
RESEARCH FORUM

FROM STRUCTURALISM TO THE NEW INSTITUTIONAL ECONOMICS: A Half Century of Latin American Economic Historiography

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Abstract: The following three articles, together with this brief introduction, review the consequences of the paradigm shift in Latin American economic historiography from structuralism to the New Institutional Economics (NIE). Joseph Love analyzes the basic tenets of structuralism, their connection to dependency, the influence of CEPAL on policymaking, and how a generation of historians utilized the methodologies of structuralism to research historical problems in Latin American development. John H. Coatsworth's contribution correlates the decline of the structuralist model to the rise of research interests in the role of institutions in economic history and examines the latest long-range comparisons of productivity between the Latin American and U.S. economies. Commenting on the recent research utilizing the NIE, Coatsworth agrees with Love that the relative economic stagnation of the past quarter century may not render structuralism entirely irrelevant. Sandra Kuntz Ficker summarizes the basic positions held by the structuralist and dependentista schools with respect to commercial policy and concludes with a discussion of how the NIE contributes to innovative research on Latin American foreign trade. These articles resulted from the authors' participation in a LARR-sponsored panel at the 2004 Latin American Studies Association Congress.

Whither Latin America? This question challenges political scientists, economists, and sociologists, and the pages of the *Latin American*

Latin American Research Review, Vol. 40, No. 3, October 2005
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Research Review have recently highlighted important debates in which scholars are now engaged on the contemporary themes of neoliberalism and of the “New Poverty.”¹ In contrast, historians ask, “Where has Latin America been and how did it get there?”—not out of mere antiquarian curiosity but rather as a way to analyze patterns and legacies that continue to influence economic, social, and political trends today. Historians, however, are also affected by the intellectual currents dominant in their own lifetimes and each generation rewrites history accordingly. Every new cohort of history scholars revisits older debates and changes the terms, and even the subjects, of inquiry. The historiography of Latin American economic development has recently experienced such a paradigm shift—from structuralism to the New Institutional Economics (NIE).

To explore this important reinterpretation of where Latin America has come economically, the editors of the *LARR* sponsored a panel on the last two generations of thought about economic history at the 2004 Latin American Studies Association Congress. Three of this panel’s presentations, subsequently reviewed, appear below: Joseph L. Love’s essay on the rise and fall of structuralism, John H. Coatsworth’s study of institutions and endowments in Latin America, and Sandra Kuntz Ficker’s commentary about how the ideas of structuralism and of the NIE are shaping her historical research on Mexico’s foreign trade. The articles in this special Research Forum treat the major issues that have dominated the historiography of the last half century.

During the past two generations, intellectuals and scholars have argued about the economic legacy of Iberian colonialism, what kinds of policies promote development in Latin America, the roles of the state and private capital, and basically the economic record. Structuralism originated in the nationalistic critique of Latin American intellectuals in the 1930s and 1940s towards their region’s supposed subordination to the industrialized economies of the United States and Western Europe. It is most identified with the work of Raúl Prebisch of Argentina. In the post-World War II era, policymakers embraced structuralist policies of national industrialization that were intended to place Latin American nations on development paths independent of if not parallel to that of the United States. More to the point, an entire generation of Latin American, North American, and European

1. Mercedes González de la Rocha, Elizabeth Jelín, Janice Perlman, Bryan R. Roberts, Helen Safa, and Peter M. Ward, “From the Marginality of the 1960s to the ‘New Poverty’ of Today: A *LARR* Research Forum,” *LARR* 39, no. 1 (2004): 183–203; Kurt Weyland, “Assessing Latin American Neoliberalism: Introduction to a Debate,” Evelyne Huber and Fred Solt, “Successes and Failures of Neoliberalism,” Michael Walton, “Neoliberalism in Latin America: Good, Bad, or Incomplete?” *LARR* 39, no. 3 (2004):143–83.

scholars fell under the sway of structuralism and its corollary, dependency theory, as the history textbooks of the time attest.

Just as structuralism arose in the historical context of the Depression-induced decline of export-led growth, its antithesis has emerged out of the supposed failure of the structuralist economic policies. That is to say, the apparent wreckage of import-substitution industrialization — which allegedly produced the hyperinflation, debt moratoria, social unrest, guerrilla rebellions, and the military repressions of the 1960s and 1970s—discredited structuralism and revived neoclassical economics within academia. The origins of the NIE lie in the work of Nobel Laureate Douglass C. North. Scholars first began to apply this model in the 1990s, finding growth in the late-nineteenth-century export-led developments that the *dependentistas* had denounced as promoting impoverishment and capital flight. Interestingly, while structuralism had originated in Latin America and spread its influence to academicians in North America and Europe, the NIE reverses the origin and flow of dominant ideas.

With this shift in paradigms also comes new analytical terminology. The structuralists write of the Center and the Periphery, declining terms of trade for primary exports, enclave economies, foreign investment as a generator of growth but not development, and *crecimiento hacia adentro*. They express faith in state-led development and even in the state's (limited) ownership of the means of production. Institutionalists counter with their own specialized issues. They do not so much as revive "classical trade theory" (i.e., the study of supply and demand and comparative advantage) as they search for the promoters of (or obstacles to) growth in the institutional arrangements, by which they mean the "rules of the game," and business practices that determine the costs of transactions. Historians of the NIE look for protection of property rights, third-party enforcement of contracts, and path dependencies.

Without doubt, the neoliberal surge in contemporary Latin American economic policies tends to reinforce the intellectual appeal of the NIE. Nevertheless, as all three authors below caution, it may be too soon to proclaim the demise of structuralist thought. The disciples of Prebisch remain in their Latin American research institutes and classrooms, offering familiar criticism to the uneven economic results of neoliberalism. The debate may be far from over.