ON THE DEVELOPMENT AGENDA

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This article is based on categories and analytical frameworks drawn up by Celso Furtado aiming to examine development, understood as the development of global cultural systems. Furtado also confers high priority to certain elements that hamper the development of specific cultural systems, giving rise to the so-called underdevelopment. The elements mentioned and their operation — also present in the ideas of several authors of Latin American structuralism — are considered in four major topics:

- Self-centered growth — encompassing the technological and economic spheres.
- Sociopolitical relations and role of the State — which entail the actions of social groups and classes and their mutual impact on the state apparatus.
- Cultural identity and development — concerning the highest values of cultural systems and their importance for the continuity of development.
- National development — expressed in a mixed strategy, combining exports and an increased domestic market; in shaping a “new alliance”, main agent of its socio-political drive; and in “ethical reaffirmation”, imbued by the abovementioned high values.

SOBRE A AGENDA DO DESENVOLVIMENTO

O presente artigo se baseia em categorias e esquemas analíticos, elaborados por Celso Furtado, com o objetivo de examinar o desenvolvimento, entendido este como desenvolvimento de sistemas culturais globais. Furtado outorga também alta prioridade a certos elementos que travam o desenvolvimento de sistemas culturais específicos, dando origem ao chamado subdesenvolvimento. Os elementos recém-mencionados e sua operatória — presentes também nas ideias de diversos autores do estruturalismo latino-americano — são considerados em quatro grandes tópicos:

- Crescimento autocentrado — que diz respeito ao âmbito tecnológico e econômico.
- Relações sociopolíticas e papel do Estado — que dizem respeito à ação de grupos e classes sociais e sua incidência recíproca com o aparelho estatal.
- Identidade cultural e desenvolvimento — concernente aos mais altos valores dos sistemas culturais e sua importância para dar curso à continuidade do desenvolvimento.
- Desenvolvimento nacional — expressado em uma estratégia mista, ao mesmo tempo exportadora e com aumento do mercado interno; na conformação de uma “nova aliança”, agente principal de seu impulso sociopolítico; e na “reafirmação ética”, impregnada pelos altos valores já mencionados.

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The main source of this article is Chapter 15 of the recently published book by the same author “El estructuralismo latinoamericano”.¹

Both that chapter and this document use Celso Furtado’s ideas on development as a guiding thread and framework, as well as the views of different structuralist authors, mentioned as appropriate.

Furtado’s concept of development refers to a notion of totality, which is the global system of culture. In other words, Furtado seeks to theorize about the development of global cultural systems.

These systems entail three major areas:

- The material culture, which is related to the systems’ technical and economic aspects.
- The socio-political field, which is a primary aspect of non-material culture. It includes ideas and values related to this field, the actions of the classes and groups that comprise it, and also the role the State plays in it, by means of initiatives concerning the area; such initiatives may be expressions of the interests of classes and groups, but may also result from the level of autonomy usually enjoyed by the State. One will see that a driving strategy requires the State to play a key role, therefore, it entails an appropriate degree of autonomy, allowing the State to play such role.
- A second aspect of the non-material culture consists of ideas and values that are not socio-political, and that correspond to the highest purposes of human existence. These values can be associated to philosophical reflection, scientific research, artistic creation and mystical meditation.

Furtado’s ideas also refer to underdevelopment, moreover, they focus mainly on explaining underdevelopment. It seems clear that if development means the enrichment of a global cultural system, underdevelopment is the reverse, i.e., the existence of barriers to such enrichment in certain specific cultural systems. It is understood that some cultural systems fail to develop their own cultural identity.

What is cultural identity? The term is nothing but a means or terminology to refer to a specific cultural system, unique to a country or nation. This term or category is introduced to say that in underdeveloped countries, such as those in Latin America, the development of a cultural identity is blocked. That is underdevelopment: the existence of obstacles that prevent the enrichment of a country or nation’s own cultural identity.

¹. ECLAC - Siglo XXI publishers, Mexico 2006 (published in Brazil, CEPAL - Civilização Brasileira, 2009). The said chapter is entitled “Hacia una renovación de la agenda del desarrollo”. The book relied on the contribution of Oscar Burgueño, César Failache, Adela Houni, Lucía Pittaluga and Andrea Vigorito, of the College of Economic Sciences and Administration, University of the Republic, and also Gabriel Porcile, of the University of Curitiba.
Why do these obstacles occur? Furtado relates them to the penetration of elements from foreign cultures. He understands that such penetration undermines or impairs creativity in various spheres of culture. And here we consider the last two categories.

What is creativity? The concept becomes clear when applied to the technical sphere. One can define a new technology as knowledge, which is abstract by definition, of the characteristics of a new product or a new production process. When the knowledge of a technical change is applied in reality, it is said that it has led to innovation.

However, Furtado extends this terminology – that is, creativity and innovation – to the three major areas of cultural systems, and argues that foreign penetration inhibits both in all three areas.

This will all become more visible or more noticeable when referring to the components of a development strategy for Latin American countries, which have faced notorious difficulties to promote their own identities.

We begin by considering the first area, entitled “A) Self-centered growth”. Then, briefly address the other two: “B) Socio-political relations and the role of the State” and “C) Cultural identity and development”, to conclude by mentioning the so-called “D) National development”.

A) SELF-CENTERED GROWTH

It covers the technical-economic area, or what Furtado called “material culture.” We chose the word growth rather than development, because of a personal understanding that the concept of development involves the consideration of non-economic social relations, while the aspects that will be addressed under this topic leave them aside, focusing only on economic relations.

The term self-centered was chosen for two reasons: first, because in order to be sustained and efficient, growth requires continuous and significant increase of the domestic market. Second, because such growth also requires significant and growing national ownership over the assets of the peripheral country concerned.

The topics covered are:

1. Occupation.
2. Insertion (mixed strategy).
3. Macroeconomic direction.
5. Overall considerations.
1 OCCUPATION OF THE WORKFORCE

In the occupation of the workforce, a distinction is made between employment and underemployment. For the sake of simplicity, open unemployment is left aside. Structural underemployment and/or informality means the absorption of labor with extremely low productivity levels.

It is different from employment because significantly higher levels of productivity prevail in employment. There is a first subgroup, consisting of occupation in activities where productivity is defined as high. Their levels may be the maximum that is feasible, the maximum allowed by available technologies, or levels close to them. The second subgroup includes the labor force working at intermediate levels of productivity, which, though far from high productivity activities, are far higher than those of underemployment. In short, for the ease of analysis, a distinction is made between three technical layers: high productivity, intermediate productivity and structural underemployment.

Both along time and at specific moments in time, it is clear that there is a misallocation, since many activities are carried out with less than their potential productivity. But, the issue of inadequate productivity levels involves a dynamic aspect of key importance. The new theories of technical progress point to a tendency towards technological disparities.

In order to eliminate the misallocation, and to reach increased productivity in a greater number of activities, and also to counteract technological disparity, it is necessary to design and implement policies in various technological and productive activities, or in different sets of selected activities, and - as already suggested – in such a way as to ensure that the greater number of occupations will actually generate increased productivity.

These policies will be more successful if they include the establishment or improvement of a National Innovation System (SNI) that can help diagnose existing possibilities for creating and/or mainstreaming technology, and help map out the way forward.

We return to the previous tripartite classification, to elaborate on the technical-productive policies mentioned above.

Underemployment. There will be no leaps in reabsorption, which will take place by the use of previously underemployed labor in intermediate productivity activities. A useful formula for reabsorption is what has been termed “transformation of backwardness”, largely based on creation of micro-enterprises, as done in several municipalities in the State of São Paulo (Brazil).

Intermediate productivity. With these types of policies, one expects a productivity rise. Not only through the gradual absorption of underemployment, but because productivity may be increased in many spheres, thus, raising average
productivity, but without reaching high and/or maximum productivity levels. While such levels are not reached in this group, there will not be competitive activities, either internally or in exports. Competition in the domestic market - except in cases entailing very high transport costs - will require certain levels of protection, whether through tariffs, subsidies or credit advantages.

**High productivity.** In this third group, the maximum productivity activities feasible are by definition competitive, both internally and externally. High productivity - but not maximum productivity - may also be so, both in the case of high transportation costs, and also due to wage differences. But here too, there will be cases when external and/or internal competitiveness will require either promotional or protection measures. Moreover, the achievement of competitiveness via stimuli does not exclude maximum productivity goods. This is so because productivity rises are more vigorous in centers, and it will be necessary to look after productivity levels even in cases of maximum productivity, because such level may drop. For that reason, we must encourage technological progress in them, to avoid lagging.

**Viability and efficiency.** The increase in labor productivity in the activities that make up the three abovementioned areas goes hand in hand with the introduction of new techniques (i.e., *ex-definitio*, it is accompanied and prompted by such introduction). But the increase in the number of jobs obtained this way, in itself, generates increases in the domestic market. If we look closely, such increases may be perceived as a component of the conditions of feasibility of the proposed strategy: the strategy itself opens up space for the increases in the market necessary for greater production.

On the other hand, the increases in labor productivity that define the strategy, shaping its essential profile, can be seen as related to the fulfillment of conditions of efficiency. Efficiency in a dynamic sense: they imply increased economic surplus, and, as a result, increased savings and capital accumulation.

### 2 INSERTION (MIXED STRATEGY)

In the publication mentioned above, the issue of international integration is addressed, admitting a trend towards trade deficits in peripheral economies. Now we proceed to summarize the arguments contained in that publication, accepting the same assumption, that is, accepting said trend is actually in place.

The previous section addressed a strategy that includes the development of various production activities and technologies to be adopted in each one of them, but orienting both production and techniques towards occupational problems. More explicitly, the proposal is to achieve occupation of the labor force at increasing levels of productivity. This entails two things: reaching the maximum production level that is technically feasible in the greater possible number of
activities, with gradual elimination of structural underemployment. But this strategy has another side that is addressed in this section. Both what is produced, and the techniques used in production, should also constitute a mixed strategy (the expression was coined by J.A. Ocampo). That is, a strategy that combines encouragement to exports with sustained increase of production for the domestic market.

The new theories of technical progress recognize the existence of a technological gap between centers and periphery. In turn, this technological gap – which is indeed quite visible – involves a trend towards trade deficit in the periphery. Why? Because this technological gap results in difficulty to expand various export activities involving technically advanced products, which the periphery lacks the means to produce. In addition, there is the need for importation as well.

The technology disparity and the trend towards trade deficit that is intrinsic to it, are the structural and underlying reason why the convenience of following an export-led growth model is denied from a neoliberal perspective. The need for a strong export effort is advocated, but it should be accompanied by a parallel effort to increase production for the domestic market.

In some more detail, the mixed strategy can be conceived as follows:

- There are sets of activities whose production is intended largely to foreign markets, many of which are competitive at the starting point of strategic design; there are others, which are also exporters, in which it is necessary to gradually gain competitiveness, based on temporary promotion measures.
- There are other activities whose production is intended for the domestic market, some of which are competitive virtually from the start, and other activities should be encouraged to generate competitiveness over time, by resorting to temporary protective measures also.
- Promotion and protection can be put in place in various ways, such as through subsidies, tariffs, tax exemptions or particularly favorable credit conditions.

The word temporary, used as an adjective for the proposals of protection and promotion, should be emphasized. Some time ago, a newspaper published a photo of Prebisch, with a caption saying: “The man who closed the continent, materially and mentally”. The fact is that Prebisch proposed measures for temporary and decreasing protection and promotion, on the grounds that technological progress would not have continued if it were not imposed on peripheral production, spurred by international competition.
Today, this argument is even more valuable, given the speed of technological progress - we are experiencing a technological revolution - which determines its absorption in the periphery. To achieve it, the spur of competition cannot be left out. Hence, in the proposed mixed strategy one accepts the need for protection and promotion to foster exports and substitution. However, they should be minimum and decreasing, or minimal and transient. Also, the need to open opening the central markets should be taken into account.

The mixed strategy, which involves expanding exports and “substituting imports” can be viewed or addressed as a technical-productive policy aimed at preventing the trend towards trade imbalance. Or rather, it should be designed, and redesigned from time to time, to achieve such goal. That is why - because of the essential aspiration to avoid imbalance and ensure continuity of growth - the mixed strategy is a viability condition for peripheral growth and/or development.

Moreover, as long as the technological gap is bridged through the policies that constitute the mixed strategy, i.e., international competitiveness is achieved in a greater number of activities, either in exports or in activities aimed at the domestic market, as a result, the conditions of efficiency for production in peripheral structures will be reached and expanded.

We saw above (1.7) that occupational policies are proposed - and in practice, designed – to fulfill conditions of viability and efficiency. The previous topic explains that policies pertaining to external insertion that can be characterized as “mixed strategy” gather the conditions of feasibility and efficiency that belong to the latter.

In other words, overall, the proposed strategy essentially consists of pursuing productive sectoral policies covering occupational goals and objectives related to intersectoral compatibility of production, with a particular focus on compatibility between exports and imports. From both perspectives, the strategy was designed to fulfill the conditions of viability and efficiency.

3 MACROECONOMIC DIRECTION

It should be noted that the success of the strategies cited in the above sections require – and assume – appropriate implementation of macroeconomic policies usually considered short term: monetary, exchange rate and tax policies.

Ultimately, appropriateness means maintaining balance and avoiding imbalances in these areas, so that long-term growth - sustained transformation of high margins of savings into real investment – is not undermined.
Indeed, relatively recent papers related to ECLAC, by R. Ffrench-Davis and J. A. Ocampo, showed that a prerequisite for macro balances is the sustained growth of the economy. That is, they demonstrated that such balances are not obtained by mere facilitation (not interference) of operations in corresponding markets, but that, in order to maintain balances such as those in Latin America, it is necessary to maintain relatively stable growth.

But, beyond the substantive alteration of the usual neoliberal arguments, they propose another argument, of major significance: macro balances require adequate banking and/or financial systems, which Latin American economies definitely do not have.

An initial weakness noted by Ocampo is the structure of these markets, which have few areas aimed at long-term operations. A second weakness comprises the limitations of the secondary and/or derivatives markets.

Considering both weaknesses, one may conclude that peripheral financial markets are small, and that makes them vulnerable to the external speculative pressures they have been facing.

It may be admitted that this latter weakness, synthesizing the previous two, has no choice or cure but to reach the regulation of international financial markets, or the movements of financial capital that have been put into practice, and that have proliferated with the full liberalization of those markets.

Why is this? It is believed that structuralism gives rise to the need to regulate these markets in general, and very careful specific controls should be adopted for underdeveloped economies. This is because the trend towards imbalance on the real side of the balance of payments – trade balance – is not compatible with (does not support) any degree of foreign property in these economies. This has two characteristics: firstly, it is real property of assets, i.e., FDI. On the other hand, it is ideal property: external debt levels that represent an “ideal” share of the total value of peripheral assets. The resulting payments of both types of properties will deepen the latent crises of current account balance, which are based on the trend towards trade imbalance.

It is not known for sure what decisions will be taken. But there was clear rejection to regulation in the case of the Asian crisis. Thus, moving forward with this regulation requires thinking about it in geopolitical terms. For instance, a common position in Latin America, with additional support in developing as well as developed countries. We will return to this issue when addressing the current financial and macro crises.
4 COOPERATION AND ASYMMETRIES

4.1 Cooperation
In the first two items (1 and 2) it is suggested that, in peripheral conditions, a driving development strategy involves two key efforts. An effort to reabsorb underemployment and to increase labor productivity in multiple activities. And at the same time, an effort to increase production in different sectors.

These efforts require higher overall investment. The reason is that they both involve major structural changes - in employment and production - of such magnitude and complexity that they become difficult to achieve without the support of international cooperation. Such support should be twofold: support to real investment, complementing internal needs of high savings, and emerging foreign exchange shortages, complementing their volume in different periods, so as to enable the imports required for planned growth of GDP.

This is an argument already pointed out by Prebisch in his basic documents, which suggested linking resources to foreign savings over time, through organized trade and financial relationships – resorting to deficits, but providing for their payments – which would enable intense GDP growth based on industrial expansion. In other words, resulting in change in the pattern of development, which becomes based on such expansion.

Currently, an additional reason reinforces the need for cooperation in investment, coupled with an ongoing technological revolution; it started and is faster in large centers.

The result is the continuation or emergence of strong technology gaps that need to be mitigated and prevented in various sectors. To that effect, it is necessary to resort to savings and foreign investment, associating them with technology adaptation and/or creation. One may also consider that the support to SNI, potentially relevant for the purposes of technology adaptation and/or creation, pursues the same objectives.

In addition to technology gaps – taking into account that they may emerge repeatedly - strong barriers of structural underemployment are present. It should be noted that it may be necessary to overcome or at least mitigate them, in order to intensify the domestic market to an extent compatible with its growth, which required by sectors that become increasingly technology intensive.

Financial support - the partial backup of the planned investment in foreign savings – is a first aspect of cooperation. The second usually refers to “special and differential treatment.”
On the one hand, the latter is related to exports promotion, which may take the form of direct subsidies, tax exemptions or privileged credit. It is also related to promotion of import substitution, that is, production for the domestic market by means of protection, whether through tariffs or other means identified above.

Special and differential treatment promotes learning and innovation through the implementation of activities that otherwise could not be undertaken. However, as outlined since Prebisch, temporary promotion measures are proposed, since it is considered essential that at some point the spur of competition should take over (as clearly shown, for example, in the case of Korea).

Alongside and simultaneously with cooperation for the promotion of peripheral exports, or more precisely, in their acceptance by international organizations and by the centers themselves, the latter may adopt another form of cooperation: opening their economies.

The expected effect is the same as that of promotion, since export activities potentially conduct to learning and innovation would be undertaken.

The opening of the centers may bring about significant benefits, while enriching productive chains and promoting internal development of certain branches.

An example: exporting certain machine parts that require large markets can be the key to channel domestic manufacture and encourage the development of related activities. This example suggests the possibility that learning and innovation involved in the opening of centers would lead to production of new and better machines in the periphery.

So far, it has been claimed that the promotion of peripheral exports and/or greater opening of the centers create the possibility of producing and selling more goods for exportation, which goes hand in hand with more learning and innovation, and thus with the increase and acceleration of peripheral technical progress.

Therefore, exportation from peripheries grow, allowing an increase of the imports required to maintain high domestic growth. But these imports are, of course, exports from the centers, which will, in turn, lead to more learning and innovations, and thus to more opportunities for technical progress.

If one considers it carefully, the proposed strategy assumes that peripheries regulate the intensity of their international relations, while the center admits greater opening at a faster pace.

However, one may understand that these asymmetric behaviors - beneficially asymmetric - result in advantages and further technical progress for both sides of the system.
The two sides belong to a single system. So when vitality is increased in the peripheral side, the central side also benefits. Therefore, there will be further technical progress across the system, and with it, more capital accumulation and higher growth.

Prebisch generated the idea of joint industrialization. In the periphery, industrialization would entail importing less of certain goods but more of others, with benefits to both peripheries and centers.

However, it is possible to change Prebisch’s expression into a similar one: joint technical progress. With appropriate conditions for it to flourish in the periphery, the periphery will intensify exports and imports, and thriving imports will result in increased rates of technical progress in centers that would not occur otherwise.

Seen from another angle, the term joint technical progress refers to unlocking peripheral development, through continuous productivity gains associated with the incorporation of technical progress, taking advantage of the ongoing technological revolution. The term also refers to the fact that this is accompanied by increased exports from the centers to the periphery, which may mean - it is expected to mean - further technical progress and development in centers.

4.2 Asymmetries

As mentioned previously, the “special and differential treatment” of the periphery, together with measures to open the centers, is aimed at exploring the opportunities provided by technological progress, promoting the development of both. However, the policies being implemented are not pointing in that direction.

Indeed, international economic policies are outlined on the basis of very asymmetric economic and political powers, strongly oriented towards the interests of larger centers.

A first aspect of this asymmetry is particularly visible in the centers’ defense of agriculture through the two-pronged strategy of tariff protection and high subsidies. This has constituted an extremely strong barrier to peripheral exportation of various items.

Another aspect related to the use of greater power was the establishment of a scheme for protection of steel, which was actually enforced. However, it proved to be so negative and so unjustified that it was suspended before long.

Another area where asymmetric power is manifested is intellectual property, which covers, among other aspects, copyright, trademarks, patents and plant certification.

The World Organization for Intellectual Property (WOIP) was founded in Paris in 1967. It was committed to promoting and looking after the interests
of developing countries. In their legal framework, countries could establish the duration of patents - not 20 years for all cases, as it is currently -, establish exceptions and limit patents to those registered internally.

Since 1979, US diplomacy endeavored to replace the WOIP with a body subscribing to the GATT. It managed to do so in 1994, when the organization was turned into the WTO. The Council for Trade-Related Aspects of Intellectual Property Rights (TRIPS Council) was created.

The new framework established compulsory patenting of inventions, but with a universal value. The vast majority occur in the center.

However, there is a clause that somehow seeks to create safeguards for developing countries. It recognizes the special need for the least developed members to apply laws and regulations with the flexibility required to create a sound and feasible technological base.

It is a very general clause, with little application, but it potentially admits public support to SNI. There is strong ownership of technology or of the profits it produces. Sometimes exceptions are opened, not without much struggle, as in the case of anti HIV/AIDS drugs.

The same broader framework of liberalization in place at the time of the Morocco treaty (1994), when the WTO was established, tends to broaden the degree of freedom enjoyed by foreign direct investment. The number of facilities increases, not only in terms of dividends, but also in terms of major legal facilities: in some cases the laws and courts are those of head office. But an essential point is that R&D and S&T efforts tend to be focused on the companies and/or countries of origin, in detriment of technical progress in the peripheral countries where profits are obtained.

A final aspect – the most important - of power asymmetries and the problems they bring about relates to globalization and financial liberalization, i.e., the uncontrolled flow of financial resources between countries.

Early on, some theorists assumed that a panacea had been found, since full market freedom would be as optimizing as it is generally assumed in the economy for commodity markets. they also assumed that the increase in funds for investment would support development in general, particularly in the poorest countries with the least capital (a position strongly denied by George Soros).

Financial liberalization and globalization did not bring about these promising outcomes as expected, rather, they gave rise to successive crises.
In recent years, two features stand out in such crises.

The first is their frequency, otherwise recognized by Nouriel Roubini, whose information is presented below.\(^2\)

In the decade from 1994-2003, a significant number of crises occurred in so-called emerging countries. They were:

- 1994 - Mexico
- 1997/8 - Thailand, Indonesia, Malaysia and Korea.
- 1998 - Russia.
- 1999 - Brazil, Ecuador, Pakistan and Ukraine.
- 2001 - Turkey and Argentina.
- 2002 - Dominican Republic and Uruguay.

It amounts to 14 crisis in 10 years. But there is also a high frequency of crises prior to them that took place in developed countries, namely:

ii) The US real estate bubble that led to a credit crash in 1990/91.
iii) Again in the US, there was a crisis in the management of long-term capital that became visible in 1988.
iv) The technology bubble of the ‘90s – bonds with values linked to the future development of ICT’s – burst in 2000/01.
v) There was a bubble in real estate and securities in Japan in the 80’s, which collapsed in the 90’s and led the country to stagnation throughout that decade.
vi) The banking crisis in Scandinavia, in the early nineties.
vii) The collapse of the European Monetary System (92/93).
viii) The real estate crisis in Germany in the early nineties, with its reunification.

Thus, starting in the eighties, the early nineties witnessed 8 crises in 4 developed countries: USA, Japan, Germany and Scandinavia (the latter counting as one country). As mentioned above, in emerging countries, crises occurred in more countries and at a later stage.

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The latest crisis should also be mentioned: the mortgage and credit crisis that began to take shape in 2000 and burst in 2007/2008, leading to the current global financial crisis.

The second element to consider is the link between these crises and their frequency with the ongoing Technological Revolution and its effects on the implementation and management of financial assets and systems.

Sometimes, one tends to think of the Technological Revolution as the cause of these crises. However, those who have closely followed the issue argue that their key cause lies, in fact, in the interest and power of large banks and financial institutions, and their influence over the governments concerned. As they were the ones - in fact, it was the international liberalizing of operations - to establish the practices that led to the crises throughout the world.

That power became consolidated and visible in the Asian crisis. At that time, within the G7, a proposal was put forth to regulate international capital movements and/or the system they compose. The proposal was rejected due to opposition from the United States and Britain, precisely the countries where the major and largest banks are located.

But even accepting the basic premise mentioned previously, the notion remains that new techniques, while not the “ultimate cause”, constitute a mechanism that allows the components and operations of financial systems to lead to particularly strong speculative tendencies, as they expand and become more complex.

5 OVERVIEW
The above considerations allow one to realize to what extent – to what extreme degree - the proposed strategy is an abstract model. A model whose key points are the occupation of the work force at increased productivity levels, and a pattern of international integration that includes simultaneous expansion of exports and increased production in the domestic market. Such goals involve mapping occupation and production per sector, both export-oriented sectors and those intended to the domestic market.

Also, this sectoral mapping is proposed under the assumption that the centers grow continuously, making it easier to change their relations with a periphery that also grows. It was also demonstrated that under both counts, the strategy meets the requirements of viability and efficiency.
What to do - how to rethink the issue - when the conditions of growth are no longer met?

What happens is that one has to redefine the sectors that lead to meeting these conditions, considering the changes in the real world.

What are the predictable changes? The generation of open unemployment - or rather, its increase - which is left out of the strategy under analysis.

It is clear that the hope of gradually eliminating underemployment will not suffice, rather, the strategy to be designed should explicitly address unemployment.

A second visible change is the global financial crisis. Even from the peripheral perspective, this is another key issue to consider, which entails striving for the regulation of international financial relations. No one knows what major centers will propose, or even impose, in this matter. Sarkozy has proposed including BRICs in the discussion. But it seems clear that peripheral countries will have to raise their own issues, which may point to regulations that take into account their specific status, or the possibility of accessing specific and favorable forms of financing in general, or regulation of exports and imports.

It is clear that any success achieved in this area cannot be thought of in terms of the positions and efforts of individual countries. Geopolitics is needed, which Latin American countries have favorable conditions to implement. On the other hand, Brazil seems to be in position to carry out such task, since it belongs to the BRICs.

The third issue to consider is the US mortgage crisis, which has resulted in a complex and severe financial crisis and a production crisis that is becoming more and more visible.

On this matter there are opposing views. At one end, some think there is likely to be major and generalized depression, as in the thirties. At the other end, some say that there will be recession, but relatively mild and brief, and limited to large centers.

There are also those with a feasible hypothesis who think that this lower intensity and duration will occur in the European Union, while in the United States it will be more serious. And they also argue that emerging economies - China, India, Southeast Asia and Latin America - will drop their growth rates, but to some extent will manage to detach themselves from the central or main economies, avoiding worse evils.

If that is the case, one might think that Latin America has an opportunity to implement sector policies conducive to technical progress, deepening and broadening regional integration.
This is perhaps the easiest area in which to achieve progress. It is possible that the strong need to seek solutions for the export/import sector dynamics may help to test them at the Latin American level, or close to it.

The other levels of pursuit of solutions may reside in the deepening of Mercosur relations, or better yet, of Latin America with the European Union, which have been moving forward slowly.

The third area to consider is that of the opportunities offered by rich and emerging Asian countries. Connections with these new partners do not mean ignoring certain key points: continued production for the domestic market; and selection of exports to them and imports from them, which, coupled with production, take into account the pursuit of a sector composition capable of driving technical progress as much as possible. That is, it is not only about exporting, but having goals other than just the availability of foreign currency, hindered by the “closing” of centers and low prices. It is about proposing such availability, but considering also the crucial objective of technical progress across sectors.

It is clear that a program along these lines is not easy. And it is even less so because it must not disregard the future, it must not fail to take into account that at some point the crisis of the great centers tends to fade, and this will allow reconsidering relations with them towards a sectoral production regime and exchange of technical progress that will be gradually achieved, opening the door to improvement, or expansion, or acceleration of progress.

In short, the abstract model, the proposed strategy, still has the same goals set before the crisis, which are related to overcoming the peripheral condition: reabsorbing underemployment and unemployment, producing for exportation and for the domestic market, and mapping sectoral production that is decidedly favorable to technical progress. The abstract scheme is the same, but now one needs to consider the progress of relations with the new rich, and to consider the gradual resumption of enriching relationships with major centers, currently in crisis.

The above point is the climax of an uninspired finale, because it does not say where measures should be taken, nor with whom, or at what moment in time, but that all this should be planned not only to balance accounts, but prioritizing the vitality of technical progress, which is what will truly allow Latin American countries to leave the “peripheral condition” in the long run.

But one can build an optimistic scenario, recognizing the relative precariousness of optimism at this point. According to Mentas, every crisis is accompanied by opportunities, and this dialectic of opposites could be favorable in the case of Latin America. This is because one can glimpse in this area special
opportunities in the field of non-material culture, identified as “socio-political”, and also in the other “higher” area of it, linked to positions regarding ethical values. Brief references to these two issues are made below.

**B) Socio-political relations and the role of the State**

The battles around income distribution are a clear indication that the relations to be taken into account in a development strategy are both economic and socio-political. But there is more: to be viable and efficient, such strategies have to contemplate deep structural changes: changes in the structure of employment that ensure persistent increase in labor productivity at its various technical levels, and changes in the underlying production structure, consistent with patterns of international reintegration, with a view to preventing external risk at the periphery, and promoting global trade as a whole.

By its very “structural” nature (due to the extreme complexity involved), these changes are unattainable only through the operation of market mechanisms. In connection with this, it must be recognized that the analysis of economic phenomena, even when you start abstracting other social and political phenomena, in the long run must be inserted into a framework that takes their interactions and mutual constraints into account.

A path towards this perspective involves addressing the role of the State, which is particularly important. This approach relates directly to the role the State must play in conducting economic policy and, more generally, in the design and achievement of both economic and social objectives. This key role of the State is closely linked to two others: one is that of socio-political relations that provide a supporting base and the second, that of the geopolitical relations in which it is situated.³

Together with the globalization process, there has been renewed and intensified presence of foreign capital and interests within Latin American countries, and this presence is verified in more branches and sectors, including the financial sector, also with much higher levels of concentration. Given its nature and magnitude, the aforementioned presence is accompanied by a reframing of socio-political relations, which includes not only those that are formed between internal groups and classes, but also their relations with foreign groups and interests. There are changes, for example, in the relative weight and patterns of connection between productive and/or financial interests tied to large transnationalized capitals, and those with essentially local roots.

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³. This dual perspective evokes the most frequent concept leading to dependency, which is defined as external-internal structural relationship. According to this concept, “the action of social groups, which in their behavior actually connect the economic and political spheres... (refers both to the nation and) ... their links of all kinds with the global economic and political system. Dependency is thus expressed not only internally, but also its true character as a particular mode of structural relationships: a specific type of relationship between classes and groups, which entails a situation of domination that involves structural links with the outside.” Cardoso, F. H. and Faletto, E. “Dependência e desenvolvimento na América Latina”, Mexico: Siglo XXI, 1969, p. 29.
In other words, when a certain basic external structural relationship (mentioned in the footnote on page 23) is altered, it disrupts the foundations of the existing political hegemony. But this change in the political power framework is inseparable from the geopolitical relations in which it is inserted, through which changes in global economic regulations are driven and implemented with the mediation and support from major international agencies.

Peripheral countries are thus submerged in attenuated and flexible patterns of control of foreign direct investment and the movement of financial capital. The resulting increase of external vulnerability – observed through the real or potential deficiencies of foreign exchange reserves - brings about a reduction in the States’ room for maneuver, which restricts them at different levels of short-term macroeconomic policies.

In short, together with the recent process of globalization, socio-political relations undergo significant change, increasing the complexity of the paths that lead to future transformation of such relations. Seen from the perspective of the peripheral countries, the accompanying changes in geopolitical relations are clearly unfavorable, expressing a new correlation of forces involving greater difficulties in agreeing on a strategy for international negotiation. These two changes are associated with a third: in contrast to the recognized need for decisive action, the State’s role is reformulated on the basis of positions that, to a greater or lesser extent, are close to minimalist, and that hinder economic management and development and the reduction of severe social inequality.4

The above is a paragraph on negative aspects. Conversely, one should outline some considerations on the paths to be taken, which will certainly be marked by serious difficulties. In current times, the reformulation of development strategies must begin by the explicit proposal of political and geopolitical equations. That is, the search for broad and inclusive internal agreements, and in connection therewith, through consensus among peripheral countries to mitigate their weaknesses and promote the defense of their positions in international negotiations. These agreements and consensus provide a framework for redefinition of the role of the State, which, however, should not be unconnected to the advantage of the relative autonomy of the State itself. The latter is also relevant to outline the new legal and institutional frameworks required by its actions, which in turn are related to the consolidation of democracy and the deepening of its contents.

C) Cultural identity and development

The above observations allow highlighting certain aspects of a development agenda that are particularly relevant when addressed from the angle of the strategies required for implementation. A first prominent aspect implicit in these considerations is the design of technological, productive and institutional policies that form the economic basis of such strategies. Such policies must recognize and take into account the centrality of labor problems, whose gradual resolution opens opportunities to access more equitable income distribution options. Those policies should also consider the patterns of reinsertion of peripheral economies, as well as appropriate international cooperation to support and drive them. Also, in the economic field, the prevailing financial asymmetries between center and periphery should be noted, so that they are considered in the design of a consistent macroeconomic policy compatible with the development of the periphery. Finally, it was noted that good progress of this complex economic base does not exclude, but assumes, the definition of socio-political requirements of internal agreements (among them, those pertaining to the distribution) and requirements for international reinsertion, and in connection therewith, the requirements of the role to be played by the State.

The brief summary above facilitates the perception that development presupposes a socio-political drive to guide and encourage the changes required in the financial area, and to induce and consolidate the necessary changes in the socio-political field itself. The present section proposes that the intent of this drive has to be extended also to a third area, consisting of those elements of non-material culture other than those which constitute the second of the areas mentioned.5

Broadly speaking, the core of development is the strengthening of cultural identity, and therefore it requires unleashing creativity in the three fields mentioned. However, it is also understood that stimulating creativity, or if you will, releasing energies capable of strengthening it, has great significance in the third area. This is where ideas and values, including ethical values, are rooted. They are critical to strengthen the profiles of identity, and to boost the creativity capable of supporting it and providing renewed wealth.

With regard to cultural identity, it is worth examining other basic perceptions of Furtado, trying to reduce to the simplest form his vision of the phenomenon of underdevelopment, in the light of the characteristics with which it is expressed in the Latin American periphery.

5. Here, Celso Furtado’s categorization, considered previously, is adopted. As shown, it distinguishes between material culture and non-material culture. The former is related to technology and economic affairs. The latter distinguishes the socio-political sphere and the ideas that are peculiar to it, and also an additional set of elements that includes the “higher” or more significant ideas and values, while the very meaning of human existence is linked to them.
Since the late nineteenth century, Latin America has been a privileged locus for the penetration of capitalism. This penetration is not limited to the physical aspects of technical progress and accumulation, but extends to the purposes of development, i.e., ideas and values that shape certain key profiles of non-material culture.

Thus, these more general perceptions imply that the development of the Latin American periphery can and should be seen as repeated instances of cultural penetration. The new foreign elements that this penetration gradually incorporates, and the mix produced in each instance with pre-existing elements (both native and previously acquired foreign elements) hold back the emergence and expansion of a distinct cultural identity. In other words, it is not possible to generate the “systemic connections” required to unlock development (in the broadest sense of the term, i.e., global cultural development) and to open the path to correct social heterogeneity.

The above considerations take us back to the issue of underemployment. The previous items focused on a purely quantitative aspect of underemployment, pertaining to the levels of labor productivity. When addressing the issue from a broader perspective, a recent document has thrown new light on this theme. It argues that the activities included in underemployment are indeed a means of survival by obtaining and generating work and remuneration opportunities, and often renewing these opportunities, as the ones achieved previously run out. But, it also claims that in putting into practice and in the regular renewal of these survival strategies that constitute underemployment, large doses of creativity are expressed. Thus, the paper highlights and emphasizes that creativity is the basis of the achievement of material means of subsistence.

However, it is not possible to disconnect the exercise of creativity from what is produced in other spheres of social activity. In this regard, it should be borne in mind that labor activities that involve underemployment are not carried out in a limbo of purely economic relationships. Like other labor activities, they occur in

6. These are the lecture notes of Carlos Lessa on "Formação do Brasil", delivered at the Institute of Economics, Federal University of Rio de Janeiro. The first versions are dated 1998 and 1999.
7. Note that the reabsorption of underemployment is favored by such creativity, but it does not depend only on it. It also depends on the implementation of policies aimed at raising the productivity among groups of workers, which involves various actors close to these groups: civil society organizations, public agencies with different degrees of decentralization, and so on. In the case of policies aimed at improved productivity of specific groups of workers, they can be called “policies of transformation of backwardness.” They are indeed included and represent an essential part of structural adjustment policies, and for that reason, they differ from pure assistance policies, often tied to the vision of poverty as a syndrome and designed to prevent intergenerational transmission. Obviously, this does not imply denying the usefulness of welfare policies. It should be clarified that basic social policies - education, health, housing - may converge towards goals and policies aimed at transformation of backwardness, in turn, linked to changes in production. Note that there are already hands-on examples of wide and simultaneous implementation of these three types of policies (assistance, basic social and transformation of backwardness policies). Among them, attention is drawn to the policies implemented in the Brazilian case. The paper by V. Faria et al. (2000), entitled “Preparando o Brasil para o século XXI”, explains and summarizes them.
a context of complex social relations. But in the case of underemployment, such relations have special characteristics: those based on wages are comparatively rare; in contrast, those that occur by means of belonging to a wide range of formally or informally structured institutions are comparatively broader: relations within the family, the neighborhood, community or neighborhood associations, sports and recreational organizations, churches and cults.

It should be noted that such belonging is in itself a manifestation of popular culture. Rather, it is within it and through it that various elements of that specific field of culture are expressed and enriched. As indicated above, underemployment consists of the implementation of survival strategies supported by creativity. But the creativity that is reflected in these strategies is part of the same creativity exercised simultaneously and inseparably in different areas of non-material culture. It can be understood, then, that this exercise bears the main sources of a flourishing popular culture that is becoming more visible in Latin America, and often surprising in its breadth and dynamism.\(^8\)

Is it not possible, therefore, to think that the foundations of a cultural flourishing may have been accumulating? Is it not possible to imagine that this possibility, still unleashed, is expressed as a symptom and symbol in the renewed enrichment of popular culture? On the other hand, why should the enrichment of popular culture be seen as an expression of an emerging change, in times of massive foreign penetration in the various fields of non-material culture? The complexity of the issue does not allow a merely intuitive answer, certainly tentative and preliminary. It could be argued that popular culture preserves and recycles the deep roots of successive cultures, whose successive developments end up limited or interrupted. One might also think that these obstacles emerged in an environment where, nevertheless, the complexity and enrichment of different areas and aspects of culture as a whole have been present.

The long history of frustrated cultural developments in Latin America entails a specificity that needs to be expressed and emphasized: it was produced in parallel and in close connection with a strong process of miscegenation.\(^9\)

This process is inseparable from the process of popular culture. Hence, this process - or better, the renewed wealth of popular cultures in different areas of the region - may be associated with the reemergence of cultural traits whose depth is related precisely with indigenous and Afro-American roots, and also their interaction with successive cultural penetrations from Europe, particularly of Iberian origin.

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\(^8\) It is clear that the sources of this flourishing may be related not only to underemployment in the strict sense, but to a much broader range of "technical strata" with relatively low levels of productivity.

\(^9\) In this respect, these statements are relevant: "We were factory societies in which men were used to produce sugar, gold and coffee. Against the designs of the colonizer, unexpectedly, the system to produce goods, and through them, exportable wealth and profits, ended up producing a population of mixed-race people born on the plantations and mines, which one day began to organize themselves into nations seeking to define their own cultures" (Ribeiro, D., 1979:36).
In the origins of this double mix of cultures and races, there are strong acts of violence, based on which a sharp social differentiation is produced, either through slavery, or by regimes that, with some regional variations, evoke certain characteristics of “serfdom relations”.

Over time, the original marked social differentiation underwent repeated changes in profile, thereby establishing the above-mentioned Latin American specificity: the ability to open a path and renew a mix of cultures definitely associated with a mix of races.

Presently, the degrees of breadth and complexity achieved by both mixes suggest that such specificity may well bear ethical meanings and contents of key importance. Their most direct expression seems to be the increasing acceptance of racial equality as a value (and its opposite, racial discrimination, as an anti-value). On the other hand, that acceptance is based on the equality of human beings in their capacity as such, a notion that belongs to both the old and new ethical frameworks, as well as to higher religions and the way they have spread throughout the region for centuries.

As a reflection, the dissemination of such egalitarian position can be regarded as the resurgence of the ethical principle summarized by the phrase “love thy neighbor” and the like, the basic framework of moral conduct in human relations, complemented by the principle of “non-violence”.

These lines argue that reaffirming key ethical principles, such as those mentioned, can become the primary force to unlock creativity, or even to induce a burst of creativity in the different fields of culture, enabling continued drive towards the development of a unique cultural identity.

10. In recent documents of international organizations (eg, ECLAC, 2000) it is highlighted that civil rights, political rights and the so-called ESCR - economic, social and cultural rights, are components of an ethical content related to equality, which is recognized as essential in any development process. This recognition, while undoubtedly positive, leaves open the question of which set of core values can sustain behaviors capable of inducing the strengthening of cultural identity. The brief consideration of this item is intended to highlight the crucial role, in this strengthening, of the emergence and dissemination of values related to the mixing of races, which begins to be seen and appreciated as an expression - not as a denial - of the essential equality that is provided by the human condition itself.

11. While referring to Latin America and their potential importance for its development, the principles just mentioned are compatible with those that have been established in the pursuit of global ethics. This pursuit has a particularly noteworthy sphere in the “Parliament of World Religions”, whose last three meetings were held in 1993 (Chicago), 1999 (South Africa) and 2004 (Barcelona). The “Declaration of global ethics” issued in the first meeting, can be found in the book edited by Hans Küng (2002, pp. 25/44) with support from the “UNESCO Association for Interreligious Dialogue”. It should be noted that this book contains articles by several authors, drawing on the perspectives of Judaism, Christianity, Islam and Eastern religions, and indicative of the possibility of accessing common ethical principles. Several works by Latin American authors also address this theme, including “Ethics of liberation in the age of globalization and exclusion” by Enrique Dussel (1998), and “Planetary ethics from the great South” by Leonardo Boff (2001). The concern over defining and disseminating common ethics is at the base of another two, in the scope of the United Nations. One is expressed in the frequent call to fight poverty with urgency and determination. The second concerns the search for an “Alliance of Civilizations”, transformed into an explicit proposal at the 59th Session of the General Assembly, in sharp contrast to “The Clash of Civilizations”, which S. Huntington (1999) refers to in his book by the same title.
Therefore, the wealth fueled by the mixes in popular culture may well be perceived as an expression and symbol of “a long dawn”:\textsuperscript{12} like the first light that makes it discernible.

\textbf{D) National development}

As we know, globalization entails the implementation of the neoliberal ideology, which calls for trade liberalization, the action of transnational corporations and international financial transactions. Alongside, neoliberal principles induce the privatization of public enterprises and reduction of government intervention, deregulating market operations.

Since the eighties, there has been increased prevalence of these ideas in the implementation of economic policies in the region, albeit differentiated and with time lags. It seems that the crisis arising from this generic type of policy has been inspiring new visions of development processes, and with it, new strategic positions that drive “national projects” in the field of development.

As to their fundamental contents, and by way of summary of all the above considerations, three aspects should be distinguished. The first, which concerns the economic sphere (discussed in item A), is expressed in the necessarily self-centered strategies to be designed and implemented. The second, which is part of the socio-political context (addressed in item B), is increasingly recognized as crucial to build a “new partnership”, conceived as the essential force required to initiate and continue such strategies. The third aims at achieving a “reaffirmation of ethics”, i.e., the strengthening of certain ideas and values that belong to non-material culture (mentioned in item C), which in turn, are the seeds of creative skills and attitudes, key inducers of the reemergence of a cultural identity.

1. The “self-centered character” that has to be part of the development of peripheral economies (and/or strategies to achieve it) relates to what may be considered as the very heart of the “national issue”, namely, ownership of the assets located in those economies. This sharply contrasts with neo-liberal approaches. The recurrent external risk, caused by the technology gap between center and periphery that affects trade relations and also the negative effects of financial liberalization on the balance of payments, hinders the unrestricted increase of foreign ownership of assets (either directly or indirectly through external borrowing). In contrast, the feasibility of peripheral development requires increased overall national ownership (direct and indirect).

This requirement complements another one, present in the background: In addition to the need to consider it from an asset ownership perspective, and without forgetting the need for an export effort to overcome external risk,

\textsuperscript{12} This expression mirrors the title of a recent book by Furtado (1999).
“national development” requires the implementation of a steady increase in the domestic market. The achievement of such endeavour depends on the resolution of employment problems, partly through high levels of formal employment, but mainly through the absorption of underemployment. Since this is a difficult problem to solve, such reabsorption conceals the possibility of encouraging, and further, fostering development, while its full productive use involves the generation of surpluses, and in parallel, the necessary expansion of the domestic market. The new theories of technical progress are often incomplete neoliberal approaches to development. Treated cautiously, they suggest the implementation of carefully designed techno-productive policies, in particular the inclusion of such policies in a public effort focused on implementing and developing so-called “National Innovation Systems.”

This effort, rather than the simplism of an alleged “technological autonomy”, naturally allowing the surpassing of technology in some branches of the centers, is the real driver in achieving the requirements of continuing and internal technical progress that “national development” takes for granted.

2. The recent crisis revealed the reduction of the States’ autonomy in the region. The most direct reason for this decline is the fact that their decisions became dependant on international organizations, partly because of the strict regulatory frameworks that support the measures adopted by international organizations, but especially because of the debt levels that accompanied the crisis, submitting several domestic policy decisions to the discretion and purposes of such organizations.

However, it should be noted that the limitation of public power by foreign forces goes hand in hand with a change in the State’s supporting bases. In fact, there is a trend towards weakening such bases, while the classes and groups comprising them undergo sharp reduction in terms of ability to influence important decisions, and are left with a substantially weakened and secondary role.

Thus, the issue of State autonomy is critical to its role in the coordinated effort towards development in its various fields - economic, social, political, cultural – and involves paths that have undergone significant changes. It is no longer about asking how and until when certain stakeholders – such as transnational corporations and large national enterprises, both public and private - will continue to coordinate interests, so as to promote the expansion and continuity of production. Currently, the significant weakening of the internal bases of political power requires – using the terminology coined by Fajnzylber - designing and promoting a “new alliance”, including internal stakeholders and particularly the majorities. Both are needed to expand the contents of democracy, and to strengthen the autonomy of the State, restoring its essential capacities to
conduct a process of development with national foundations, which are the only ones possible. Moreover, the “new alliance” and the empowerment of the State do not exclude, but rather imply, the preservation and/or return of public ownership of assets and companies that are relevant for the generation of technological external economies, and particularly for their potential role in the establishment of political power.

The efforts to deepen South American integration, which include those connected to the establishment of ALADI (1980), MERCOSUR (1991) and UNASUR (2009), suffer from the restrictions imposed to development by the crises of the 80s and 90s. The more recent crises have a special effect. New difficulties lead to an international and diplomatic movement, aiming to expand integration to the whole of Latin America and the Caribbean.13

3. Thus, in short, as a specific element of appropriate geopolitics, further integration efforts among South American countries, and the whole of Latin America, is proposed. However, it is worth noting that this does not imply denial of the desirability of encouraging the development of countries’ own cultural identities, and considering them, as did Furtado, as the main mobilizing force of development, while the ideas and values in them serve as instigators and promoters of the positive actions of a “new alliance.”

In this regard, one should insist on the possibility open to Latin America for the potential acceptance of racial equality as a key value, which involves the implementation of “appreciation of the other” and “mutually supportive” criteria that are part of long and widely accepted ethical frameworks, present in higher religions, and in the forms in which they have spread throughout the region for centuries. Such “ethical affirmation” can be decisive to enable the emergence of “cultural development” processes, where essential and recurring aspects of former cultures surface as basic driving forces.14

Moreover, accepting the strengthening and development of different cultural identities in each “national development” does not imply denying or ignoring the fact that integration and its deepening in various areas of non-material culture, especially in ethical content, could contribute to the mutual strengthening of such identities, perhaps inducing, in a collective awakening, a high and renewed expression of the Bolivarian ideal.

13. In his book “A integração sul-americana” Celso Amorim very carefully examines its origins and evolution. He also reveals that a diplomatic effort is already underway to extend it to Latin America and the Caribbean as a whole (Celso Amorim, Minister of Foreign Affairs of Brazil, Revista D.E.P., Brasilia).
14. The position implicit in those assertions emerges as an answer to the question, which contains some of Leonardo Boff’s views: “...Under the hegemony of which dimension (or what value) are the elements (necessary) to create a new cultural unity structured?” (“San Francisco de Asís: ternura y vigor”, Santander: Sal Terrae, 1982, p.33).
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