the periphery’s dependent positioning regarding the dynamics imposed and controlled by the centre, the structuralists argued the importance of carrying out a development strategy based on the deployment of an import-substituting industrialization (ISI). The essence of this strategy rested on the recognition that, given the structural characteristics of the Latin American economies, their development not only implied economic growth but also, necessarily, a structural change in terms of productive, demographic, occupational, and distributive transformations (Rosales, 1988).

The ISI aimed to diversify the production and to employ more workers in activities with higher levels of productivity. Ultimately, this was going to be the strategy to overcome the structural heterogeneity inherited from the primary export mode of development (Rodríguez, 2006). It was also required to strengthen the articulation among the economic sectors and to reduce the technological lag. It was then expected that the improvement in productivity would increase the total product, and this, together with the changes in redistribution patterns, would raise the living standards for a large part of the population (Prebisch, 1949). In addition, income redistribution was expected to foster and sustain the domestic demand that the new industries required.

Given the ambitious goals of the ISI, the structuralists considered the need to plan the development strategy. In this propositive framework, one of the most distinctive elements of this theory—and, at the same time, one of the most criticized—was positioning the state as the key-actor of the development strategy (Cardoso, 1977). The justification of this call to the state to direct the structural change strategy could be explained through the identification of an unequal scheme of capitalist reproduction that, commanded and controlled by the centre, generated a centripetal, exclusive, and subordinating dynamic over Latin American countries. To reverse this, states should design and plan the deployment of an ISI, which would order the investments, stimulate the economic sectors, and make the behaviour of private actors compatible with the requirements of the development programme (CEPAL, 1955; Prebisch, 1952).

It is clear that this approach marks a clear distance from the neoclassical theory and its conception of state intervention. In this sense, it recognises that the free market did not allow the development of the periphery, and that it is through the active role of the state that Latin American productive structure could be transformed into a more inclusive industrial pattern of accumulation (Fernández & Ormaechea, 2020). At the same time, even when there are some similarities with Keynesianism, which was the predominant macroeconomic theory in the central countries during the post-war period, there is, however, an important difference regarding the role of the state in both theories. In the periphery, the importance of
the state is not only associated with the stimulus of the effective demand (Bustelo, 1999), but it also has to face structural change: the transformation of the growth pattern and the heterogeneous productive structures. Hence, for the structuralists, the peripheral states have a much deeper and more complex role than the central countries in the promotion of development (Gurrieri, 1987).

THE LIMITS OF INDUSTRIALIZATION AND THE RECENT CAPITALIST TRANSFORMATIONS: THE TRANSITION FROM STRUCTURALISM TO NEO-STRUCTURALISM

The limits of industrialization

Notwithstanding the contributions of industrialization to economic growth, the characteristics of ISI did not allow the structural change the structuralists proclaimed (Fajnzylber, 1983). The consideration of economic, social, and political factors played a key-role in this disenchantment with industrialization (Hirschman, 1968). Thus, the analysis of the ISI’s obstacles that limited the structural change represented the progressive complexity of the ECLAC’s theoretical framework during the following decades.

The analysis of the industrialization was based on the recognition that Latin American economies achieved an important transformation of their productive structure during the “easy substitution”, at least in those countries with greater relative development (Mexico, Brazil and Argentina). Industry became the dynamic core of these economies. It turned into a modern, non-export sector that operated with productivity levels above the system-average, similar to those of the traditional export complex (Pinto, 1976a). However, despite the higher complexity of the local productive apparatus, the export basket consisted of commodities (Guillén Romo, 2008). Although this imbalance was not a problem during the first years of the ISI, the incompatibility of the productive and the demand structures started to aggravate during the “difficult substitution” (Pinto, 1980) when import rates of capital goods increased and the crisis in the balance of payments became regular (Kerner, 2003).

The call to the foreign productive capital was understood as a solution to the persistent external imbalances. The main investments came from the American transnational companies (Kerner, 2003). However, although these large companies managed to position themselves in the local markets and control the more dynamic industrial activities, they were not characterized for either stimulating the local development of technologies or for searching for competitiveness via innovations oriented to the world markets. Instead, they tended to import obsolete technology from the industrial centre (usually, from their parent companies) to the periphery.
Even though this technology was obsolete in the central countries, it was relatively advanced for the technological patterns of the periphery.

In a widely protected market, these companies consolidated monopolistic positions without improving their competitiveness. They opened new activities, absorbed many of the more profitable local companies, and generated "backward" and "forward" linkages of their economic activities. These were the bases of true economic systems that had the subsidiary of the transnational companies at their core as well as local companies that depended on them for the sales, capitalization, and technology in their periphery (O’Donnell, 1975). Ultimately, this way of solving the external restriction, based on foreign direct investments and not on the diversification and expansion of exports, finally led to Latin American economies’ dependence on foreign capital (Pinto, 1976a; Sunkel, 1970).

The ECLAC’s analyses of the 60s and 70s focused more on the economic, social, and political processes that influenced these results. These contributions were framed in a particular institutional context that we have called “late structuralism”\(^2\) (Ormaechea & Fernández, 2018). The analysis and proposals of this context were influenced not only by the limitations of the ISI, but also by the political and ideological climate that was strongly affected by the Cuban Revolution and the subsequent strategies prompted by the USA to consolidate its dominance in the Latin American region (i.e. by the “Alliance for Progress”) (OEA, 1961). Within this context, the Social Division and the Latin American and Caribbean Institute for Economic and Social Planning (ILPES) were also created within the ECLAC. This all has a strong influence on the revaluation of new analytical dimensions to comprehend the obstacles for Latin American development beyond the purely economic variables (Cardoso & Faletto, 1969).

Hence, ECLAC’s analyses paid more attention to the relationships of power and the conflicting external and internal interests that operated in Latin America and conditioned its development (Cardoso & Faletto, 1977; Prebisch, 1976, 1980; Quijano, 1968; Sunkel, 1967, 1971). These analyses revalued the historical study of the consolidation of local dominant actors, the different political alliances, and the emergence of new political actors under de ISI (Cardoso & Faletto, 1969; Quijano, 1968). They also considered the Latin American states and their intervention modalities under a framework of class struggles and conflicting interests. In this sense, the states were understood as important structural elements to be able to comprehend both the conditions of underdevelopment and dependency as well

\(^2\) We use the expression “late structuralism” to refer to the authors' contributions that were articulated to the ECLAC during the 60s and 70s, which complemented the initial structuralist analytical framework that was strongly economicist by incorporating contributions from Sociology and Political Science. This expression differs from other contextual debates associated with Dependency Theory, the influences of which were not the initial structuralists’ contributions, but the old discussions inspired by Marxist theories. In any case, what we call “late structuralism” is usually recognised as one of the variants of the Dependency Theory (Palma, 1978; Vernengo, 2006), especially the “less radical” wing of the theory.

Within this framework, the arrival of transnational companies to the periphery, under different modalities, represented a resignification of the traditional binary conception of centre-periphery economies. In other words, it represented a new dependence modality of the peripheral economies to the logics imposed and controlled by the centre (Cardoso & Faletto, 1977). This dependence was not only expressed through the international trade identified by the structuralists (Prebisch, 1949), but also through new modalities of the centre’s production in the periphery (Sunkel, 1970). It was clearly recognised that foreign capital has a major presence in the productive pattern of the periphery (through the presence of the transnational companies) and that it controlled the most dynamic activities of the local productive apparatus. Hence, the reflections about the possibilities of Latin American development demanded that the important role assumed by the foreign actors in the region was considered (Cardoso & Faletto, 1977).

These issues were specifically addressed in the “styles of development” debates of the 70s (Bielschowsky, 1998). From a strictly economic angle, the term “style of development” refers to the way in which human and material resources are organised and assigned within a particular system in order to solve questions such as what goods and services need to be produced, how, and for whom (Pinto, 1976b). As part of this framework, Latin America’s structural heterogeneity accounted for the persistence of sectorial, social, and spatial inequalities (Pinto, 1976a) in which the demands of the upper strata determined and controlled the most dynamic elements of the productive apparatus. Ultimately, this triple concentration of technical progress acted by limiting the dynamisms of the economic system.

The ECLAC’s authors recognised that this dominant “style of development” was just one alternative of several historically possible alternatives. It was determined by the interest of hegemonic coalitions that had the resources to impose it on other options (Graciarena, 1976; Wolfe, 1976). Thus, it implied the explicit recognition of power, dominance, and the conflicting character of capitalism. These dimensions were the result of groups and social classes relations derived from the dominant forms of capital accumulation, productive structures, and the trends of income distribution; and they were framed in a specific historical and dependent conjuncture (Graciarena, 1976).

When identifying these processes, the ECLAC’s proposals insisted on the need to carry out a structural change. The lack of dynamism of the ISI was recognised as well as the need to advance in several social reforms. This resulted in the reaffirmation of the early Prebischian argument: carrying out an agrarian reform that allowed a social structural transformation and an income redistribution (Prebisch, 1963). In this sense, the non-alteration of the productive structure implied a waste of the resources available to boost Latin American development. In addition, the agrarian question and the way in which the lack of dynamism, the dependency, and the structural heterogeneity would be solved required deep transformations in
many sectors, including the patrimonial, tributary, educational, technological, and political (Bielschowsky, 1998).

**Recent capitalist transformations**

Nevertheless, by the time that the Latin American ISI showed its own limitations when consolidating itself as a development strategy, global capitalism was going through a reconfiguration in its accumulation and regulation dynamics. This implied deep transformations in productive, regulatory, and spatial terms regarding the characteristics that were assumed during the post-war period under an intensive-monopolistic mode of development (Jessop, 2008). It also involved the development theories and images that accompanied that context (Toye, 1987).

These transformations, enabled by a recent technological revolution (Castells, 1990), were promoted by the dominant fractions of capital in the centre to overcome the obstacles that, from their perspective, represented the organised labour and the welfare states. Taking advantages of the lower cost of labour, the different stages of productive processes were de-localized and re-integrated into several geographical spaces (Harvey, 1998). New economic sectors specialized in commercial, technological and organisational innovation emerged. At the same time, there was increasing fragmentation and disarticulation of the organised workforce.

As part of the framework of all these processes, the neoclassical theory became dominant by re-imposing an image of development that was associated with market liberalization and self-regulation (Harvey, 2007). This started with a critique of the state intervention’s modalities that were deployed in both the centre and periphery during previous decades. Among the contextual elements that promoted and facilitated the implementation of this political, economic, and theoretical strategy, the following should be named: First, the triumph of Thatcher (United Kingdom) and Reagan (USA) as leaders of the neoliberal discourse after the end of the intensive-monopolistic mode of development in central countries. Second, the collapse of socialism that gave rise to new theories that argued for the “end of history” (Fukuyama, 1992). They proclaimed the end of development theories and the emergence of a new neoliberal global order (Kay, 1993). In Latin America, the restrictions of the ISI that resulted in the debt crises and in the “lost decade” also played a significant role (Bielschowsky, 1998). The failure of the Latin American industrialization, compared with the success of the East Asian experience (World Bank, 1993), led the Latin American countries accepting the structural reforms boosted by the North under the undisputed influence of international financial organizations, such as the International Monetary Fund and the World Bank (Kay, 1993).

The neoliberal offensive criticized the modalities of state intervention deployed under the ISI. It argued that the limits of the ISI were the result of policies that promoted the excessive economic protectionism and the inefficient allocation of
resources. These criticisms also reached the theoretical production of ECLAC, which was stigmatized as the promoter of interventions and inefficient ideas. Consequently, especially during the 80s, the ECLAC moved away from its original and central axis of thought associated with the development of the periphery, and retreated to the discussion of short-term issues, which was in-line with the requirements of the new world ideological context (Sztulwark, 2005).

The concept of structural reform acquired remarkable relevance in the Latin American scenario but for a meaning that was different from the structuralists. Although neoliberals denied the problems of Latin American economies were structural in character, in the sense granted by the structuralists during the 50s and 60s (Furtado, 1952, 1965; Prebisch, 1949), they also promoted a package of “structural reforms”. These referred to the need to reduce the state, privatize state-companies, eliminate subsidies, disarticulate economic protectionism, liberalize the markets, and prompt a development strategy that was no longer centred on local markets but oriented towards international trade (Kay, 1993).


While all of these processes implied the ECLAC’s loss of relevance in terms of proposing interpretations and recommendations for Latin American development, the institution carried out a revision of its original postulates during that time. Thus, the Cepalian authors intended to review the limitations of the former industrialization strategy, adapt them to a new global phase of capitalism, and offer a challenging alternative to the neoliberal hegemony (Bielschowsky, 1998). The result of this proposal was called neo-structuralism (Sunkel, 1991; Sunkel & Zuleta, 1990). However, when we analysed the reinterpretation of structuralism, there was a clear distance from its original contributions. This was particularly evident in the displacement of concepts that, although being central in structuralism, appeared anachronistic under the new context.

The shift from structuralism to neo-structuralism implied an epistemic change in the study of capitalism. Capitalism was no longer considered in terms of a system, that in its historical expansion configured (and configures) differentiated spaces of accumulation and regulation. Therefore, in this new approach, the very centre-periphery concept loses relevance. In this transition, a distinctive element was also the disappearance of the analytical dimension regarding the notion of power in the configuration and reproduction of capitalism as well as the modalities that it assumes, particularly in the periphery. The meaning of the concepts relating to structural change and the role of the state changed remarkably. Finally, neo-structuralism also displaced the structuralist premise regarding the importance of producing ideas locally (that is, from a “peripheral perspective”) to comprehend
the Latin American challenges for development. Prebisch pointed this out in his initial writings at the ECLAC (Prebisch, 1951) and tried to highlight the point during his last stage of theoretical production (Prebisch, 1984).

Regarding the concept of structural change, after the limits of the ISI and the 1970 capitalist transformations, neo-structuralism recognised the shortcomings of Latin American economies, which were technologically delayed, and demanded a catching-up process to improve its international trade patterns. Influenced by the works of Fernando Fajnzylber (1981, 1983, 1990), the ECLAC defined two main axes for the new development strategy: the need to increase productivity and the need to genuinely improve international competitiveness (CEPAL, 1990).

As part of this new context, and in consonance with the requirements imposed by globalization, structural change is oriented towards a productive transformation that centrally incorporates knowledge-intensive activities and technological innovation throughout the productive structure (CEPAL, 2012). Such a strategy recognises the need to selectively integrate into the world economy and create competitive advantages through a well-designed industrial policy. Specifically, it proposes diversification towards sectors where domestic and external demand expands rapidly so that demand can be satisfied with domestic supply and imports and exports can grow in a balanced manner without putting unsustainable pressure on the balance of payments (CEPAL, 2012).

As such, the productive structure should achieve two types of dynamic efficiencies that allow the rapid growth of productivity, production, and employment over time. The first is the “Schumpeterian efficiency”, which is oriented towards developing the most intensive sectors in innovation and knowledge, and with more capabilities for diffusion throughout the economy. The second is the “Keynesian efficiency”, which is related to dynamism for the demand of goods produced in the countries and oriented to internal and external markets (CEPAL, 2012).

Although Latin American structuralism also highlighted the central role of technical progress (and its propagation) in shaping central and peripheral productive structures (CEPAL, 1951), neo-structuralism no longer adopts a perspective of analysis in dual terms. That is to say, a perspective of analysis that conceives a dichotomy between (i) a modern industry, with high level of productivity that generates technical progress and where innovation is not translated into the fall of prices; (ii) and an agricultural economy, with a lower productivity level that incorporates technical progress and where innovation translates into the fall of prices (Barletta & Yoguel, 2017). Conversely, the notion of structural change is addressed in terms of systemic competitiveness. This supposes that competitiveness not only of one sector but of the entire productive apparatus is improved (Rosenthal, 1994), and it is oriented to exports as well as domestic demand (CEPAL, 2010). In effect, technological development should reach the whole economy through backward and forward linkages, leading to the emergence of new sectors of medium and high productivity in order to create a denser production matrix (CEPAL, 2012).
This would allow the development of local knowledge-intensive activities, reduce structural heterogeneity, and decrease the technological and productive gap with developed countries (CEPAL, 2010).

At the same time, the neo-structuralists recognise the significant legacy of structuralism in the interpretation of the role played by technical progress in the differentiation of productive structures (CEPAL, 2012; IDRC-CEPAL, 2007). However, they intend to update those contributions and offer a better understanding about the study of the dynamics of technical progress in terms of its generation, expansion, and adaptation. In other words, they pay more attention to the technological diffusion barriers and to the policies that would eventually promote a convergence pattern between developing and developed countries.

Consequently, they draw on contributions from Post-Keynesianism, the Schumpeterian growth theory, and the Evolutionists theories of technical change (Cimoli & Dosi, 1995; Cimoli, Dosi, & Stiglitz, 2009; IDRC-CEPAL, 2007; Katz, 2001). The analysis is not centred anymore on the technological differences between different historically shaped productive structures, but, instead, it is focused on companies and their capabilities to generate and/or adapt themselves to the new technological innovations (CEPAL, 2012). Thus, companies assume a key-role in the development strategy because they become the main actors for knowledge dissemination and technology appropriation. Within this framework, concepts such as technology transfer, dissemination, adaptation, and learning (in its different modalities: learning by interacting, by using, by exporting, by observing, etc.) become relevant. In addition, even though the responsibility of catching-up relays on the companies, the convenience of accompanying those initiatives with the presence of public and private institutions that stimulate and facilitate those technological practices is highlighted.

Therefore, unlike the original structuralism, this way of understating Latin American development (as developing countries and no longer peripheral countries) is not conceived in dissonance with an unequal global capitalist structure constituted by centre and peripheral economies. Conversely, a win-win development strategy predominates, which highlights the importance of taking advantages of the opportunities that are offered by the new global competence scenario. This supposes the deployment of collaborative and cooperative practices for technology transfer among public and private actors (such as public entities, research institutes, universities, and different size companies), and the possibility to achieve a successful international insertion by finding niches in the market for technology-intensive products (CEPAL, 2012).

Therefore, the constitutive elements of capitalism that are associated with its contradictory and conflicting character, previously highlighted by structuralists, are ignored. The dynamics of power that are constituted from these processes within the periphery, and in the –always– reconstituted form of the centre-periphery relationship are also ignored. In effect, structuralism’s original contributions, when
adopting the centre-periphery analytical scheme, highlighted the existence of a hierarchical, unequal, and centripetal system, which because of its expansion, constituted differentiated productive and spatial structures that were linked by dominance and dependency relationships (that is to say, relations of power). Such expansion and the modalities of unequal trade were understood not only as the means that allow central capitalism to solve its contradictions and retain a huge part of the economic surplus, but also as mechanisms that established structural limitations to the periphery to overcome the way it was positioned. At the same time, this strategy (industrialization) implied that the particularities of the Latin American productive structure and its problems were recognised. This was mainly analysed through concepts that showed the consequences of the deterioration in terms of trade, low productivity, mechanisms for surplus appropriation (such as the patterns of sumptuous consumption and low wages) and the balance of payments restrictions.

In summary, neo-structuralism, when omitting the recognition of the peripheral specificity, calls for a development proposal that does not centrally conceive the contradictory logics of capitalism associated with the development of the centre and its (new) modalities of expansion to –and then taking control of– the periphery or the conflicts derived from these processes (Di Filippo, 1998; Fernández, 2017). Instead, it supposes a universal pattern of development based on catching-up processes, which would eventually place Latin America on the global technological frontier.

Naturally, this change in the interpretation of capitalism’s functioning also implied some changes in how the role of the state was understood for Latin American development. When analysing those changes, two different contexts of ECLAC’s neo-structuralist theoretical production can be identified. First, there is a context of critical approach of the state that is in consonance with the new discourses of development that were dominant during the 90s. This is based on the neoclassical theory and the requirements imposed by the structural reforms prompted by the Washington Consensus. Second, there is a more optimistic and permissive context regarding the state intervention that emerged during the predominance of neo-developmental states in the region (Bresser-Pereira, 2006; Gaitán, 2014).

Regarding the first context, situated during the emergence of neo-structuralism and the predominance of neoliberalism during the 90s, the understanding of the state appears to be closely related to ECLAC’s efforts to offer a revised analysis of the ISI’s limitations and an update of those contributions in the era of globalization. How the state intervened during industrialization was criticised by many intellectual circles both within and outside ECLAC.

The new understanding of the state under neo-structuralism represented a significant difference regarding the structuralist’s original contributions. The Prebischian emphasis on the need to generate local theories to address Latin American development lost its relevance by the time theories from the North gained strength in
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the Latin American scenario in general, and in the Cepalian argument in particular (Fernández, 2010; Pinto, 1987). As we shall see, this was shown in the new discourses: (i) that argued the need to reduce the bureaucratization and guarantee the efficiency of the state; (ii) that promoted systemic and cooperative approaches of the state; and (iii) that revalued decentralization policies, which can be understood as participative and democratizing practices in civil society.

Regarding the first of these discourses, neo-structuralism criticized several excesses of the ISI, such as disproportioned bureaucratization, inefficiency, inadequate allocation of resources (CEPAL, 1990), and the overestimation of state protectionism, which in practice acquired a “frivolous” (Fajnzylber, 1983) character and distorted the functioning of economies. The economic policy instruments’ lack of analytical consideration to achieve what they wanted to was also criticized (Bitar, 1988; Fishlow, 1987; Rosales, 1988). As a result of these limitations, it was argued that there was a need to build efficient states (Rosales, 1988) based on a predominantly subsidiary conception of their intervention (CEPAL, 1990; Faletto, 1996). All these political and theoretical redefinitions were closely related to the requirements imposed by the Washington Consensus and its defence of the structural reforms.

Regarding the second discourse, the understanding of the state also changed. The state was assigned the two crucial tasks of overcoming the accumulated gaps in the areas of equity and promoting international competitiveness. For those purposes, a new pattern of state intervention was promoted in terms of a “strategic consensus-building”, where the different representative forces of society should interact (CEPAL, 1990). However, notwithstanding these ambitious tasks assigned to the state, the predominant discourse was one that conceived that it should not deploy a wide or extensive intervention (Bitar, 1988). Instead, it should be specifically self-limited and simplified and it should also develop synergetic and collaborative dynamics with private actors (CEPAL, 1990). Another task that is required of the state is the deployment of sectorial and selective policies, oriented to achieve a sophisticated external insertion based on innovation and knowledge-oriented industrialization (CEPAL, 1990). In general, the understanding of state-intervention is closely related to the need to promote systemic competitiveness policies, which became the new technological and productive paradigm during neo-structuralism (CEPAL, 1990; Esser, Hillebrand, Messner, & Meyer-Stamer, 1996; Rosales, 1996).

Neo-structuralism also revalued the dynamics of nets to promote development. This analytical framework replaced the former structuralists’ binomial “state and markets” with a new theoretical matrix that highlighted the virtuous mechanisms of interaction, which should be deployed among the “market, state and society” triad. In other words, it is about finding the right balance between state-intervention and market. Therefore, the state appears integrated in a perspective of systemic competitiveness (CEPAL, 1990; Esser et. al., 1996) that, even though it critically observes the possibility of solving the processes through the markets,
relativizes and redefines the role of the hierarchies that dominated under “frivolous” post-war protectionism (Fajnzylber, 1990). The nets appear as the structuring elements of this new competitiveness, mainly through collective learnings and innovations promoted by systemic interactions. The state is then incorporated as the stimulator and promoter of the several mechanisms of public-private cooperation on which these nets should be built and the learnings deployed (Fajnzylber, 1990; Sunkel & Zuleta, 1990).

Finally, the third discourse shows another important change associated with the global processes of capitalism in general and the Cepalian discourse in particular. It is related to the renewed role and relevance of the subnational scales that are conceived as central spaces for the promotion of development (Fernández, 2010). In this sense, and in accordance with international organizations such as the World Bank (Burki, Perry, & Dillinger, 1999), the discourse of decentralization gained strength among the neo-structuralist arguments that promote the transfer of responsibilities from the national state to the regional and local authorities. This argument was based on the assumption that regionalization would allow a better use of regional resources, potentialities, and markets while favouring the initiative of private actors (Bitar, 1988, Bossier, 1994). However, although this debate conceived states’ new role for development, it was not theoretically linked with the discussion of structural change.

As has been previously stated, this self-limited, subsidiary, and efficient understanding of the state went through some changes during the first decade of the 21st century. Several factors played a role in these changes. On the one hand, the explicit recognition of the profoundly negative economic and social consequences of the policies promoted by the Washington Consensus, from which the neo-structuralist paradigm could hardly be completely separated (Guillén Romo, 2007). There was also the acknowledgement that the link between “market, state and society” that had been promoted during previous decades was unable to solve the Latin American structural problems, and some changes in the understanding of the role of the state were introduced (CEPAL, 2010). On the other hand, the renewed political climate of Latin America also influenced ECLAC’s theoretical production. Thus, during the first decade and a half of the 21st century, the states were repositioned –at least discursively– in the centre of the political scenery by the neo-developmental governments in order to promote development and reduce inequities (CEPAL, 2010).

These changes show a more optimistic and permissive view regarding state intervention. The state will no longer be based on a conception of simplified and self-limited intervention; instead, the convenience of its intervention will be recognised in several areas of the economy (CEPAL, 2010, 2012, 2014). This is a perspective that proposed an active participation to guarantee the adequate macroeconomic environment for private actors to replace the former subsidiary conception of the state. Thus, the state assumes a central role to promote: a) the productivity convergence through policies oriented towards industrial development, technological
innovation, the financing of less productive sectors, and the promotion of the small and medium enterprises; b) the improvement of employment conditions, through minimum wages and labour agreements, the protection of informal workers and the implementation of social protection guarantees; and c) the reduction of social gaps, through a sustained increase in social spending and income-transfer systems that have a redistributive effect, as well as guaranteeing access to education and health (which are understood as universal rights) (CEPAL, 2010, 2012). From this new perspective the state has a fundamental role for income redistribution and the assurance of an acceptable standard of living for the Latin American population.

However, the new references to the state simultaneously coexist with the predominance of a state’s approach that keeps on conceiving it as one of the actors inside the “market, society and state” triad. In other words, beyond the aforementioned changes, the state’s action is still understood within a “strategic consensus-building” and “pacts” between public and private actors framework (CEPAL, 2010, 2012, 2014). Thus, this is an approach that understands state intervention in terms of consensually integrating several actors to promote synergetic behaviours (CEPAL, 2012).

Finally, in a scarcely articulated contribution from a spatial scales perspective, instances such as the ILPES, which are closely related to the neo-structuralist’s discourse associated with systemic competitiveness (Silva Lira, 2005), have been promoting a dialogue between neo-structuralism and the subnational scales approaches to promote local development. This proposal highlights the role of the territories as fields for innovative creation and for taking advantages of their own resources. In this way, neo-structuralism has pointed out that the promotion of virtuous and synergetic circles that would allow the territorial development and the reduction of the structural heterogeneity is not only a matter of relationships between public and private actors, but also of the necessary coordination between different levels of government.

FINAL CONSIDERATIONS: THE CHALLENGES FOR THE STRUCTURAL CHANGE AND THE ROLE OF THE STATE FOR LATIN AMERICAN DEVELOPMENT IN THE 21ST CENTURY

During 7 decades, the ECLAC discussed the need for Latin America to carry out a structural change. However, notwithstanding the continuity of this topic, the meaning of this concept has changed depending on the different historical and theoretical contexts that were analysed. Ultimately, these epistemic changes represent a clear divergence between structuralism and neo-structuralism in terms of the theoretical comprehension of how capitalism works and, therefore, in ECLAC’s proposals for development.
The structuralists’ analysis, and their proposal for structural change, started with the identification of several problems associated with the peripheral productive structures. These economies were inserted in a capitalist system that operates under contradictory, unequal, and exclusive dynamics. Hence, having a primary and heterogeneous productive structure implied a dependent and subordinated positioning in the face of the logics imposed and controlled by the centre. This process was explained through the aforementioned concepts such as the deterioration in the terms of trade, income elasticity of demand, structural heterogeneity (in productive and labour terms), and the centre-periphery relationship itself.

Consequently, when proposing the ISI and appealing to the state, the structuralists recognised that capitalism operated through a pattern of accumulation and reproduction that was widely unequal. In addition, to revert that dynamic, the political decision to transform the Latin American productive structure was necessary to create a more sophisticated and productive scheme that allows a more homogeneous, diversified, and egalitarian industrial pattern of accumulation.

During the decades after the emergence of Latin American structuralism, the understanding of the way in which capitalism operated on a global level, and particularly in the periphery, was nourished by new explanatory variables. These variables revalued the relations of power that operated on the centre-periphery level, but also within the periphery, and that explained, in part, the obstacles that were present when the ISI was implemented. This, coupled with the recognition of the new modalities assumed by foreign capital in the region, especially during the 70s, gave rise to reflections on the meaning of structural change in that context. This was discussed through “Styles” debates and the projections and possibilities of the periphery’s development within an imminent global transformation scenario. Similarly, when considering the predominant role that foreign capital acquired in the region and the intensified conflicts between social classes, the understanding of the state and its possibilities for intervention also became more complex.

Finally, the emergence of neo-structuralism is situated in a context characterized by the primacy of globalization and neoliberalism, which can be understood as a conservative reaction to the limitations experienced by Fordism at the centre and the ISI at the periphery. Without ignoring the loss of relevance of the ECLAC during that transitional context or the conditionings in Latin America, especially through the Washington Consensus, neo-structuralism defined itself as a renewal and an alternative to the neoclassic device. However, the neo-structuralist proposal implied not only a remarkable rupture regarding the traditional epistemic approach of structuralism to the study and comprehension of the functioning of capitalism as a system, but also regarding the meaning and the challenges for the structural change in the new context.

The divergence concerning the analytical theory of ECLAC could be observed, first, in the displacement of concepts that had been central in the original theoretical approach: principally the recognition of the specificity of the peripheral
condition of Latin American economies and the relations of power that sustained and reproduced the positioning. As a result, there was a change regarding the original structuralist diagnosis and propositive strategies. When creating a distance between the recognition of the power relationships that constitute the link between the centre-periphery and its conflicts of interest, neo-structuralism understood the problems of Latin American development as a result of internal factors that appeared decoupled from the dynamics and opportunities offered by globalization. Unlike the original Cepalian tradition, the way to understand the challenges of structural change does not conceive contradictions or conflict of interest: neither in terms of the traditional binomial centre-periphery (considering an eventual repositioning of the latter) nor among the stratum that operated within the periphery (supposedly oriented to develop collaborative and cooperative practices for technology transfer and learning). In other words, without conflict, the win-win cooperation within the periphery is a requirement for a win-win integration in the external scenery.

The omission of the conflicts results in a development strategy that does not centrally conceive the contradictory logic associated with the development of the centre and its (new) modalities of expansion to—and to take control of—the periphery or the conflicts derived from it. It supposes, instead, a universal pattern of development based on the deployment of a catching-up processes that would eventually allow Latin America to achieve the global technological frontier. Thus, the constitutive elements of capitalism highlighted by structuralist theory, associated with power, conflicts, and contradictions, as well as how those processes historically shaped differentiated productive structures with their own specificities, are no longer relevant. In this way, neo-structuralism leaves aside the recognition that any attempt to develop peripheral economies should situate the problem of power and conflict in the centre of the analysis.

Similarly, the understanding of the state also showed a clear distancing from the structuralists’ foundations that justified an ISI intervention and from the following contributions that situated it in an environment of increasing tensions because of the conflicts of interests between local and external actors in the periphery. So, while the hierarchical, unequal, and conflicting dimension of peripheral capitalism is no longer considered, the state no longer assumes a fundamental and irreplaceable role. Quite the opposite, the way of understanding state-intervention under neo-structuralism started from a constructive logic that was based on the consensus and collaboration nets among public and private actors. Once again, this interpretation does not consider the local and external actors who are present in the periphery and condition the possibilities of state intervention to direct a development strategy.

Nevertheless, far from suggesting an irreconcilable dialogue between structuralism and neo-structuralism, we instead promote an updated recovery of the structuralist tradition through a dialogue with the current contributions of neo-structuralism. As a central point, it demands the re-location of the dimension of power as a
condition to problematize the proposals of structural change and state intervention in the 21st century.

To do so, it is necessary to recompose the historical analysis of the formation of Latin American productive structures where the power relationships are created as a result of the interactions among internal-external actors that operate in the periphery. It also demands the identification of the conflicting dynamics that are taking place between the several actors present in such historical structures. As part of this framework, the problem of states’ intervention and their capabilities, conditionings, and possibilities to carry out the tasks assigned to them by theory should be considered. Such a reflection should not ignore the recognition of a conflicting process that operates in the periphery and that, for many years, has shown its potential to condition the policies oriented towards transforming the Latin American productive structure. For that purpose, the reflection about state structures and interventions should be central in Latin American development theories, which retrieve the state’s centrality—although in a de-problematized way—to carry out the structural change.

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