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## HISTORY OF ECONOMIC THEORY AND POLICY OF THE 20TH CENTURY

CeHistMet – CENTRE FOR THE HISTORY AND METHODOLOGY OF ECONOMIC SCIENCE

NOVEMBER 26, 2020

18:00H

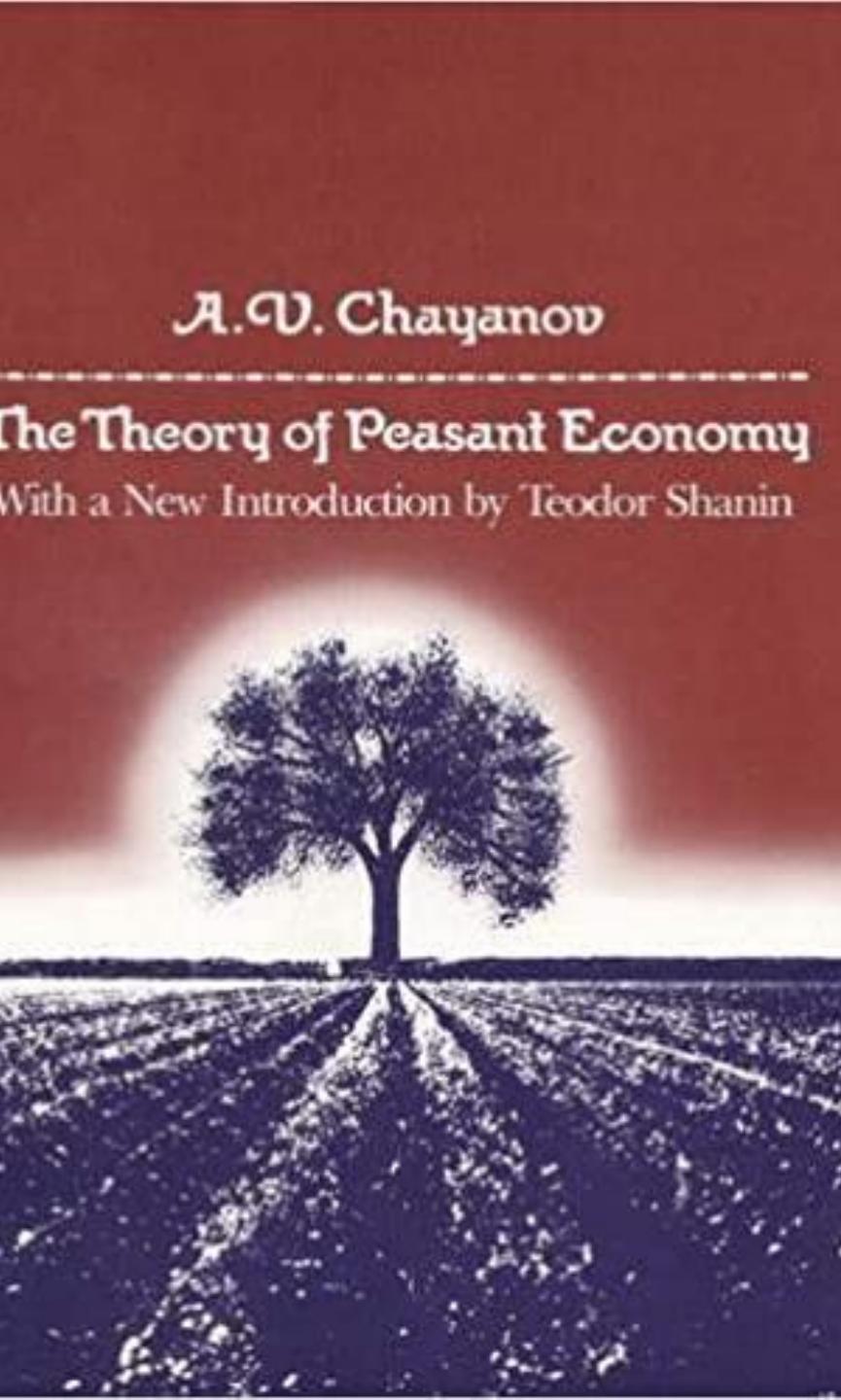
# DEVELOPMENT ECONOMICS AT THE ‘PERIPHERY’: IMPORT SUBSTITUTION, INFLATION AND INCOME DISTRIBUTION

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Cedeplar/UFMG

## RISE AND DECLINE

- Growing ambitions
  - The UN's 'decade of development'
  - Dudley Seers (1963): "a major revolution in doctrine looming ahead"
  - Developed economies as a 'special case'
  - Beyond neoclassical and Marxist economics
- Trouble ahead
  - Setbacks in the underdeveloped world
  - Scrutiny of the political-military-scientific nexus
  - Deteriorating economic conditions





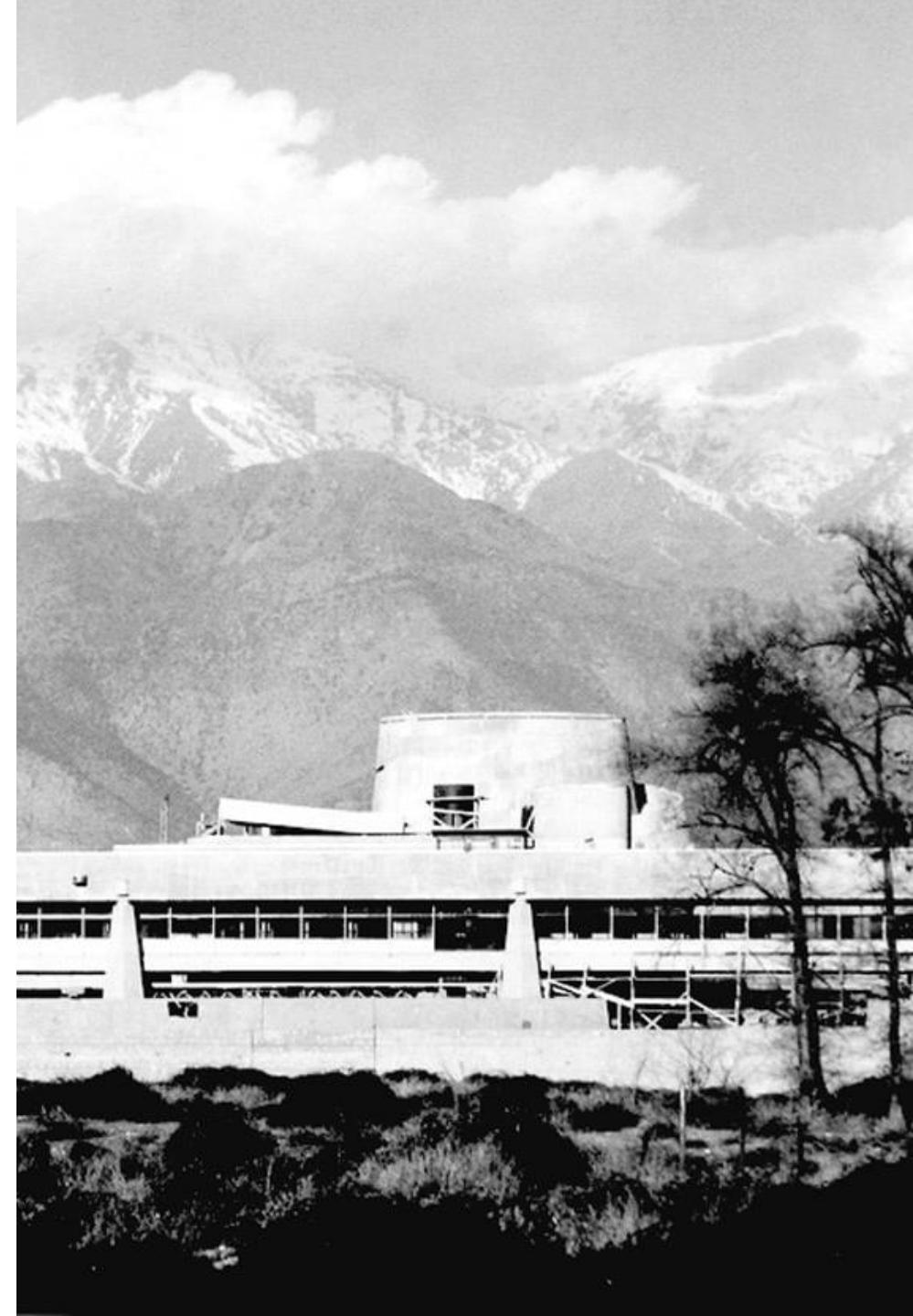
## INTELLECTUAL EMANCIPATION

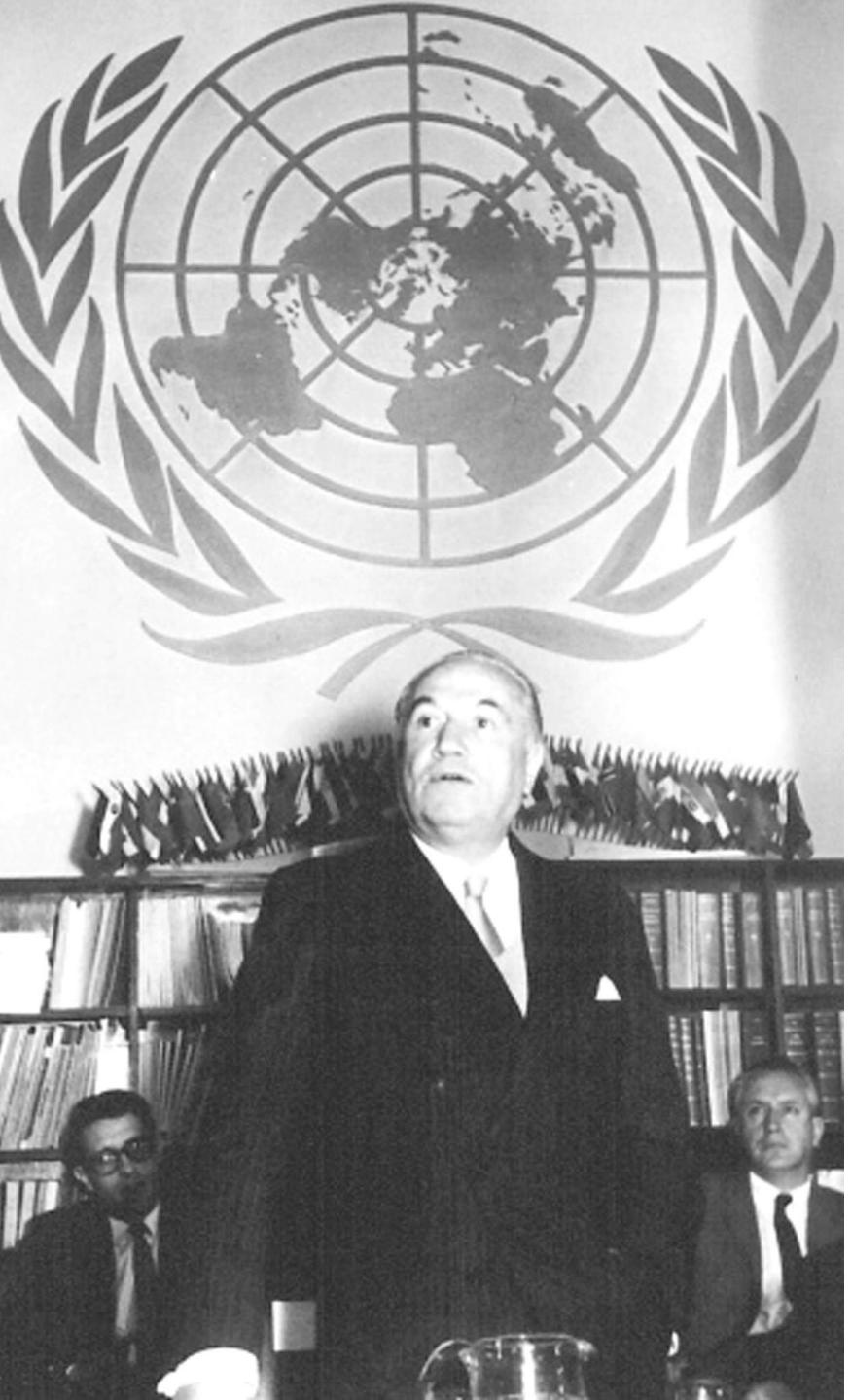
- The voices of the marginalized
  - The Russian *Narodnik* movement
  - Manoilescu and agrarian Romania
  - The ECLA school
- An openly critical perspective
  - Mutual benefits?
  - Beyond neoclassical and Marxist economics (encore)
- Limited degrees of freedom
  - The United Nations framework
  - Center-periphery exchanges

# STRUCTURALISM

- The center-periphery dichotomy
  - Structural relations in the global economic system
  - Large-scale dualism
- A methodological framework
  - Sociological functionalism
  - Statics vs dynamics
- Bringing history back in
  - Gerschenkron, not Rostow
  - The ‘historical-structural method’
  - Rigidity + movement = discontinuities

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## INTERNATIONAL TRADE

- The Prebisch-Singer thesis
  - A critique of comparative advantages
  - Secular deterioration in the terms of trade
  - Center → oligopolistic structures and trade unions
  - Periphery → surplus labor and international competition
  - A dynamic framework: the gains of technological progress
- Import-substituting industrialization
  - Modern protectionism
  - ‘Inward looking’ development
  - Changing the composition of imports

# BALANCE OF PAYMENTS

- External constraints
  - Industrialization and import coefficients
  - Savings and dollars
  - The ‘two-gap’ models
- Center-periphery redux
  - Export capacity as a limiting factor
  - A ceiling on growth
  - Convergence?
- A new focus for foreign aid



# INFLAÇÃO

Gradualismo  
x  
ratamento  
de  
Choque



## INFLATION AND INCOME DISTRIBUTION

- Monetarism vs structuralism
  - IMF: inflation as a demand problem
  - ECLA: 'structural causes' and 'propagating mechanisms'
- Inflation as a consequence of unbalanced growth
  - Supply bottlenecks and exchange devaluations
  - Inappropriate technologies
  - 'Inflation-feeding' vs 'inflation-induced' bottlenecks
- Forced savings and distributive conflicts
  - A skewed industrialization
  - Income concentration
  - Dualism yet again

# DISILLUSIONMENT

- Stagnation and the limits to import-substitution
  - An elusive autonomy
- Poverty amidst plenty
  - Waiting for a piece of the cake
- Good and bad things can go together
  - Social and political setbacks
- The old foes strike back
  - Neoclassical economists: inefficiency and waste
  - Dependency theorists: political naïveté