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By Renato Francisco Dos Santos Paula

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Economic Regulation as Materialization of Development Ideology in Latin America

Renato Francisco Dos Santos Paula

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I. INTRODUCTION

On 10th February 2020, the United States Department of Commerce took measures to increase US power to act against export subsidies. This involved changing the classification of more than 20 countries from "developing countries" to "developed countries", including Argentina, Brazil, Colombia and Costa Rica. These measures were applied to countries fulfilling any of the following criteria: a) countries with a share of more than 0.5% in total world trade, such as Brazil, India, Indonesia, Malaysia, Thailand, Vietnam, Hong Kong and Singapore; b) member countries of the European Union, such as Bulgaria and Romania; c) member countries or countries in the process of joining the OECD, such as Colombia and Costa Rica; d) G20 member countries such as India, Indonesia, Argentina and South Africa and; e) countries that consider themselves developed or that have never declared themselves 'under development' to the WTO such as Albania, Armenia, Georgia, Kazakhstan, Kyrgyzstan, Moldova, Montenegro, Macedonia and Ukraine.

The status of a developed, developing or underdeveloped country has not only symbolic implications. These classifications determine how countries are treated in international trade transactions and are perceived as a measure of the country's autonomy in relation to its own economic policy.

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Although liberal or ultra-liberal countries-such as contemporary Brazil-refute state interventionism, it is known that few measures of capitalist development can forego articulation between the market and the interventionist state. Thus countries often subsidize the production of goods and services to induce the development of certain sectors of their economies, though this can lead to endless disputes in international courts such as the World Trade Organization (WTO), for example. Nevertheless subsidies such as tax benefits or financial incentives are more tolerated in less developed countries: the central idea is to contribute to the "development" of these countries.

The United States Department of Commerce measures, although wide in scope, have a specific target: China. Chinese commercial benefits have been withdrawn. US President Donald Trump has spoken on the subject several times already, including at the World Economic Forum meeting in Davos this year, declaring:

"China is viewed as a developing nation. India is viewed as a developing nation. We're not viewed as a developing nation. As far as I'm concerned, we're a developing nation, too".

Thus, Trump expresses dissatisfaction with the use of a device deployed by the American government since the Truman Era: the ideology of development and the regulation of economic transactions as a fundamental (and insidious) form of its materialization. It is precisely this which so troubled the American president that will be examined in this article, albeit in summary and preliminary form.

On the one hand, we know that the countries of Latin America present different degrees of development, however, their economies still remain linked to a type of external regulation that induces them to believe in the possibilities of development, without, however, reversing the levels of dependence on the countries of central capitalism. It is, therefore, an ideology of development that enables topical, occasional, and specific advances, but does not overcome the economic and political subordination of the Latin America. And we consider, therefore, that this process of dependence is not an episodic part of a trajectory towards development, but rather a specific form of capitalist existence, which, in addition to market relations, involves the international movement of capital (especially in the oscillations of foreign direct investment - FDI), political influence on the dynamics of industrialization and deindustrialization, and

different types of nationalism and technological dependence. Thus, the particular character of Latin America's integration into the international economy results from this combination of factors.

On the other hand, we emphasize that little is said, both in the academic and political circles, about ideological aspects concerning macroeconomic regulation neither on a global nor local scale. In the research we are conducting - and here present briefly - we consider that macroeconomic regulation cannot be seen only in technical terms, devoid of any class interests; rather, it is a specific means of materializing the ideology of development from the perspective of a project of domination that keeps the centre-periphery relationship of world capitalism unchanged in essence, although there are changes on its surface.

The remainder of this article consists of two main parts: the first explores the historical construction of development ideology, while the second problematizes some political and economic aspects of the dissemination of this ideology in Latin America, followed by some concluding remarks.

II. DEVELOPMENT IDEOLOGY: WHAT IS IT ALL ABOUT?

The scholarly focus on ideology in recent decades has been unprecedented. Not even during the so-called 'Cold War' period, when the USA and the USSR vied for control of the world was the term so widely used. At that time, more important than fighting forms of social conscience — the classic definition of ideology — was challenging economic and political control of global transactions: a kind of 'practical ideological dispute'.

Today, world geopolitics is quite different from what it was in the 20th century. Walls fell on one side, twin towers fell on the other and new political and economic actors arrived on the scene roaring like tigers, hence the use of the term "ideology" both as a noun and as an adjective has returned to discourse in full force.

In the academic world, especially in social science and political science, there is no consensus on the definition of ideology. What we find are trends that become more or less accepted depending on the depth of the arguments and theoretical affiliations. However the polysemy of the word does not prevent us from adopting a conceptualization that supports our explanation of how ideology and development are related.

The most common idea of ideology is one that understands it as the materialization of a thought that expresses a certain worldview linked to a social group. In this sense, there would be no single ideology, but several ideologies, each expressing a different set of meanings for phenomena and for social relations.

Therefore, it would be 'natural' for different worldviews to come into conflict with the intention of gaining legitimacy for themselves and eliminating contrary thoughts. This conceptualisation, although backed by reality, is problematic. Ultimately it justifies existing inequalities in society, treating class conflict as an inherent part of life in society, maintaining the system of domination as a legitimate means of social organization and preventing, in theory, the validation of other societal projects.

From this perspective, ideology is conceived as a certain view of reality, albeit a false view. That is, contrary to recognizing ideology as a synonym for 'different ways of thinking', some intellectuals sought to define and restrict it to those forms of perception of reality that hinder important dimensions of this same reality, being partial and incomplete. As with the previous conceptualisation, this reasoning also has limitations in that it does not demonstrate that forms of social consciousness do not appear as 'magic' in the consciousness itself, but through daily social practice, which is engendered by work¹ and its results. These have galvanized the different social formations and different modes of production throughout the history of human society or, as Marx stated, "men make their own history, but they do not make it as they please; they do not make it under self-selected circumstances, but under circumstances existing already, given and transmitted from the past".

Thus, an ideological complex encompasses the bearer's worldview, whether false or partial, but it also encompasses different particular manifestations of the totality coming from other subjects in relation. In this way, if the 'ground of reality' is what sustains it, we assume that the ideological complex will tend to be a permanent come-to-be.

If ideology does indeed derive from concrete relationships, then it will also be a structuring component of what some authors call the 'battle of ideas', that is, the cognizable (rational) envelope of political dispute. Thus, different ideologies can be constructed, transmitted in countless ways, means, spaces, times and will be subject to the volatility typical of social relations. What we are interested in retaining is that, as part of the game of political and economic interest and as part of the social processes of domination, the ideology built by dominant groups tends to be accompanied by a process of dehistoricization of social phenomena. In order for the socio-economic projects of dominant politicians to succeed, it is necessary for certain social phenomena original in

¹ Work is understood here as the essential process of transformation of nature by man, with the intention of producing everything that is necessary for its survival. From this process, and with its historical evolution, social relations contracted by the way this production is organized. Exploiting labor in the past and exploiting the labor force in modern societies

social relations to be decontextualized from their history in order to be made natural.

The best example of this is the way in which the ruling class, worldwide, deals with the problem of inequality. According to this thought, socioeconomic inequality is natural and inherent to the human condition, since human beings are different from each other and have different capacities. Inequality is thus dehistoricized and conceived as inevitable and unending.

It was specifically in this context that the concept of 'development' became embedded in strategies of capitalist domination worldwide, thereby becoming an ideology. But how did this happen?

From a historical perspective, if we treat development as a synonym for evolution, we can consider that since antiquity humanity has always tried to develop. However, if we consider the use of the term development as an ideological component of a societal project of domination clearly representing the interests of a social class, we can use as a starting point the twentieth century, the two world wars and key revolutions.

In the years before World War I (1914 - 1918) and the first decades after its end, the USA emerges as the driving center of the international capitalist system, in contrast to the Russian revolution of 1917 and the creation of the USSR in 1922; this opposition inaugurates the race for development. This is due, on the one hand, to the defence of the free market and laissez-faire led by the USA and, on the other hand, soviet state planning of the economy and the collectivization of the means of production.

In the wake of the 1929 economic crisis, the embryo of the ideology of development was born, as both sides of the divided world sought to offer answers that would give visibility to their respective social formations. But it was only after the end of World War II that development as an ideological element of a corporate project was established as a class strategy².

The need to reorganise of the post-war world and justify peace building led to the creation of organizations with a global character that, in the final analysis, would confer a certain unity to a particular development model to 'reconstruct' the world and guarantee peace. With the creation of the United Nations in 1945, the debate on development was embedded in the agenda of the Economic and Social

Council (ECOSOC) on a permanent basis, leading to the creation of regional commissions such as the Economic and Social Commission for Asia and the Pacific (CESPAP), Economic and Social Commission for Western Asia (CESPAO), Economic Commission for Africa (CEPA), Economic Commission for Europe (CEPE), United Nations Conference on Trade and Development (UNCTAD), Economic Commission for Latin America and the Caribbean (ECLAC), and the World Bank (IBRD) and International Monetary Fund (IMF)³. Before the creation of the UN, the *Bretton Woods* agreement (1944) already contained guidelines that would inaugurate a new international monetary system-based on the gold standard- that can be considered a precursor to the globalization of a specific pattern of development with the renewed international system of capitalism⁴. The use of the gold standard lasted until 1971, when the USA decided to replace this standard with a free-floating system referenced to the US dollar, the euro, the yen and the pound.

This institutional apparatus supported the implementation of public policies that proposed development and gave rise to an *intelligentsia* dedicated to dealing scientifically with the subject. *Dependency and Development in Latin America*, the classic 1967 work by sociologist Fernando Henrique Cardoso and sociologist Enzo Falleto, from Brazil and Chile respectively, proposed that the patterns of socio-economic dependence of Latin American countries (at the time termed 'underdeveloped') did not result in economic stagnation and underdevelopment. This work, as well as others by the same authors, served as support for ECLAC throughout the 1970s and 1980s.

Since then the word development has lost its generic content and has come to refer almost exclusively to macro-economic processes. The Portuguese language dictionary *Caldas Aulete* defines development as the "global growth of a country or region, accompanied by an improvement in the living conditions of the population", however

As an economic concept, we note that the dictionary is not referring to the global growth of a country or region, accompanied by an improvement in the living conditions of the population of any country or region. It refers, therefore, to countries that present, in the set of their productive forces, adequate conditions to overcome a current social way of life considered outdated, and, pressured by the evolution of these forces and the class struggle inherent to it, tends to replace it by new productive patterns and new social relations, configuring not only the civilizing evolution it

² In the book "Dominant Classes, Politics and Contemporary Capitalism" (Florianópolis: Editora em Debate / UFSC, 2018, 178 p.) Danilo Enrico Martuscelli problematizes the theory of elites and demonstrates how the national dominant classes (called internal bourgeoisie by Nicos Poulantzas) they can constitute themselves as a kind of "world bourgeoisie". In the article "the transnational capitalist class - theory and empirical research" Leslie Sklair rethinks the concept of capitalist class in contemporary terms due to globalization. In SKLAIR, Leslie (2016). *The Transnational Capitalist Class*. 10.1007/978-3-319-31816-5_2761-1. https://www.researchgate.net/publication/311577605_The_Transnational_Capitalist_Class

³ These bodies of the United Nations System were not created simultaneously, however, in order not to prolong the text further, we are interested in knowing only that these are the bodies responsible for spreading the ideology of development, in accordance with the standards of capitalist development.

⁴ The gold standard or dollar-gold standard is a fixed exchange rate regime based on the relationship between currency and price (inflation and deflation).

represents, but also its structural and cyclical crises (PAULA, 2016, p. 172).

The term development is therefore already completely immersed as an ideology and, through its association with capitalist social evolution, it presents as a dominant tendency the hypertrophy of its civilizing aspects, disguising the expropriation on which it is based. At global levels, it justifies [inequality and poverty]⁵ (...) and in summary, it refers to considerable fissures in the current ways of organizing social life (idem, p. 172-173).

Brazilian sociologist Otávio Ianni (1989, p. 97) proposed this as a process of rupture with the present:

In some cases the rupture is total, as occurs in nations that choose to develop according to the socialist way of organizing production. Socialism embodies the theory, the movement of ideas, the conceptualization of the history of this alternative. In essence, it implies the complete negation of the present, that is, of the capitalist mode of production, in its colonial, semi-colonial or realized form. In other cases, there is only an occasional interruption, a transient break in those nation's relations with itself and with the outside world.

Whether as a total or partial rupture, we can work with the hypothesis that development is institutionally assumed as an ideology from the moment at which the 33rd President of the United States, Harry S. Truman, addressed the US Congress and committed to "defending the free world against the communist threat", giving rise to what was conventionally called the Truman Doctrine; the so-called Cold War was born there. Subsequently, Truman and his Secretary of State George Catlett Marshall announced economic-financial measures to stimulate development in European countries destroyed or affected by the war; however the Truman doctrine and the Marshall Plan also created the new international category of 'underdeveloped countries'. These would be targeted with actions that would spread the USA's scientific, technological and industrial progress. Global geography, then, proceeds to classify the countries of the world into three blocs: the 'First World', composed of more or less 'developed' capitalist countries, led by the USA; the 'Second World', composed of more or less developed socialist countries, led by the USSR; and the 'Third World' composed of countries classified as 'underdeveloped', comprising the whole of Latin America and Africa, and parts of Asia and Eastern Europe. What is striking about the Truman doctrine is that the idea of development is inherently associated with notions of progress and, like John Locke, links the notion of freedom with that of democracy and private property.

The acceptance of the Truman doctrine in the block of capitalist countries is not only due to the "help" coming from the USA, but is complemented by the way the USA is able to culturally influence the world by

universalizing customs, ideas, values, the American way life, in short an ideological complex.

In this context, underdeveloped countries came to accept this conceptualization-either tacitly or explicitly-through its prerequisite: that in order to be 'developed', it is necessary to be first be 'underdeveloped'. Development is seen, then, as a utopian horizon for any nation that wishes to progress.

The post-World War II world was particularly conducive to the implementation of this ideology, since changes in the global geopolitical order were in full swing: the Chinese Revolution of 1949, the end of the Korean War in 1953, the Cuban Revolution in 1959, decolonization from the early 1960s, the construction of the Berlin Wall in 1961, and so on. Through these processes, numerous countries were compelled to structure or restructure through the implementation of market-oriented development measures. Based on the so-called development theories that proposed development economics or 'state and nation building analysis', intellectuals such as Talcott Parsons, Bert Hoselitz, Seymour Martin Lipset, Daniel Lerner, Arthur Lewis, Paul Rosentstein Rodan, Ragnar Nurske, and in particular Walt Whitman Rostow, Hans Singer, Gunnar Myrdal, among others.

The animation of this developmental debate went beyond the intellectual sphere and invaded the hegemonic press, as can be seen in the following editorial from *Economic Development and Cultural Change*

Attention should be paid to the theoretical assumption that development involves particular social groups which perform the main innovating function. It can be observed historically that where development has taken place, it has been organized and led by a relatively small, self-conscious social group using control of economic growth as a means of achieving and maintaining power and status in the society. For economic development to occur, a group which does come to control the economy in the way described must base its activities upon an ideology which systematically encourages productive (output-increasing) investment. As a tentative generalization worthy of study it might be said that since the sort of control we are talking about can be achieved by self-conscious effort (as, for example, by guns and propaganda), those groups will come to power which are best able to utilize advanced and objective techniques of manipulating their environment. This implies that, over a long period of time, those groups would win in our hypothetical competition which used more efficient economic and social tools. But, while a historical view may indicate a selective process whereby the rise of particular groups to power can be explained, it does not follow in modern times any more than in earlier ones that such groups will use their power for purposes of "development" in our terms. This is in fact particularly true at present, since the more advanced West presents to underdeveloped areas a wide array of tools of control from which to choose, not all of which contribute to the goal we have in mind. Western military and Propaganda devices are

⁵ Our emphasis

the most easily assimilated of the techniques of the industrial world, and are as easily used to bolster a social structure which retards growth as to aid in social change favoring growth. Stress here should be laid on the problems of identifying social groups fulfilling our conditions, and of relating such groups, with their various origins and particular roles, to the social and economic structure of the society in which they arise⁶.

The editorial's full agreement with development theories and its almost 'imperialist' way of imposing itself on the world is evident. It should be noted that development economics is neither spontaneous nor random; it has rational theoretical supports. It also has a class character, is supported by an ideology, and must be universalized. And, most relevant to this discussion, the development economics project is offered to underdeveloped countries as a gift and in an apparently democratic way, not with standing the difficulties of their adaptation to very specific local realities. Lastly, the power of war and propaganda is recognized both in the strategy of imposing the development economy and in the particular process of its implementation.

In Brazil, the impetus of development ideology is associated with the emergence of autocratic forms of government during the period known as Estado Novo (1937-1946) under the command of President Getúlio Vargas, and later during the period of military dictatorship (1964-1985). A similar scenario was seen in so many countries in Latin America that it became a fertile region for the implementation of this ideology.

As we have already said, key to the ideology of development is the permanent duty to overcome a stage of development considered backward, imposed by another considered advanced and more civilized. Brazilian economist Celso Furtado regarded underdevelopment as a singular historical phenomenon, supported by the myth of the diffusion of development as a possibility and goal of a modern collective rationality. For Furtado, development is a myth because, on the one hand, the capitalist patterns of production and consumption on which it is based exhaust the availability of resources necessary for survival and, on the other, most countries on the capitalist periphery are excluded from the benefits of growth when it occurs in the center (...) not rising significantly with industrialization (FURTADO, 1974).

Thus, Furtado exposes the utopian horizon of development by showing that, although universally present in official political discourse worldwide, the global capitalist structure does not allow equal development for all.

⁶ MORIN, Alexander. "Editorial". Economic development and cultural change. Vol. 1, no. 1, 1952. In PRADO, Fernando Correa. The ideology of development and the dependency controversy in contemporary Brazil. Doctoral thesis. UFRJ, 2015, p. 53.

III. ECONOMIC REGULATION AS A FUNCTIONAL ELEMENT OF DEVELOPMENT IDEOLOGY

We have witnessed structural and cyclical crises that led to the collapse of traditional liberalism, giving rise to alternatives such as *Keynesianism* and the *Welfare State*. After demonstrating the virtues of state intervention in the economy, these approaches gave way to neoliberalism led by Ronald Reagan (1911 - 2004) in the USA and Margaret Thatcher (1925 - 2013) in the UK, and found successful laboratories in Latin America as in Chile with Augusto Pinochet (1915 - 2006) or with Peru by Alberto Fujimori (1938 - current). This neoliberal hegemony was interspersed, especially in the first decades of the 21st century, with occasional experiences from governments with a greater social inclination. These at least presented alternatives to the already agonizing model of neoliberal development, but did not in any way represent a reversal of the capitalist mode of economic production. In North America, this process had the symbolic effect of the election of Barack Obama (1961 - current), the first black president of the USA, and in this case the political effects were more distinctive than the economic orientation. But it was in Latin America that Democrats and Social-Liberals experimented with greater vigor, as was the case in Brazil with Lula da Silva (1945 - current), Venezuela with Hugo Chávez (1954 - 2013), Bolivia with Evo Morales (1959 - current), Ecuador with Rafael Correa (1963 - current), and Uruguay with José Mujica (1935 - current)⁷.

One might well ask what differentiated the social experiences under these more left-wing Latin American presidencies from those under previous neoliberal governments, when a significant part of the macroeconomic agenda of these countries had remained untouched.⁸ Firstly, it is necessary to note that the movement that brought left and centre-left parties to power in Latin America in the late 20th and early 21st centuries is nothing more than the particularized and late expression of a dynamic that had taken place in USA and Western Europe during the 'glorious years' (1945 - 1975), where economic strength was accompanied by political advances that underpinned capitalist development while promoting a symbiosis (or

⁷ Ronald Reagan was president of the USA from 1981 to 1989; Margaret Thatcher was Prime Minister of the United Kingdom from 1979 to 1990; Augusto Pinochet presided over Chile from 1973 to 1990; Alberto Fujimori was president of Peru from 1990 to 2000; Barack Obama was president of the USA from 2009 to 2017; Lula da Silva presided over Brazil for two terms, from 2003 to 2011; Hugo Chávez led Venezuela from 1999 to 2013; Evo Morales was president of Bolivia from 2006 to 2019; Rafael Correa chaired Ecuador from 2007 to 2017 and José Mujica chaired Uruguay from 2010 to 2015.

⁸ Except in Venezuela, where a community-based governance model was implemented, quite different from the rest of the Latin American countries.

syncretism) between market economy and democracy representation. In many countries such as France, Spain, the Netherlands, Sweden, Norway, Denmark, Finland or Austria, social democratic parties and even some parties considered 'socialist' broke with revolutionary programming to prioritize social reforms, made possible by their inclusion in government and by the command of the State apparatus with its institutions of representative democracy.

Authors such as Przeworski (1989) or Esping-Andersen (1985) infer that this change in political orientation transformed social democracy and positioned it as the mainstream in the European left. Those parties that sought to maintain the orthodoxy of the proletarian agenda remained distant from institutional involvement, due either to poor performance in elections or outmanoeuvring by social democrats, who effectively supplanted the class character of workers' organizations and promoted reconciliation between social classes, especially in economic and social matters.

Over time, especially in the post-World War II context, even socialist parties ended up diluting the supposed 'radicalism' of the revolutionary agenda with a reform agenda. But even within the institutional game, the agenda of the reformist left continued to differ in form and content from the agenda of the liberal right as it advocated, among other things, state responsibility in those areas of the market which were non-profit but nevertheless fundamental for the economy, both from the perspective of infrastructure and regulation. This was manifest in counter-cyclical policies based on welfare theories implemented to compensate for market dysfunction (PRZEWORSKI, 1989). Inequality of results, in this case, could be mitigated through the universalization and demercantilization of the pension and money transfer systems, of education and health systems, and of gradual reforms in tax systems.

The liberal agenda, on the other hand, held firm the idea of a minimum state that privileges the satisfaction of social needs by the market, such as the sale of health and education services, and social security and assistance systems that are residual and conditioned by means-testing.

The macroeconomic agenda of these antagonistic groups presents patterns that are repeated, although each country retains its particularities. These patterns are directly related to class structure, how classes relate to each other and to the State. In liberal democracies, the basic premise that the State must be permeable to class interests works to mediate conflicts and socially balance the structural inequalities of the market economy. This serves as a guiding principle for both the social democratic or socialist left and the liberal

or moderate right.⁹ Therefore, it is easy to note that when the government recommends the creation of jobs even with high inflation rates, the interests of the popular classes or the subjective living conditions of the low-income population are better served. This trend is prevalent in social democracy.

On the other hand, when price stability is galvanized by low inflation, but with the increase in unemployment, it is common for state command to be hegemonized by liberal groups linked to high-income social classes. Douglas Hibbs (1977) studied this dynamic in depth and concluded that the reduction in unemployment rates has traditionally been achieved by Democratic and Labour governments rather than Republican and Conservative governments.

If this dynamic is correct and we can affirm it in a generic perspective, one could also infer that in Latin America during the first decades of the 21st century the consolidation of democracies enabled political renewal of the bloc of countries. Left and centre-left parties in the region rise and question the old postulates of liberal orthodoxy.

⁹ As noted above, this happens when the left gives up the revolutionary agenda and undertakes the institutional struggle as a means, because, in the limit, this means becomes an end.

Table 1: South America's Political Spectrum from 2011 to 2020

	2011	2016	2020
Argentina	Cristina Kirchner Left	Maurício Macri Center-Right	Alberto Fernández Left
Bolivia	Evo Morales Left	Evo Morales Left	Jeanine Añez Right
Brazil	Dilma Rousseff Center-Left	Michel Temer Center-Right	Jair Bolsonaro Extrem right-wing
Chile	Sebastián Piñera Right	Michelle Bachelet Center	Sebastián Piñera Right
Colombia	Juan Manuel Santos Center	Juan Manuel Santos Center	Iván Duque Right
Ecuador	Rafael Correa Left	Rafael Correa Left	Lenín Moreno Center
Guyana	Donald Ramotar Left	David Granger Center-Left	David Granger Center-Left
Paraguay	Fernando Lugo Left	Horacio Cartes Center-Right	Mario Abdo Benítez Right
Peru	Olanta Humaila Left	Pedro Pablo Kuczynski Center-Right	Martín Vizcarra Center
Suriname	Dési Bouterse Left	Dési Bouterse Left	Dési Bouterse Left
Uruguay	José Mujica Left	Tabaré Vázquez Left	Luis Lacalle Pou Right
Venezuela	Hugo Chávez Left	Nicolás Maduro Left	Nicolás Maduro Left

Source: Prepared by the author, 2020.

While the ideology of development has been propagated in Latin America since 1950 by the influence and work of ECLAC, the region's internal contradictions and economic profile materialized it in different forms compared to other blocks of countries. In the 1930s, industrial production became almost as important to Latin America as agribusiness exports. Brazil, Chile, Argentina, Mexico, Uruguay and other countries came to rely on the industrial elite and, later, a financial elite.

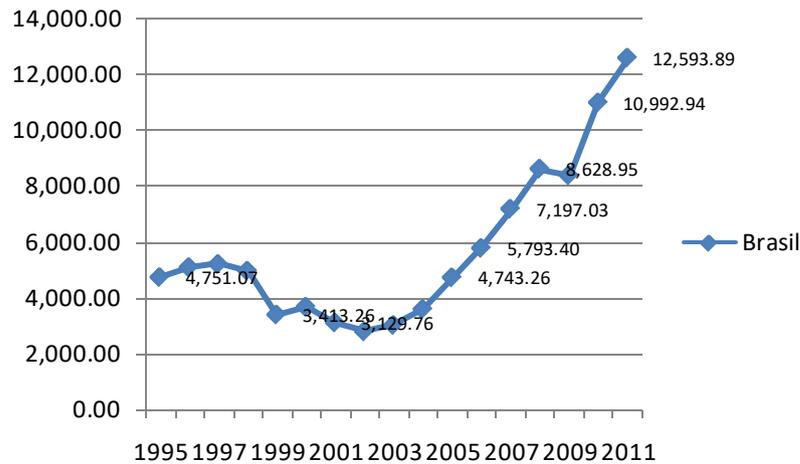
The development of such economic diversification has historically enabled leftist groups to increase their power, as we have mentioned elsewhere, through a number of means: the existence of a diversified Union movement, with centralizing tendencies, open to ideological divides and globally organized; centralized collective bargaining and recognition by advanced labor legislation; and joint participation in the formulation of government policies and decisions by representatives of both Capital and labor organizations. And at the same time, however, this was counterbalanced by developments on the right: the rise of a national bourgeoisie - agrarian, industrial and financial - that becomes part of the world economy; governmental support for the internationalization of local companies; and a higher level of spending on public works and activation policies based on money transfers inducing mass consumption.

Globalization is structurally based on the deterritorialization of capital flows around the world, and

the resulting processes allowed some countries to group themselves not just by territorial proximity but by similarities in relation to the degree of development, using material and objective indicators of development ideology. In the context of Latin America, Brazil stands out in its leadership of this new dynamics of development both locally, through the Union of South American Nations (USAN)-which brings together Mercosur, the South American Common Market, and the Andean Community (CAN) - and globally, through its participation in the bloc of major emerging economies known as BRICS (Brazil, Russia, India, China and South Africa). While the latter is not an economic bloc like the European Union, but rather a kind of political alliance that aims to influence the world economy geopolitically, members can nevertheless establish translational agreements that improve the competitive conditions of these countries in relation to others. Graphs 1 and 2, for example, show that the Brazilian GDP was directly impacted by the 1998/1999 crisis, presenting a considerable fall of 30.5%, stabilizing in 2000, falling again and only recovering from 2003 onwards, but always occupying a prominent place in the group. In comparison with BRICS countries, China is the only country that grows in the 1998/1999¹⁰ recession which can be explained by the Chinese government's

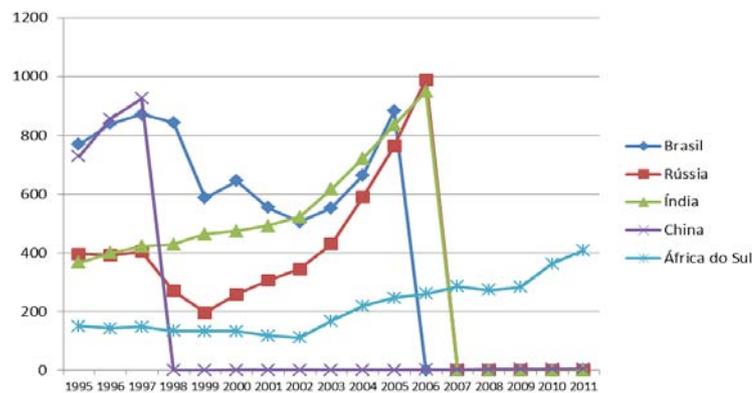
¹⁰ In this direction, it is interesting to consult the documentary American Factory, by Steven Bognar and Julia Richert. USA, 2019.

reduction of labour legislation and increase in industrial mass production mechanisms.



Source: World Bank - Last updated on October 31, 2012. Prepared by the author. In PAULA, Renato Francisco dos Santos. *Capitalist State and Social Work: the new development under question*. Campinas / *Papel Social*, 2016, p. 267.

Graph 1: GDP per capita (updated US \$) - Brazil, 1995 to 2011 (without deflation)



Source: World Bank - Last updated on October 31, 2012. Not adjusted for inflation. Prepared by the author. In PAULA, Renato Francisco dos Santos. *Capitalist State and Social Work: the new development under question*. Campinas / *Papel Social*, 2016, p. 267.

Graph 2: GDP at the current dollar exchange rate - Brics - 1995 to 2011 (in billions and trillions of dollars, without deflation).

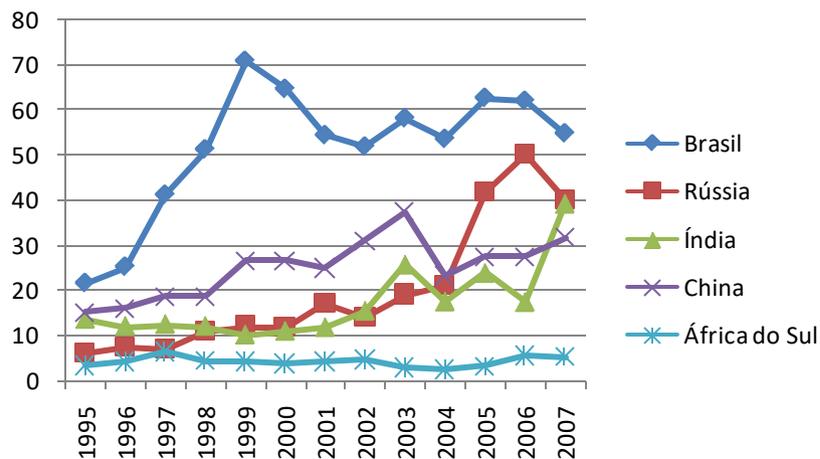
The bloc's participation in the world economy gave it the influence it sought. However in the Brazilian case, in comparison with other Latin American countries, austerity measures made explicit one of the most elementary contradictions of capitalism: the accumulation of capital or the increase of GDP (and other economic growth indicators) does not necessarily imply the socio-economic independence of countries in capitalist periphery, not even within this bloc of emerging countries. Graph 3, for example, shows the stock of external debt in Latin America and the Caribbean compared to Brazil, and allows us to verify that the aggregate indices of other Latin American countries remain very close to those of Brazil, which implies that as an emerging economy the Brazil is not

far ahead of its neighbours. This is due in part to the degree of its continuing dependence on monetary and fiscal policy and its immense external vulnerability, in addition to which - unlike China - the country has withheld investment in industrialization in favor of the primary sector and the production of commodities. Graphs 4 and 5, likewise, reiterate our inference of dependency as public debt servicing increases exponentially, especially during periods of crisis.



Source: World Bank - Last updated October 31, 2012¹¹. Prepared by the author. In PAULA, Renato Francisco dos Santos. *Capitalist State and Social Work: the new development under question*. Campinas / Papel Social, 2016, p. 267.

Graph 3: Stocks of external debt (in% of GNI) - Latin America and the Caribbean, and Brazil - 1980 to 2010

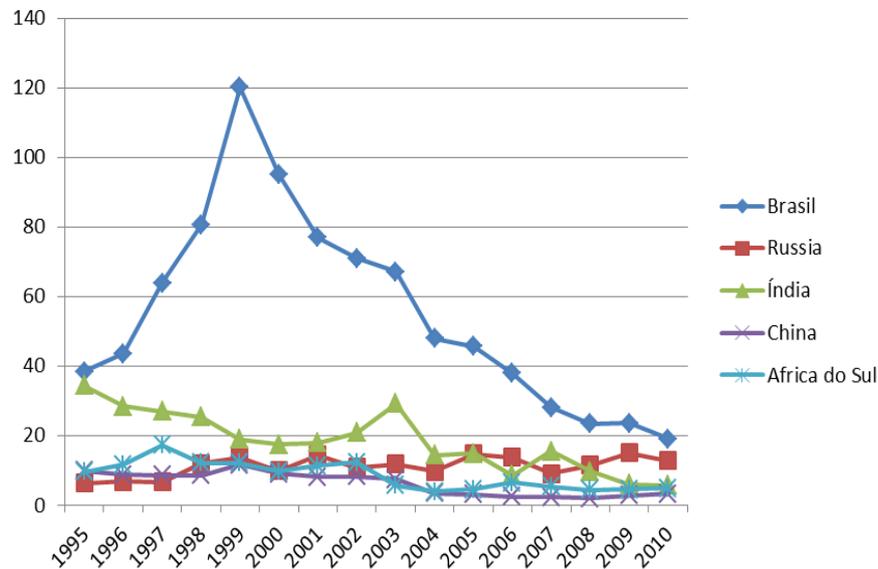


Source: World Bank - Last updated October 31, 2012¹². Prepared by the author. In PAULA, Renato Francisco dos Santos. *Capitalist State and Social Work: the new development under question*. Campinas / Papel Social, 2016, p. 267.

Graph 4: Debt service (principal + interest payments) - Brics - 1995 to 2010 (in billions of dollars).

¹¹ External debt stocks (in% of GNI). Total external debt shares for gross national income. The total external debt is to non-residents repayable in foreign currency, goods or services. Total external debt is the sum of public debt, with public guarantee, private long-term unsecured debt, the use of IMF credit and short-term debt. Short-term debt includes all debt, with an original term of one year or less and default interest on long-term debt. GNI (formerly GDP) is the sum of the value added by all resident producers plus product taxes (less subsidies) not included in the valuation of production, in addition to net income from primary income (employee remuneration and property income) from abroad.

¹² Total debt service is contrasted with the country's ability to obtain foreign exchange through the export of goods, services, income and remittances from workers. Total debt service is the sum of principal repayments and interest actually paid in foreign currency, long-term debt goods or services, interest paid on short-term debt and repayments (repurchases and charges) to the IMF.



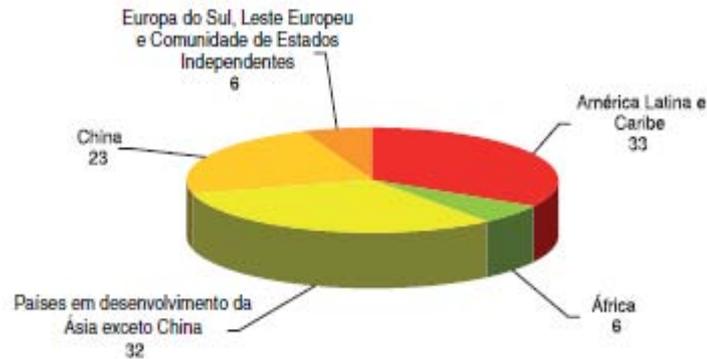
Source: World Bank - Last updated on October 31, 2012. Prepared by the author. In PAULA, Renato Francisco dos Santos. *Capitalist State and Social Work: the new development under question*. Campinas / Papel Social, 2016, p. 267.

Graph 5: Total debt service (% of exports of goods, services and income) - Brics - 1995 to 2010.

The timely payment of public debt servicing (interest and charges) is a political choice of peripheral capitalist countries to maintain credibility with the international economic community. However the debt is never finally settled because even if payments are made, these are not audited, which results in a condition of permanent dependency. To balance their accounts, peripheral countries rely on foreign direct investment. But the inflow of foreign capital is not just a measure to clean up the accounts of indebted and in-crisis countries; it can also occur as an offer to expand a development cycle that is already underway, through preferential movement of 'big capital' since monetary stability minimizes the risks of default. Furthermore, Foreign Direct Investment (FDI) mainly coming from the capitalist centre (so-called developed countries) obeys the moral appeals of the traditional cephalic (from ECLAC) development theory. According to this theory, development is about the full realization of the economy - Cartesian typified by the primary, secondary and tertiary sectors - achieved from the evolution resulting from a sum of factors ranging from stability to investment, or, more simply: with the diversification of industrial activity (PREBISCH, 1949 and 1952). Underdevelopment, then, is a stage prior to that stage, but a constituent part of the same process. In other words

Development theory asserts that underdevelopment is a stage prior to full development. This would, however, represent something accessible to all countries that endeavor to create the necessary conditions for this. (MARINI *apud* CASTELO, 2010).

In this way, one can see that the flow of FDI is closely related to the condition of dependence of the countries of the capitalist periphery, in relation to the central ones, being a constituent part of it. In the 1990s, FDI grew worldwide, with Asia and Latin America and the Caribbean standing out as the largest recipients. From 1990 to 2005, only those emerging countries in Asia received 55% of the total FDI (China alone represents 23% of this total) and Latin America and the Caribbean in second place, with 33% as shown in Graph 6.



Source: United Nations Conference on Trade and Development (Unctad), 2008. In PAULA, Renato Francisco dos Santos. *Capitalist State and Social Work: the new development under question*. Campinas / *Papel Social*, 2016, p. 267.

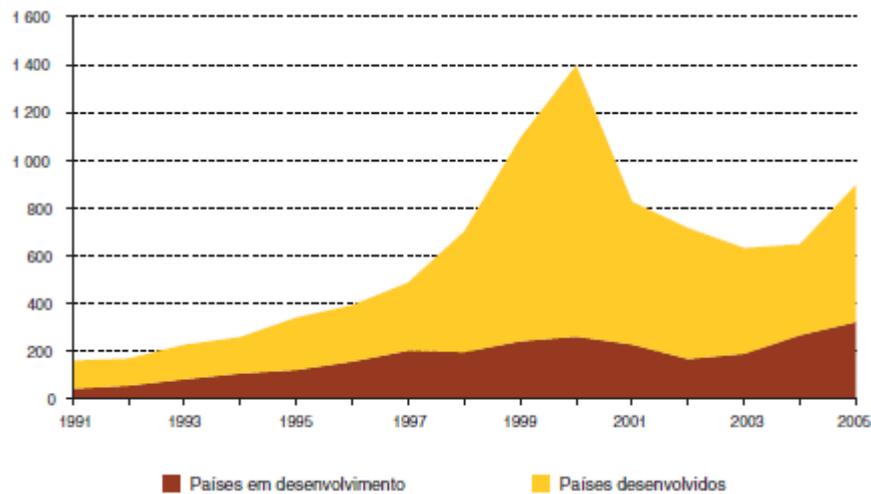
Graph 6: Foreign direct investment in emerging regions - 1990-2005 (in%)

Furthermore, the dynamic of FDI retracts in periods of crisis. Graph 7 shows this retraction in developing countries, in the crises of 1998 and 2002, however, the relationship of dependence and the expropriation of its inherent periphery are evident when there is a direct migration of these investments to developed countries, in the period of 1998 to 2001 and from 2004 onwards. That is, the crisis in the periphery conditions growth in the centre. In this way one can understand dependency as an epiphenomenon of the capital accumulation process, which conditions the development of an economy through underdevelopment or dependency on another. Or as Marini (1977, p. 18) states:

[és una]¹³ relación de subordinación entre naciones formalmente independientes, em cuyo marco las relaciones de producción de las naciones subordinadas son modificadas o recreadas para asegurar la reproducción ampliada de la dependência¹⁴.

¹³ Our emphasys.

¹⁴(Free spanish translation) [it is] a subordination relationship between formally independent nations, in whose framework the production relationships of the subordinate nations are modified or recreated to ensure the expanded reproduction of dependency. MARINI, Ruy Mauro. *Dialéctica de la dependência*. 3. ed., Cidade do México: ERA, 1977. (Série popular).



Source: United Nations Conference on Trade and Development (Unctad). In PAULA, Renato Francisco dos Santos. *Capitalist State and Social Work: the new development in question*. Campinas / Papel Social, 2016, p. 267.

Brown - developing countries
yellow - developed countries

Graph 7: Net inflows of foreign direct investment (in billions of dollars)

Fiscal and monetary adjustment policies include a range of measures: the reduction of public spending on privatization and large-scale shareholdings; the gradual removal of the State from its interventionist social functions, reduced to the control of monetary stability (inflation targets based on high interest rates, remuneration of speculative capital); the gradual annihilation of national industry, due to its global competitiveness is weak and reliance on import substitution, in addition drag induced by the process of productive restructuring that results in over-specialization (and fragmentation); and in the contraction of the economy beyond the above combination of factors due to the reduction in the added value of the manufacturing industry, the de-substitution of imports, the reprimanding of exports, technological dependence, denationalization, the loss of international competitiveness, and so on.

This is the process that marks the impossibility of a truly independent path of development and makes economic regulation a functional element of the development ideology.

IV. CONCLUSIVE APPROACHES

The word development has apparently become so self-explanatory when it comes to economics and politics that no one asks what development actually is. So, when we talk about development, the most common thing is to go straight to the question: how to develop? In other words, the 'how' has become the only means of legitimizing development, since the answer to the 'why' of development has also become obvious. And so development has been treated as a set of rational procedures oriented towards a purpose, determined by

groups that have political and/or economic power in the different countries of the world. According to this perspective, development is just a technical piece that can be implemented in different ways. And how did we get to this state of affairs? The answer is simple: development was removed from its historical context, and when so removed it can be conceived as something above social interests, it is something aseptic that has the property of engendering consensus in all strata of society. After all, no one in their right mind can say they are against development.

As such, the 'how' becomes the stage for political dispute between different social groups, which without reversing the structural guidelines of the capitalist accumulation system, will make it possible for different corporate projects to become explicit. But in general, development will be nothing more than an abstraction, something that is sought in an endless way, something that is placed on a utopian horizon. This is what sustains what we know by development ideology.

This development ideology arises from the imperative need of the nations of central capitalism, above all the USA, to maintain its dominion over the countries of the capitalist periphery. Opportune historical moments are used, such as moments of economic crises, post-war settlements, and instances of geopolitical restructuring of the world amongst others. In these gaps in history, it is possible to offer options that seem promising for a happy and prosperous future as a survival alternative.

In Latin America, this ideology took root while it had to be adapted to local realities. It is because of the spread of this ideology that most Latin American countries fail to realize that the utopian horizon of

development is one of the main strategies for maintaining the continent's dependence on the global centres of capitalism. In this text, we try to make evident the historical assumptions of the ideology of development and problematize the question of dependence based on some data collected during the first stage of the research that analyzes the late 20th and early 21st centuries.

Currently, the continent is undergoing significant changes that merit further study and greater attention by our researchers. If during the 1930s and 1980s several countries in the region lived with dictatorial governments, from the end of the 1980s until the first decades of the 21st century, many countries experienced social democracies that could present alternatives to the institutional and political 'possibility management' of public life to date. Again in recent years the continent has undergone new changes, where neoliberal and far-right governments have returned to power and implemented more virulent austerity measures than those of their historic predecessors. This puts development back on the public agenda and justifies continued investigation of the issue.

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