Applicability of Cardoso and Faletto Model to Analyze the Current Latin American Reality

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Abstract
In 1966, sociologists Fernando Henrique Cardoso and Enzo Faletto wrote, on the request of Economic Commission for Latin America (ECLAC), the classic Dependence and Development in Latin America, in which they sought to underline social and economic fundamentals of what they called “national underdevelopment.” Almost half-century later, the Latin American reality is not the same, but the method adopted by Cardoso and Faletto can still be used to analyze it. A proof of its actuality is its resemblance with some methodological approaches that operate in the intersection between economics and social sciences by Anglo-Saxon scholars.

Keywords
Latin America, area studies, humanities, political economy, politics and social sciences, political science, social sciences, economic science, dependence, ECLAC

In 1966, the Brazilian sociologist Fernando Henrique Cardoso and Enzo Faletto produced by request of the Economic Commission for Latin America (ECLAC), the classic Dependence and Development in Latin America. This text was the result of the environment of intense debate that was in Santiago, Chile, in that period. In 1964, the Latin American Institute for Economic and Social Planning (ILPES), body of ECLAC, held a seminar on development and dependency, which was attended by the principal authors of the time about the challenges of Latin American development, such as Raul Prebisch, Celso Furtado, Oswaldo Sunkel, Francisco Weffort, and Aníbal Pinto (Cardoso & Faletto, 2004, p. 8). In this seminar, the discussions made clear the division that later marked the debate over dependency: On one hand, there was the structuralist view, with a strong emphasis on technical progress and the state’s role as a promoter of development, and on the other, third-world vision that advocated a radical transformation of societies and economic systems.

The objective of Cardoso and Faletto (2004) was to structure an analysis that took into account the internal political dynamics between the social classes and groups in each country, and the “web of political relationships and interests that by joining sections of two types of economies—developed and underdeveloped—shaped different forms of political and social development in each country in the region” (p. 9). The aim of the authors was to escape from pitfalls as the characterization of traditional and modern societies, which would lead to attempts to explain only the transition between one and the other, and not the relationship between them (Cardoso & Faletto, 2004, p. 27).

The option of understanding the economic situation in Latin America as a peripheral part of their integration into the world economy, maintaining economic relations built during the colonial period, had already been explored, for example, by Furtado (1970). However, Cardoso and Faletto (2004) advanced the theory by expanding economic relations to the political and social structures. In this sense, was required to seek a theoretical point of intersection, where economic power is expressed as social domination, that is, like politics, for it is through the political process that a class or economic group tries to establish a system of social relations that enable it to impose the a society as a whole mode of production itself, or at least tries to make alliances or other groups or classes in order to develop an economical way consistent with their interests and goals. The modes of economic relationship, in turn, mark the milestones on which it gives to political action. (p. 36)

Analysis of Cardoso and Faletto give rise to the definition of “national underdevelopment,” that is, a contradictory framework of independent nations in the political field, but dependent on the economy. In this context, the binding of peripheral economy with the central leadership takes place.

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under the political domination of social groups that benefit from this linkage, and this resulted in a political structure “that is organized and operates in terms of a double connection: according pressures and external linkages and the according conditioning of the internal factors that affect social stratification” (Cardoso & Faletto, 2004, p. 51).

Regarding the political structure, the form of domination was identified at the time of populism, defined as a political model in which the classes related to the emerging process of industrialization (both national modernizing bourgeoisie and popular sectors, especially urban) found—or rather, formed, although with different degrees of power and influence in the final product—a state and a system that could meet the political, economic, and social crisis of oligarchic domination.” (Calderon & Jelin, 1987)

Examine the intersection between economics and politics in Latin America of the 1960s meant, therefore, to analyze populism and import substitution in the context of economic dependence (Cardoso & Faletto, 2004, p. 122).

Cardoso and Faletto, thus, represented a Latin American approach of the “embeddness” issue. After Polanyi (2001), but without ties with him, and before Granovetter (2007) and North (1990), both authors built a methodology of economic analysis that considered the economy embedded in the societal structure. Besides this, the Latin American scholars ignored it, maybe because the economy’s autonomy was not considered a relevant stumbling block out of neoclassical studies.

The problem of further appropriation of this approach was exactly the Latin American scholar atmosphere by this time. According to Cardoso, Dependence and Development in Latin America was read “in the context of several other political and academic works which hammered the dependence concept almost a synonymous of imperialist relationship” (Cardoso & Faletto, 2004, p. 9, emphasis added). After the Cardoso government in Brazil, when a kind of liberal agenda—neoliberal for some, incompletely liberal for others—was implemented, all the progressive scholars refused this theory, and the neoclassical did not claimed it. The real content of this work was forgotten.

### Latin America in the 21st Century and the Scenario Outlined by Cardoso and Faletto

Populism has long left the Latin American political scene, although some features such as the regimes of Hugo Chavez, Evo Morales, and Rafael Correa are still there. Also the imports substitution industrialization, which was experiencing a first seizure ever in the 1950s, survival rates, succumbed to the debt crisis of the 1980s (Thorp, 1998). Latin American societies are more democratic and operate in open economies. According to the Economist, in the 5 years prior to 2008 the region’s economy grew 5.5% annually, holding a one-digit inflation, with the rise of companies multilatinas, that is, multinational locations (“Nobody’s Backyard,” 2010).

This scenario is quite different from the stroke by Cardoso and Faletto (2004), where it gave the development through a strong state that coordinated social conflicts and protection of the interests of the new industrial classes and the urban middle classes. Comparing the political and economic environment of the time, we can see the differences cited in Table 1.

The differences between 1966 and 2010 may lead us to the conclusion that Cardoso and Faletto’s model is outdated and no longer serves to analyze the reality of Latin America. However, we must avoid confusing the results with the method. Once the scenario is different, we must ask the following questions: Can the method adopted by Cardoso and Faletto be useful for analyzing the Latin American economic and political reality? Is there need for adjustments?

### Actuality of Cardoso and Faletto’s Method and Its Similarities With International Political Economy

The method adopted by Cardoso and Faletto (2004) seeks to analyze very specific aspects of political and economic reality:

The economic constrains of the world market, including the international balance of power, the structure of the national
productive system and its type of connection to the external market, the historical and structural configuration of such societies, with their forms of distribution and maintenance of power, and especially the socio-political movements that press for change in their orientation and objectives. (p. 36)

Despite analysis guidelines, the option of Cardoso and Faletto remains valid, even by their similarities to current approaches in Anglo-Saxon academic world, developed in the intersection between economics and social sciences: institutional economics, new economic sociology, and the international political economy. If we consider only an emerging approach, known as Open Economy Politics, we will find some similarities with Cardoso and Faletto’s method. According to Lake (2009),

OEP begins with individuals, sectors, or factors of production as the units of analysis and derives their interests over economic policy from each unit’s position within the international economy. It conceives of domestic political institutions as mechanisms that aggregate interests (with more or less bias) and structure the bargaining of competing societal groups. Finally, it introduces, when necessary, bargaining between states with different interests. Analysis within OEP proceeds from the most micro- to the most macro-level in a linear and orderly fashion, reflecting an implicit uni-directional conception of politics as flowing up from individuals to interstate bargaining. (p. 225)

That is, the route taken by the modern International Political Economy is the same as suggested by Cardoso and Faletto. However, there are still differences between them, which can be identified in Table 2.

These differences highlight a fragility of the original Cardoso and Faletto’s approach. Its institutional theory was not very structured. The method lacks a clean explanation of the relationship between social action and institutional constraints. Thus, the authors compensated this gap with Marxist and Weberian categories, for example, legitimate order or domination, considering known all the social action theories from these classical schools.

Conclusion

Despite being away from us nearly half a century, the approach of Cardoso and Faletto still plays a role in the current understanding of the Latin American reality, especially in relation to its method. Aspects of the theoretical references can be updated, especially regarding the institutional theory, and the processed data will certainly be others; but the analysis that combines the relationship with the international economy and domestic political structure remains valid, and has been adopted by academic schools outside Latin America.

In Latin America, Cardoso and Faletto’s contribution was victim of two different misunderstandings. First, the work was included in the Marxist tradition, isolating it from the critical Neoclassical Economics in the late 1970s. Afterward, the Cardoso government in Brazil, led by a liberal reforming agenda, worked unjustly relegating to the “History’s garbage” by Marxism, without an adequate appreciation of other schools. Thus, Latin American scholars did not explore all the possibilities opened by Cardoso and Faletto’s research.

We believe that a renewed Cardoso and Faletto method could be adopted nowadays by Latin American scholars, with relevant and surprising results. Thus, retrieving and updating the model of Cardoso and Faletto may be an important contribution for further reflection on the current Latin American scenario.

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Author Biography

Paulo Roberto Silva was graduated in Journalism by Communication and Arts School from São Paulo University, with Master's degree in Latin American Studies by the same institution. He have been working in business communication for 15 years, and have developed research projects applying the International Political Economy's theoretical framework to analyze Latin American issues.