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Notes and explanation of symbols

The following symbols are used in tables in the *Review*:

Three dots (...) indicate that data are not available or are not separately reported.

A dash (—) indicates that the amount is nil or negligible.

A blank space in a table means that the item in question is not applicable.

A minus sign (-) indicates a deficit or decrease, unless otherwise specified.

A point (.) is used to indicate decimals.

A slash (/) indicates a crop year or fiscal year, e.g., 1970/1971.

Use of a hyphen (-) between years, e.g., 1971-1973, indicates reference to the complete number of calendar years involved, including the beginning and end years.

Reference to "tons" mean metric tons, and to "dollars", United States dollars, unless otherwise stated.

Unless otherwise stated, references to annual rates of growth or variation signify compound annual rates.

Individual figures and percentages in tables do not necessarily add up to corresponding totals, because of rounding.

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Institutionalism and structuralism

*Osvaldo Sunkel**

In this article the author undertakes a comparative analysis of two economic approaches: institutionalism and structuralism. In so doing, he examines the origin and development of both schools of thought and explores a number of ways in which they might enrich one another. So far, neither of these schools has demonstrated much familiarity with the views of the other, and this is especially true of structuralists' knowledge of institutionalism — a situation which should be rectified.

The institutionalist and structuralist schools share a vision of economic development which stresses the dynamic role of technological progress, its contradictions with established institutions and social structures, and the importance of the ideological and power systems as expressed in the political and governmental spheres — all variables which determine the course of the development process.

Structuralism could profit from the institutionalist critique of conventional economic approaches, of its theory concerning technological change and economic growth, and of its analysis of the institutions of the United States economy. Institutionalism, for its part, has something to gain from the structuralist analysis of the interaction between the world economy and national economies, the role of transnational corporations, inflation and the role of the State.

*On the occasion of its 1988 annual meeting, the Association for Evolutionary Economics named the author of this article as the Clarence Ayres Visiting Acholar and invited him to present a paper on institutionalism and structuralism at its session in tribute to the memory of Clarence Ayres in New York on 29 December 1988. This article is a shorter and revised version of that paper.

The institutionalist school of political economy in the United States dates back almost a full century. Its founders, Thorstein Veblen and John R. Commons, began publishing their work in the 1890s. Their thinking represented a radical break with the classical political economy of Ricardo and its *laissez-faire* policy corollary. Those who carried on this tradition, particularly Clarence Ayres, pursued this line of criticism with respect to neoclassical economics. Their contemporary followers are equally at odds with today's conventional neoclassical paradigm and they largely identify with the thinking of well-known and, among us, respected heterodox economists of such stature as Joseph Schumpeter, Gunnar Myrdal and Kenneth Galbraith.

Institutionalism rejects individualistic hedonism as a basis for the behaviour of individuals in favour of a cultural concept of the formation and evolution of values and social behaviour. Its main emphasis is on technology and institutions and on the conflict between the dynamics of the former and the resistance of the latter as a central aspect of its theory of social change. It takes a dynamic historical and evolutionary view of the process of economic and social change. It ascribes great importance to the role of power in the functioning of the society and economy and stresses the part played by the State in development. At the methodological level, it rejects conventional economics' self-proclaimed neutrality in respect of values.

It follows from the above that institutionalists have by nature a deep interest in the subject of development, and their approach is of inarguable significance from this standpoint. Some of them, notably James Street (whose recent death we deeply regret), have focused on Latin American development and have found many of the structuralists' propositions and interpretations, as well as their concepts of dependence and the centre/periphery system, to be particularly attractive and kindred to their own ideas. Ever since they first came into contact with this literature several decades ago, they have been stressing how much these two schools of thought might benefit from a greater amount of convergence and mutual knowledge.

However, there has been a situation of unequal exchange between institutionalists and structuralists. Institutionalists have read and stu-

died the work of the Latin American structuralists. Several papers by Street (1967, 1987), Bath and James (1976), Street and James (1982), Dietz (1980, 1986) and Glade (1987), among others, are proof of their interest and appreciation which is not without criticisms. Through their publications a wider readership of institutionalists has been made aware of the contributions of Prebisch, Furtado, Pinto, Noyola, Ferrer, Urquidi and Seers, to mention only some members of the generation of the founding fathers, and of the United Nations Economic Commission for Latin America and the Caribbean, the main institution in or around which they worked. Since these institutionalist authors have already presented the basic characteristics of structuralism and dependency, and there is an excellent recent survey available in English (Blomström and Hettne 1984), I will not dwell on those aspects here.

Unfortunately, the Latin American writers in the structuralist and dependency tradition have not done their homework with respect to institutionalism. To the best of my knowledge, there are only three articles on the subject, published in an important Latin American journal many years ago by the Argentinean economist Santiago Macario (1952). Macario was a student of Clarence Ayres around 1950. On his return he tried to bring the writings of the institutionalists to the attention of Latin American economists. He provides an excellent introduction to institutionalism and suggests there is much to learn from it. Macario informed me that on completion of his studies he joined ECLAC and that he thoroughly discussed the papers he was preparing with Raúl Prebisch, Víctor Urquidi and José Antonio Mayobre. They showed great interest but there was no follow-up. He also informed me that he was not aware of other such initiatives. I must also report that, while the existence of the institutionalist school of thought is of course known and mentioned here and there, their writings have not been systematically studied and used in Latin America.

In order to appreciate similarities and differences between these approaches, I have had to become better acquainted with institutionalism. What I have done is to sample several volumes of the *Journal of Economic Issues*, the journal of the Association for Evolutionary Economics,

around which the institutionalists are grouped. As a result I have come to five tentative and preliminary conclusions with respect to: i) some reasons why there has not developed closer collaboration in the past; ii) some areas of coincidence between the two approaches; iii) some fields where it would be particularly fruitful for structuralists to study the work of institutionalists; iv) some areas where, conversely, it might be interesting for institutionalists to look more closely at the work of structuralists; and v) suggestions for a conceptual perspective that might be useful for generating certain convergence between the two approaches.

Let me then begin with a word about some possible reasons why we have ignored the work done by institutionalists despite its obvious usefulness for the understanding of the economic development problem.

One fundamental reason, it seems to me, is the fact that the discipline of economics is, among other things, a system of power organized in such a way that it reproduces itself over time (Earl, 1983; Canterbury and Burkhard, 1983; Hamilton, 1984). But it is not only a national system of power in the United States; it is also an international or transnational system of power (Sunkel and Fuenzalida, 1979).

In most Latin American countries, economics did not become a separate discipline and a distinct profession until the 1940s or early 1950s. During the 1950s, schools of economics became separate entities, but were frequently combined with the study of accounting and business administration. The next stage in the modernization of the economics discipline came through three main channels: i) the use of foreign textbooks, mostly American and British; ii) foreign economists who came to teach, to introduce *curricula* reform and to plan and conduct research; and iii) students who went to study abroad, mostly at United States universities, and who returned to become the new local faculty. These three channels were greatly enhanced during the decades that followed, as they became conscious and systematic activities of development aid, supported through international agencies, government channels and private foundations.

In this way many of the most prestigious Latin American schools of economics eventually

became imitations —almost subsidiaries in certain cases— of their United States alma maters. They were thereby incorporated into the international academic system of power devoted to the reproduction of the conventional paradigm of the discipline of economics, through similar orientations in research, teaching, publications, academic exchange and funding for all these activities. As with institutional thought in the United States, structuralist and dependency work and thought in Latin America has been segregated and marginalized from these institutions. The result is obvious: Latin American students of economics in the better-known universities are not given the chance seriously to study structuralism, either in Latin America or in the United States.

Some perceived the dangers of this process and tried to suggest a more reasonable system of international academic co-operation and exchange, which, while helping to improve and modernize the discipline, would keep it relevant and capable of addressing the development problems of our countries in the context of their historical, environmental, cultural, political and socio-economic realities (Pinto and Sunkel, Harberger, 1966).

Moreover, in the last decade and a half, the study of the problems and crises of the economic development process —which presumably are at the centre of Latin American concerns and where structuralist and dependency approaches have made significant contributions— has been expurgated from the departments of economics of United States universities. The same trend has of course been replicated in our region (Sunkel, 1984; Griffith-Jones and Sunkel, 1986).

The worst cases have been those where conventional academic thinking has become associated with military governments and therefore has become not only an implicit but a very explicit part of the system of power, where most of those who were not true believers in neoclassical economics of the Chicago variety have been expelled from academia and where reference to economic thought and literature not sanctified by the system of power has been largely suppressed. For this reason, in countries that have suffered long periods of military dictatorships and where neoconservative ideology has prevailed, independent academic work could only be

carried on, under great difficulty, in independent research centres outside the university (Street 1983, 1985).

Structuralism has been engaged in a running battle with neoclassicism from its very inception, in the work of Raúl Prebisch and through its evolution during the last decades, when it has met increasing difficulty resisting the revival of neoclassical and monetarist orthodoxy (Prebisch 1979, 1981). Structuralism also has had to contend with the other main school of thought having a strong presence in Latin America—that is, Marxism. Although in the origins of structuralism, the Marxist perspective was supportive and helpful, and although both approaches developed more or less in parallel without much conflict, this situation changed in the mid-1960s. After the Cuban revolution Marxists became more militant and revolutionary and began denouncing import-substitution industrialization as a bourgeois and pro-imperialist strategy. In this way structuralism and its outgrowth—dependency— came in for a strong attack from the Left. This became, in fact, one of the most important aspects of the dependency debate. Over the years, structuralism has therefore had a very difficult time defending itself both from the Right and from the Left. This is probably another reason why structuralists have not made the effort to become aware of the contributions of institutionalists. The challenges came from neoclassical orthodoxy and Marxism, and for a long time there seemed to be no need for allies. The situation may be changing now, and new perspectives may be opening up.

Let me now move to some parallels and coincidences between the two approaches. The origins of both perspectives in Thorstein Veblen and in Prebisch are apparently related to the overwhelming prevalence at the time of *laissez-faire* doctrine and policy prescriptions (Mayhew, 1987; Prebisch, 1984). In both cases this influence came mainly from abroad, particularly from the United Kingdom. The North and South American reaction was influenced by the German Historical School, but was mostly endogenous, reflecting national interests, peculiarities and concerns. Sharing some of Marx's insights, capitalism—and in particular industrialism and technological progress— were seen as tremendously dynamic forces of progress and change, but

hampered by institutions and structures. These institutions must be transformed to allow capitalism and industrialism to develop, while also retaining control over the unbound and partly destructive power of capitalism.

Both approaches are, therefore, reformist and not revolutionary in character; capitalism as a system must be tamed, controlled and guided, rather than abolished. Keynesianism and post-Keynesianism are welcome, and so is government activism, i.e., the participation of the public sector in economic and social activities, the promotion of institutional and structural reforms and change, and governmental planning. But civil society too, at local, regional, or national levels, is encouraged to engage in reformist activities. Advocacy of social and economic change is clearly a characteristic of both approaches.

The economic process is not seen as a static, circular, repetitive, equilibrating mechanism, limited mainly to what happens in various markets, but as an ongoing socio-historical evolutionary process —the cumulative cause and effect of conflicts and changes in economic, social, cultural and political forces. Individuals are not considered equivalent to computers programmed to maximize a welfare function, given certain constraints, nor are firms seen as computers programmed to maximize profits, given a production function and certain financial restrictions. They are conceived as social and cultural entities, relatively autonomous but institutionally and structurally shaped and circumscribed as regards values, norms, behaviour, forms of association, and organization. As a consequence of this vision the recent revival of the neoclassical paradigm, carried to extremes of individualism, hedonism and utilitarianism, and its corresponding neoconservative ideology, represents to both approaches a formidable challenge to the welfare and integration of society and must be exposed and overcome.

Institutionalist and structuralist thought is always centrally concerned with contemporary or current socio-economic reality and the corresponding preoccupation with economic policy. As a matter of fact, moral values and pressing problems, rather than deductive reasoning and controversy, are at the origin of most research and thought. Concern about crisis and injustice

seems to be a major initiator of research and policy prescriptions. Prebisch's initial contribution is the outgrowth of his experience as head of the Central Bank of Argentina during the great crisis of 1930, and of his perception of the profound inability of his country to face the crisis, and of the irrelevance and perverse consequences of the application of received doctrine and the policies derived from it. As in the case of Veblen and the founders of institutionalism, Prebisch's thought was a vernacular reaction to foreign *laissez-faire* intellectual and practical predominance, which was seen as detrimental to the national interest. The great crisis seems to have been a great challenge and stimulus to both schools of thought, generating much activity and creativity in both theoretical and policy matters. As reported by K. Parsons, K. Boulding and J.K. Galbraith, John Commons and his students contributed significantly to Roosevelt's New Deal in the 1930s (Parsons, 1985).

The further development of Prebisch's thought occurs during the 1930s and 1940s when, having had to leave Argentina when Juan D. Perón took over, he travelled through Latin America advising central banks, particularly in Mexico and Venezuela. He was tackling problems of economic policy resulting from the Depression, its aftermath, and the Second World War. Observing these economies, he realized that there were great differences among them; he was particularly struck by the socio-cultural contrast between Argentina, with a rural sector that was thinly populated with European immigrants, and Mexico, with its massive rural population of ancient culture. But he also saw fundamental similarities: the virtual absence of an industrial sector and the dependence on a few primary exports. Observation, the inductive method and comparative historical analysis were central to his approach, as is also the case with institutionalists.

I could go on, but as can easily be concluded from the above, institutionalists and structuralists indeed share a common ground or —as Schumpeter would put it— a similar "vision" of the economic process.

Let me then look at a first aspect of some of the disparities between these approaches. The institutionalist literature, as it is represented in its *Journal of Economic Issues*, presents certain

areas of inquiry that appear particularly strong from the perspective of structuralism. I am struck, for instance, at the thoroughness and comprehensiveness of the philosophical, epistemological, methodological, conceptual, theoretical and analytical critique of the conventional neoclassical and monetarist paradigm. Although structuralism shares many of these critiques, it is much weaker and more superficial in this regard and has much to learn from this aspect of the institutionalist literature.

Institutionalism is also much stronger as regards the theoretical and conceptual grounding of its approach and its theory of socioeconomic change as a distinct and positive alternative to neoclassical orthodoxy. A substantial amount of the effort of institutionalists goes into the analysis of the philosophical basis of institutionalism, the theory of human nature, the theory of institutional and technological change, and the criteria of social value. Structuralism is particularly strong in its conceptual approach and historical interpretation of Latin American underdevelopment and dependency (Blomström and Hettne, 1984; Di Marco, 1972; Palma, 1978; Gurrieri, 1982; Rodríguez, 1980). But as regards its theoretical and philosophical foundations only a few references come to mind (Cardoso, 1977a and 1977b; Sunkel and Paz, 1970; Valenzuela and Valenzuela, 1979; Jameson, 1986). One main reason for this weakness is the fact that there is not much place for such fundamental inquiry in the academic and research institutions of Latin America. As already mentioned, many universities either exclude structuralism or do not allow the time, resources and research environment conducive to the accumulation of fundamental knowledge. This is partly for ideological reasons but also because the universities are geared toward professional training rather than the pursuit of scientific knowledge. Therefore, if one follows the life and work of the main contributors to structuralist thought, they will be seen to have spent little of their time and effort in academia, except for periods in exile outside Latin America. Most of their time has been accounted for by work either in international organizations or in government bodies, where critical thought, economic philosophy and method are not particularly valued. Institutionalists and structuralists

have a different institutional base and it shows in their intellectual output.

One interesting and promising development in the structuralist approach is the attempt in the 1980s to give some of its central propositions a more formal and mathematical expression (Taylor, 1979 and 1983; Jameson, 1986). This has been called neostructuralism. Although this interesting effort has revitalized structuralism, it has tended to concentrate on short-term equilibrium and adjustment problems rather than on questions of economic development. Nevertheless, more recently neostructuralists have been making an effort to relate to and rediscover their roots in structuralism, as shown in the review of this literature by Rosales (1989).

Institutionalism is also particularly strong in the area of technology, of course, and devotes a large proportion of its literature to its study. Technology is absolutely central to institutionalist thought, so much so that it is the driving force of evolution and change in this approach. Technology is seen as closely related to cultural change, thereby bringing into the picture a dimension of development that is completely absent from structuralism. Technological change is seen as a dynamic, transformation-inducing aspect of culture, deriving from the accumulation of knowledge and transcultural inducements; but cultural patterns, in turn, define the extent and nature of its incorporation into cultural change. This intimate relationship of technology—seen as the cumulative development of ideas, tools and skills—to the culture from which it derives and to which it contributes is a fundamental element of institutionalism. It is an aspect of development theory that has been badly neglected by structuralism, which has had a more restricted view of technology.

But this does not mean, as I think some institutionalist critics have suggested, that structuralism does not give sufficient importance to technology (Street, 1977; James, 1979). From Prebisch onwards, structuralism has placed great importance on industrialization, which is seen as the bearer of technological progress and the key to modernization. Great emphasis was put on this aspect, but some confusion seems to have arisen about the dependency critique. What structuralism, and particularly dependence thought, has argued is that the nature of the

process of transfer of technology has inhibited the development of endogenous technical capabilities in Latin America. The building-up of a national base of technological capability is certainly crucial to development, and Latin American countries have attempted to create it in various forms. But we have remained great consumers of imported technology, which, as a neoclassical economist would put it, is cheaper and more readily available. Except perhaps in the case of Brazil, we have not yet developed the will and the capacity to produce, adapt and select technology, but we are most definitely convinced that this is a central feature of the development process. As a matter of fact, the process of institution-building in this field, aimed at channeling resources into this area and promoting science and technology, was quite significant in the 1960s, before the onslaught of neoliberalism.

Another area where structuralists have much to learn from institutionalists is in their extensive analysis of the institutional characteristics and corporate structure and dynamics of the United States economy, both in general and as regards its different sectors and regions and its main markets and institutions, including particularly governmental regulations and policies. The United States economy is a determining factor in the evolution of Latin American economies and societies through all sorts of channels: monetary and fiscal policy, interest rates, tariff and non-tariff barriers, volume and value of imports and exports, transnational corporations, migration policies, technological innovation and consumption patterns, to name just a few. It is at least as important for Latin American students in the United States to become intimately acquainted with the intricacies of those aspects of the United States economy that are crucial for their own countries, as it is for them to spend time and effort mastering the latest twist in some highly abstract and probably irrelevant theoretical debate or methodological or statistical refinement. This might in fact be a practical and straight-forward avenue for significant co-operation among us.

My second set of disparities concerns some areas of structuralist and dependency research that institutionalists might find of interest.

I have the impression, for instance, that institutionalist thought has given very high

priority to understanding the domestic economy of the United States, almost to the exclusion of understanding the structure and evolution of the international economy and the relationships between the two. Take such fundamental recent statements of institutionalist thought as Marc Tool's *The Discretionary Economy* (Tool, 1985) and the two issues of the *Journal of Economic Issues* bearing the title *Evolutionary Economics* (vol. XXI, Nos. 3 and 4, 1987), "...intended to provide a comprehensive, contemporary formulation of institutionalist political economy...". Marc Tool's book does not list any international aspect in its index and has only passing references in the text. In the two issues of the *Journal of Economic Issues*, only the article by John Adams (1987) out of 30 articles deals with international trade and payments. In his words: American institutional economists have devoted very little attention to the international economy (Adams, 1987, p. 1841).

I would submit that we have here probably the greatest difference between our two approaches: the institutionalist approach is State—or nation—centered; its object of study is the national economy, and fundamentally the national economy of the United States. The structuralist-dependency approach is world-centered. The national economy of the United States, together with other industrial economies, is seen as dominant, and Latin American and other under-developed economies are seen as dependent subsystems of the global world economy. All national economies are therefore significantly influenced, although in different ways, by their participation in the system. United States multinational corporations, for instance, which from almost any conceivable perspective constitute a critical institutional core of the United States economy, derive a very high proportion of their profits from their operations abroad. Therefore, the United States economy is structurally and institutionally interrelated in a very profound sense with the world economy, quite apart from the more obvious external economic relations of trade and finance.

I can think of some powerful historical reasons why we should have developed these different approaches. The United States is a continental economy and society, with a strong isolationist tradition, and institutionalism was

born in Middle America and Texas rather than on the east or west coasts. Structuralism and dependency approaches reflect almost the opposite historical circumstances. But given the progressive, massive and pervasive interpenetration of the United States and world economies in recent times, there seems little doubt that a purely domestic vision of the United States economy will fail to give a reasonable account of its evolution. The work of the structuralist/dependency school—although you may have to turn it on its head—might give some interesting clues to a better understanding of the highly transnationalized United States economy of the late twentieth century.

There are other significant areas of structuralist socio-economic research that might be worth a glance. There is, of course, the structuralist approach to inflation, which has been frequently reviewed and is well known. But there are other important fields: the debt and development crises of the 1980s; planning and regional development; the State and the transition from authoritarian to democratic régimes; the interrelation between the environment and development; and the whole area of poverty, underemployment, the informal economy, marginalization, urbanization and social change.

Finally, I would like to outline a conceptual perspective that I have found useful in differentiating the neoclassical synthesis from the structuralist approach, particularly as regards the understanding of economic development processes. I believe this may also be a convenient way of exploring the differences between conventional economics and dissenting schools of economic thought in general and of perceiving the similarities among the latter—including in this particular instance structuralism and institutionalism.

My proposal is simply to distinguish among them according to the emphasis that each one places on stocks *vis-à-vis* flows in the economic process. By stocks I mean the classical view of the endowments of human, natural and capital resources that a society has at its disposal at a certain *point of time*; by flows, the production, income, expenditure and transfer streams per *unit of time* obtained from those endowments. Classical political economy placed a great deal of emphasis on resources, without neglecting the

flows derived from them. Conventional neoclassical economics, the mainstream paradigm, on the contrary, has managed to expurgate from its theoretical framework, its teaching and research, and its policy recommendations, almost all reference to the productive resources of society and has concentrated almost exclusively on flows, both at micro and macroeconomic levels.

This difference in preference of focus has profound implications. The exclusive emphasis on annual or semiannual monetary flows brings to the forefront of interest questions related to the *short-term* adjustments of the economy, particularly in regard to *equilibrium*, both macroeconomic—the balance of payments, the budget, the monetary accounts—and microeconomic—firms, consumers, markets and prices. Mainstream economics excludes from the field of economic inquiry and policy almost all that pertains to that other major part of the socio-economic process which deals with resources, their dynamics, the relations among them, and with the flows which derive from them, with technology, institutions, power and culture, which are responsible for the way in which those resources are created, owned, combined, used, abused and reproduced.

Neoclassical economics, of course, mentions these matters in introductory chapters of economic textbooks, but strips them of their real significance by transforming them into “factors” of production which can be manipulated in any way you wish according to the logic of the corresponding markets.

Apart from a mechanical kind of demography that allows population projections from which to derive the supply of labour, labour becomes a disembodied commodity without relation to the man or woman who performs it, to the family to which they belong, to the social class of which they form a part, an in short to the society and culture that determines skills, habits, values, stratification and aspirations. This exercise in abstracting labour from its socio-cultural environment and making it responsive solely to changes in wages, furthermore prevents any meaningful co-operation between conventional economics and the other social sciences—sociology, psychology, anthropology—which presumably have something to say about performance, creativity, co-operation, motivation,

union activism, and so on, and which, in fact, play a major role in the training of managers in schools of business administration —economists notwithstanding.

Moreover, producers and their families are, of course, also consumers, another disembodied category of neoclassical economics. The degree to which the nature of the labourer's place in the process of production determines his pattern of consumption is glaringly obvious to the most superficial of observations: working-class, middle-class and upper-class areas in any city display consumption patterns with respect to housing, health, education, entertainment, food, clothing and transportation that are worlds apart and that have much to do with what one does for a living. Not to mention marginal and slum areas where there is little labour to speak of, or conditions prevailing in the rural areas —not the ones used for upper-class recreation purposes, but where actual agricultural production takes place.

Labour is also disembodied from institutions: the State, the firm, the judiciary, the union, the school, the mass media, the party, and the corresponding rules of the game and bureaucracies. Presumably ownership, control, information, knowledge, power —the stuff of political economy— also have something to do with labour, work and consumption, but again neoclassical economics refuses to have anything to do with such disturbing and confusing matters.

If we move from human resources to natural resources, the process of disembodiment takes the form of stripping down the environment to square acres of land. There might be some reference to different qualities and diminishing returns of land to show that David Ricardo has not been totally forgotten. But any notion that natural resources are dynamically imbedded in ecosystems, that soils, flora, fauna, water, weather, forests, topography and human activity interact in multiple and complex ways, with generally deplorable consequences for land and also people in the longer run, is certainly not to be found in conventional economics textbooks. The

devastation caused in rural (and urban) areas the world over might have been averted to some extent if economics had also opened a door to the hard sciences —physics, chemistry, biology and hydrology— rather than closing it with the parametric nails of the technical coefficients of the production function, and abstracting furthermore from the material, spatial, locational, physical and environmental base of all social processes.

Last but not least, there is capital. In recent work on environment and development we have assimilated accumulated capital to the built-up and artificialized environment: the final product, over time, of the progressive transformation of nature through labour, knowledge, technology and social organization (Sunkel 1980, 1987).

The accumulation of capital, in this sense, is therefore at the centre of the process of economic development, since it incorporates technological innovation, brings about specialization and productivity increases, and allows for additional investment and further expansion of the capital base of society. An artificial environment is thereby built-up which sustains progressively increasing levels of living and productivity, although at the risk of undermining this environment through the abuse of its life-supporting ecosystems.

By focusing explicitly in this way on stocks, their dynamics, the relations among them, the ways in which they generate flows, and the feedback of flows on stocks, structuralists and institutionalists have further common ground to support a joint intellectual effort aimed at a better understanding of economic development and of the strategies and policies that might bring it about and contribute especially to the improvement of the living conditions of the poor.

I sincerely hope that this suggestions, as well as the previous explorations of the common ground and disparities among structuralists and institutionalists, will help in building bridges between our two schools of thought.

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