

This is a repository copy of *Book Review: The Global Political Economy of Raúl Prebisch*.

White Rose Research Online URL for this paper:

<https://eprints.whiterose.ac.uk/144511/>

Version: Accepted Version

Article:

Kvangraven, Ingrid Harvold orcid.org/0000-0001-8606-1717 (2018) Book Review: The Global Political Economy of Raúl Prebisch. Review of Radical Political Economics. 1. ISSN 0486-6134

<https://doi.org/10.1177/0486613418776973>

Reuse

Items deposited in White Rose Research Online are protected by copyright, with all rights reserved unless indicated otherwise. They may be downloaded and/or printed for private study, or other acts as permitted by national copyright laws. The publisher or other rights holders may allow further reproduction and re-use of the full text version. This is indicated by the licence information on the White Rose Research Online record for the item.

Takedown

If you consider content in White Rose Research Online to be in breach of UK law, please notify us by emailing eprints@whiterose.ac.uk including the URL of the record and the reason for the withdrawal request.

Review of Radical Political Economics

**Book title: Review of the Global Political Economy of Raul
Prebisch**
Book editor: Matias E. Margulis

Journal:	<i>Review of Radical Political Economics</i>
Manuscript ID	RRPE-17-0164.R1
Manuscript Type:	Book Review/Essay
Keywords:	N/A, political economy, economic development
Jel Classifications: To view Jel classifications, please click here .	N/A, o
Abstract:	Book title: Review of the Global Political Economy of Raul Prebisch Book editor: Matias E. Margulis

SCHOLARONE™
Manuscripts

The Global Political Economy of Raul Prebisch.

By Matias E. Margulis, ed. London and New York: Routledge, 2017. 218 pages.

Cloth \$135. E-book: \$54. ISBN: 978-1-138-21977

This edited volume by Matias Margulis examines Raúl Prebisch's ideas, agency and influence in an interdisciplinary manner, with a particular emphasis on his relevance for Global Political Economy (GPE). This interdisciplinary approach reminds the reader that Prebisch was indeed much more than just an economic theorist and that his influence on development policy was profound.

An important contribution of this book is the emphasis on how Prebisch's ideas changed over time, partly in result of the failure of his political projects, first in Argentina and later in ECLAC. With time Prebisch became more acutely aware of the importance of political power, not just economic capabilities, for shaping institutions as well as for forming the rules of the world economy. This is important to emphasize, as Prebisch's work is sometimes criticized for being overly economic (see e.g. Palma 2016, Shivji 2016), which is not a valid critique for his work during the last part of his life.

There is a clear parallel to be drawn between what Margulis calls the *peripheralization of Prebisch* in GPE and the role of Prebisch's ideas in the Economics field (see e.g. Kufakurinani et al. 2017). With the term *peripheralization* Margulis is referring to the transformation of Prebisch from providing intellectual leadership in international development in the 1950-70s, to being relegated to a 'historical footnote' in the 1980s. Prebisch also disappeared from the Economics curricula in the 1980s as suddenly, and perhaps more completely, as he disappeared from GPE (Kvangraven 2017).

1
2
3 Although his core ideas may be found in mainstream economic history literature
4 such as Kenneth Pomeranz's (2000) *The Great Divergence* or Sven Beckert's
5 (2014) *Empire of Cotton*, such authors tend to not cite Prebisch as a source,
6 perhaps because they are unaware of the origin of the concepts they employ in
7 their analysis. ECLAC itself also explicitly abandoned Prebisch's main ideas in
8 1994 in favor of a policy of 'open regionalism' (ECLAC 1994).
9
10
11
12
13
14
15

16 Furthermore, Margulis' observation of Prebisch often being incorrectly
17 portrayed in GPE (e.g. as an advocate for economic autarky) is also paralleled in
18 Economics. This can partly be attributed to the rewriting of the intellectual
19 history of these fields¹. Eurocentricism in both GPE and Economics is another
20 possible reason for the exclusion of Prebisch from the field².
21
22
23
24
25
26
27
28

29 **Prebisch as a political architect and theorist**

30
31 The first section of the book deals with the role of Prebisch's theories and ideas
32 in shaping thinking and practice on international development. First of all, the
33 Prebisch-Singer Thesis (PST) published by Prebisch and Hans Singer separately
34 in 1950 literally changed the world. First, their contribution was unique because
35 they based their analysis on the experience of developing countries, unlike most
36 other social science that generalized based on experiences of the West. Second,
37 their analysis was centered on the inherently asymmetric relationship between
38 core and periphery. This type of analysis later became important for the UN
39 Conference on Trade and Development (UNCTAD), which was Prebisch's
40
41
42
43
44
45
46
47
48
49
50

51
52 ¹ Reinert (2017) provides a good example of the inaccurate portrayal of history of economic
53 thought that economics students consume.

54
55 ² See e.g. Reinert et al. (2016).
56
57
58
59
60

1
2
3 brainchild. Margulis points out that several of Prebisch's ideas are still highly
4
5 influential today, although we do not always recognize them as stemming from
6
7 Prebisch. Examples are the political ideas of non-reciprocity in trade and policy
8
9 space for development.
10

11 The chapter by P. Sai-wing Ho offers an important challenge to the
12
13 mainstream narrative of Prebisch as an ideologue of ISI. Ho points out that the
14
15 work of Prebisch tends to place more emphasis on indigenous technological
16
17 development, rather than simply ISI promotion. It is refreshing to read how Ho
18
19 links Prebisch's thoughts to new developments, such as the rise of global value
20
21 chains. Ho recognizes that a move into manufacturing of low-value added goods
22
23 is not what Prebisch had in mind in terms of cultivating an economy's
24
25 technological densities. Similarly, Jose Briceno Ruiz's contribution links
26
27 Prebisch's work to past and current debates on regionalism, and he also
28
29 illustrates how Prebisch's view evolved over time, as he spearheaded ECLAC's
30
31 work on regional economic integration.
32
33
34

35 Finally, Eric Helleiner's chapter sheds light on Prebisch's direct
36
37 involvement in preparing the groundwork for the post-war financial order,
38
39 despite not being physically present at the Bretton Woods conference.
40
41 Helleiner's account illustrates that Prebisch supported the goals of the IMF and
42
43 the World Bank in the beginning, and that his criticism developed as the
44
45 institutions failed to deliver on their development objectives.
46
47
48
49

50 51 **Prebisch as a political activist**

52
53 Prebisch's intellectual dissatisfaction with the lack of attention to political
54
55 variables in economic analysis was a result of his lived experiences at ECLAC and
56
57

1
2
3 UNCTAD. Prebisch was later to place great importance on political and other
4 forms of structural power, especially the ways in which the US used a
5 combination of coercion and persuasion through foreign aid, military assistance,
6 and control of international organizations to shape the rules of the world
7 economy and constrain economic development in the Global South. This is an
8 example of the non-economistic approach of Prebisch's later years. Prebisch's
9 analysis of asymmetries in the world economy had social purpose, as he wanted
10 to challenge such imbalances in order to ultimately create a better standard of
11 living for people in the Global South.
12
13
14
15
16
17
18
19
20
21

22
23 Robin Broad and Zahara Heckscher argue that Prebisch was particularly
24 influential in his advocacy against the global reach of transnational corporations
25 (TNCs) and the policies of the World Bank and the IMF. UNCTAD was important
26 in this regard, as its early work on TNCs laid the foundations for the critique of
27 unfair business practices and the idea of subjecting them to global regulation.
28 These ideas have continued to animate the politics of alter-globalization over
29 time.
30
31
32
33
34
35
36
37

38
39 Furthermore, Erin Hannah and James Scott demonstrate that many of
40 UNCTAD's ideas have been transferred to GATT and the WTO. For example,
41 UNCTAD's new developing-country categories such as Least Developed
42 Countries and Small Island Development States were incorporated in the WTO
43 Doha Round as the basis for negotiating special and differential treatment. The
44 key point by Hannah and Scott is that UNCTAD-generated ideas under Prebisch
45 continue to matter. Several victories of the Doha Round have been based on the
46 demands for policy space, for example.
47
48
49
50
51
52
53
54
55
56
57
58
59
60

The relevance of Prebisch today

Some competing interpretations of the relevance of Prebisch's work today are offered in the third section of the book. Kristen Hopewell and Raphael Kaplinsky and Masuma Farooki present interesting analyses of the potential of the agricultural and manufacturing sectors as propellers of development today. While their analysis is highly relevant for Prebisch's work, they both somewhat overstate Prebisch's negative view of primary commodities and positive view of manufactured goods. Prebisch did not see manufacturing as an automatic road to development; he argued that low-value added manufacturing exports would also face declining terms of trade, which are the kinds of manufacturing exports most low-income countries engage in today. In fact, Prebisch (1964) made the argument that promoting technical progress was essential for moving away from an arrangement where 'developing countries merely export simple manufactures' (Prebisch 1964: 59).

Furthermore, Prebisch's argument that developing economies would benefit from industrializing by moving into manufacturing was based on the observation that agricultural activities generally offer less scope for spillover effects and technical progress than other activities, not on the absolute claim that agricultural commodities are always a 'development dead-end' (see also Ho 2012:869). Prebisch considered both investments in technology and human capital as essential in order to increase productivity, which was essential for industrialization³.

³ Prebisch also reiterated the importance of both capital goods and investment in human skills in many different papers, see for example Prebisch 1954, 1962, 1976 and 1979, for example.

1
2
3 Therefore, Hopewell's analysis of Brazil's recent economic
4
5 transformation, which has been the product of agricultural exports, somewhat
6
7 overstates its break with Prebisch. The Brazilian experience as outlined by
8
9 Hopewell largely supports what Prebisch would consider to be important
10
11 developmental policies: the central role of the state in promoting domestic
12
13 technological innovation and the development of an internationally competitive
14
15 sector that is increasingly able to export its technological know-how rather than
16
17 just commodities. Hopewell's analysis thus serves as an important example of
18
19 technological upgrading being possible in agriculture as well as manufacturing,
20
21 rather than being a complete break with Prebisch's theoretical framework.
22
23

24
25 Similarly, Kaplinsky and Farooki's argument that the fact that
26
27 manufacturing no longer provides a basis for sustained income growth
28
29 challenges Prebisch is somewhat misleading. However, their chapter presents an
30
31 interesting discussion on the degree to which the nature of potential spillover
32
33 effects and linkages has changed over the past decades.
34
35

36
37 Overall, this book offers a solid introduction to the political and
38
39 intellectual legacy of Prebisch – a scholar who has almost been erased from the
40
41 history of thought in his field. The contributions show different ways that
42
43 Prebisch's ideas can enrich our understanding of contemporary development
44
45 issues, such as the commodities supercycle and Southern-led global economic
46
47 governance. The book also sows seeds for further research within a Prebischian
48
49 framework.
50
51

52 53 **References**

54
55 Beckert, S. 2014. *Empire of Cotton: A Global History*. New York: Knopf.
56
57

- 1
2
3 ECLAC. 1994. *Open Regionalism in Latin America and the Caribbean. Economic*
4
5 *Integration as a Contribution to Changing Production Patterns with Social Equity.*
6
7 LC/G.1801/Rev.1-P. Santiago, Chile: United Nations.
8
9 Ho, P. S. 2012. Revisiting Prebisch and Singer: beyond the declining terms of trade thesis
10
11 and on to technological capability development. *Cambridge Journal of Economics*
12
13 36 (4): 869–893.
14
15 Kufakurinani, U., I.H. Kvangraven, F. Santanta, and M.D. Styve, eds. *Dialogues on*
16
17 *Development—Dependency Theory*. New York: Institute for New Economic
18
19 Thinking.
20
21 Kvangraven, I.H. 2017. Dependency Theory Is Alive in Different Guises—Interview with
22
23 Matías Vernengo. In *Dialogues on Development—Dependency Theory*, eds. U.
24
25 Kufakurinani, I.H. Kvangraven, F. Santanta, and M.D. Styve, 86–92. New York:
26
27 Institute for New Economic Thinking.
28
29 Palma, G. 2016. The dependency school and its aftermath: Why Latin America’s critical
30
31 thinking switched from one type of absolute certainties to another. In *Handbook of*
32
33 *Alternative Theories of Economic Development*, eds. E. Reinert, J. Ghosh, and R.
34
35 Kattel, 386–415. London: Edward Elgar.
36
37 Pomeranz, K. 2000. *The Great Divergence: China, Europe, and the Making of the Modern*
38
39 *World Economy*. Princeton: Princeton University Press.
40
41 Prebisch, R. 1949. *Relative Prices of Exports and Imports of Under-Developed Countries: A*
42
43 *Study of Postwar Terms of Trade between Under-Developed and Industrialized*
44
45 *Nations*. Lake Success, NY: United Nations.
46
47 ———. 1954. *International Co-operation in a Latin American Development Policy*. New
48
49 York: United Nations.
50
51 ———. 1964. *Towards a New Trade Policy for Development, Report by the Secretary-*
52
53 *General of the UNCTAD*. New York: United Nations.
54
55 ———. 1976. A critique of peripheral capitalism. *CEPAL Review* 1: 9–76.
56
57
58
59
60

1
2
3 ———. 1979. Address delivered at the 18th session of CEPAL, La Paz, April 1979. *CEPAL*
4
5 *Review* 9: 171–3.

6
7 Reinert, E, K. Carpenter, F. A. Reinert, and S. A. Reinert. 2017. 80 Economic Bestsellers
8
9 before 1850: A Fresh Look at the History of Economic Thought. *Working Papers in*
10
11 *Technology Governance and Economic Dynamics* 74. Tallinn: Tallinn University of
12
13 Technology.

14
15 Reinert, E., J. Ghosh and R. Kattel, eds. 2016. *Handbook of Alternative Theories of*
16
17 *Economic Development*. London: Edward Elgar.

18
19 Shivji, I. 2016. Revisiting the debate on national autonomous development in Africa. In
20
21 *Handbook of Alternative Theories of Economic Development*, eds. E. Reinert, J.
22
23 Ghosh, and R. Kattel, 240–255. London: Edward Elgar.