

# POL325: Contemporary Latin American Politics

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## Contents

<b>1</b>	<b>Development and its Alternatives</b>	<b>2</b>
1.1	Cristóbal Kay (2018) Modernization and Dependency Theory. From The Routledge Handbook of Latin American Development Julie Cupples, Marcel Palomino-Schalscha, and Manuel Prieto, eds. New York: Routledge, pp 15-28. . . . .	2
1.1.1	Modernization Theory . . . . .	2
1.1.2	Dependence Theory (DT) . . . . .	3
1.2	Laura Zapata-Cantu and Fernando González (2021) Challenges for Innovation and Sustainable Development in Latin America: The Significance of Institutions and Human Capital. Sustainability. . . . .	4
1.2.1	Innovation and Sustainable Development in Latin America: Core Challenges . . . . .	4
1.2.2	Theoretical Framework for Analysis . . . . .	4

# 1 Development and its Alternatives

## 1.1 Cristóbal Kay (2018) Modernization and Dependency Theory. From The Routledge Handbook of Latin American Development Julie Cupples, Marcel Palomino-Schalscha, and Manuel Prieto, eds. New York: Routledge, pp 15-28.

### 1.1.1 Modernization Theory

**Historical Context:** Emerged in the North (1950s-1960s) during the Cold War. Arose post-WWII as decolonization accelerated.

**Core Idea:** Development is a transition from a 'traditional' to a 'modern' society. It posits that underdeveloped countries can 'catch up' by replicating the experience of Western, developed countries.

- Change is seen as determined by internal factors

#### Dualistic Typology:

- **Traditional Societies:** Simple, rural subsistence economy, family labour, primitive technology, low productivity. Characterized by particularism, ascription, and collective orientation. 'Traditionalism' itself is seen as a barrier due to fatalistic outlook.
- **Modern Societies:** Complex, industrial, market-oriented, wage labour, scientific technology, high productivity. Characterized by universalism, achievement orientation, self-orientation, upward social mobility, and rule of law.

#### Key Theorists and Concepts:

- **Walt W. Rostow (1960):** Proposed five universal stages of economic growth:
  1. The traditional society;
  2. The preconditions for take-off;
  3. **Take-off (the key turning point);**
  4. The drive to maturity;
  5. The age of mass-consumption.
- **Samuel Huntington (1968):** Prioritized **political order and stability** above other modernization goals, concerned that rapid social change could overwhelm political institutions. Critiqued mainstream MT for being too static, arguing all societies combine traditional and modern elements.
- **Other theorists focused on:** Value changes (Moore), personality transformation (Lerner), psychological factors like the desire to achieve (McClelland), and entrepreneurial spirit (Hagen).

#### Modernization Theory in Latin America:

- Largely absorbed uncritically by Latin American social scientists and policymakers.
- **Gino Germani (1981):** A notable exception who adapted MT. He argued that transition processes create conflicts and 'asynchronies' as different social spheres change at different speeds. However, his work was criticized from a Marxist perspective for failing to address class and ethnic conflicts.

#### Critique of Modernization Theory (by Andre Gunder Frank):

- Empirically faulty and theoretically weak.
- **Main flaw:** Assumes underdevelopment is an original state and ignores how development and underdevelopment are part of a single process in the formation of the world capitalist system since the 15th century.
- Fails to account for the impact of colonialism and imperialism.

### 1.1.2 Dependence Theory (DT)

**Historical Context:** Arose in Latin America in the mid-1960s, challenging MT. Influenced by theories of imperialism and the Latin American structuralist school (ECLAC).

**Core Idea:** Underdevelopment is not an original state but a ‘**conditioning situation**’ where the economies of some countries (the periphery) are conditioned by the development and expansion of others (the center).

- Development and underdevelopment are seen as two faces of the same historical process of global capitalism.
- It analyzes the link between external (global capitalism) and internal (class structure, politics) factors.

**Precursor: Raul Prebisch and ECLAC Structuralism:**

- Developed the **center-periphery paradigm**.
- **Prebisch-Singer Thesis:** Argued the international trade system benefits the center at the expense of the periphery due to the long-term deterioration of the periphery’s terms of trade ( prices of its primary commodity exports fall relative to the industrial goods it imports).

**Main Strands of Dependence Theory:**

1. **Structuralist Strand:** Seeks to reform the capitalist system. Uses heterodox development theory concepts.
2. **Marxist Strand:** Argues dependency can only be overcome by overthrowing capitalism and transitioning to socialism. Relies on historical materialism and the labour theory of value.

**Key Structuralist Theorists and Concepts:**

- **Osvaldo Sunkel:** Focused on how transnational corporations (TNCs) deepen dependence and cause ‘**national disintegration**’. TNCs weaken the national bourgeoisie, fragment society, and shape public policy against the national interest.
- **Celso Furtado:** Analyzed ‘**dependent consumption patterns**’. The consumption habits of the rich, influenced by developed countries, create a wasteful, capital-intensive, and import-demanding industrial structure that perpetuates income concentration and underdevelopment.
- **Fernando Henrique Cardoso and Enzo Faletto:**
  - Emphasized analyzing ‘**situations of dependency**’ rather than a single theory, focusing on internal manifestations.
  - Characterized the process as ‘**dependent development**’, rejecting stagnationist views and acknowledging that economic growth could occur within a dependency framework.
  - Argued a ‘**new dependency**’ emerged under corporatist-authoritarian states controlled by a militarized technocratic bureaucracy.

**Key Marxist Theories and Concepts:**

- **Theotonio Dos Santos:** Identified a ‘**new character of dependency**’ rooted in industrial and technological dependence. The lack of a domestic capital goods industry and indigenous technological capacity prevents dependent economies from being ‘articulated’ and achieving autonomous development.
- **Ruy Mauro Marini:** Focused on **unequal exchange** (transfer of surplus value to dominate countries) and the resulting **over-exploitation of labour** in dependent countries to maintain profit rates. Also developed the concept of **sub-imperialism**, where a larger dependent country like Brazil under its military regime could engage in imperialist practices toward weaker neighbours to solve its own problems of insufficient internal demand.

- **Andre Gunder Frank:** Coined the phrase “**the development of underdevelopment**”. Argued that the metropolis-satellite linkages constantly recreate underdevelopment. Contended that Latin America has been capitalist since the colonial conquest, challenging the prevailing feudal/semi-feudal characterization and the political strategies based on it. His thesis was famously critiqued by Ernesto Laclau for overemphasizing market circulation while neglecting relations of production.

**Decline and Legacy of Dependence Theory:** It’s influence waned with the economic crisis of the 1980s and the rise of neoliberalism. Remembered as the **first major challenge to the Eurocentric character of the social sciences** to achieve global influence. It inspired a new generation of scholars to think about development from the perspective of the South.

## 1.2 Laura Zapata-Cantu and Fernando González (2021) Challenges for Innovation and Sustainable Development in Latin America: The Significance of Institutions and Human Capital. Sustainability.

### 1.2.1 Innovation and Sustainable Development in Latin America: Core Challenges

**Context:** Sustainable development is a critical 21st century challenge, compounded by the COVID-19 pandemic which has shifted government and business priorities. Innovation is essential for transitioning to a more sustainable world.

#### Regional Challenges:

- **High social inequality and poverty** remain significant obstacles.
- The region has a history of **political instability and corruption**, which impacts institutional performance in innovation and sustainability.
- Economies are vulnerable to **commodity price volatility** and uncertainty.
- There is a **marginal contribution to global innovation**, often measured by patent registrations.
- Latin American countries face ongoing issues with nutrition, sanitation, quality education, and economic modernization.

### 1.2.2 Theoretical Framework for Analysis

Two key theoretical perspectives are used to analyze innovation and sustainable development in the region:

1. **Dynamic Capabilities (DCV):** A framework focusing on a country’s or firm’s ability to adapt and transform in response to a changing environment. It is composed of three core capabilities:
  - **Sensing:** Identifying opportunities and threats by scanning markets and technologies. This aligns with the Global Innovation Index (GII) dimensions of *Institutions* and *Market Sophistication*.
  - **Seizing:** Mobilizing resources to capture opportunities by investing in technology, human capital, and new business models. This aligns with the GII dimensions of *Human capital and research, Infrastructure, and Business sophistication*.
  - **Transforming:** Continuously reconfiguring assets and organizational structures to maintain the competitiveness. This aligns with the GII dimensions of *Knowledge and technology outputs and creative outputs*.
2. **Mission-Oriented Policies:** Systemic public sector initiatives aimed at solving specific societal problems (e.g., climate change) by mobilizing innovation across multiple sectors and actors.
  - These policies define a clear direction, foster collaboration between public and private sectors, and drive technological and systemic change.
  - They require strong institutional support and the development of dynamic capabilities within government to lead change.