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Joseph Love, *Crafting the Third World: Theorizing Underdevelopment in Romania and Brazil*. Palo Alto, California: Stanford University Press, 1996, 357 pp.

Joseph Love's study compares Romania in the years 1880 to 1945 with Brazil in the years 1930 to 1980, taking the reader—from Europe's depression of 1873 to Latin America's recession of 1973. This overlapping periodization is based on Love's view that there was a "genetic" connection in two major areas. Theory developed in the early 20th century by Romanian thinkers about "unequal exchange" and special problems of "backward" countries was transformed into "dependency theory" by the Brazilian Celso Furtado in his 1948 doctoral thesis at the University of Paris and his 1956 book on Brazil, *Una Economía Dependiente*. Invented in Latin America, the dependency theory, Love demonstrates, emerged in Eastern Europe, if under a different name.

The bridge from theory in Romania to implementation under the Economic Commission for Latin America (ECLA) after World War II came in the Romanian writings of Constantin Stere (who in 1909 was among the first to stress the "vagabond" nature of modern international capitalism that put large firms outside the control of the state) and Mihail Manoilescu (whose works in the 1930s had a particularly strong impact in Iberia and Latin America in the 1930s and 1940s).

In Romanian debates of the 1920s about the nature of economic development, the ideas that would lead to dependency theory were fleshed out by Virgil Madgearu, who anticipated analysts in Latin America by more than three decades when he noted that

foreign firms could leap across tariff walls to establish operations within backward countries; and by Dobrogeanu-Gherea, who took up discussion of structuralism, notably with his vision of a center-periphery relationship between the industrialized west and its agrarian suppliers of foodstuffs and raw materials.

In response to the perception of unequal exchange (the Romanian version of dependency theory), Manoilescu “invented” the theory of protectionism in 1929, which he called the “unequal exchange.” This concept would be seized upon in the 1950s by Latin American thinkers, who called themselves structuralists.

Other ideas, such as internal colonialism, modes-of-production (which ostensibly stressed relations of production rather than relations of exchange), and corporatism, appeared in Manoilescu’s *The Century of Corporatism* (1934), which supplied a well-articulated ideology calling for economy and polity to be organized into formal corporations supervised by the state.

In modern economic theory, then, Manoilescu is remembered as the father of corporatism and protectionism. His state-corporatist model developed the basis for a nexus between corporatism and Latin American structuralism that ultimately shaped public policy in much of the Third World.

Manoilescu and François Perroux yielded a model of internal colonialism that influenced and shaped the thinking of Brazilians such as Roberto Simonsen, Getúlio Vargas, and Fernando Henrique Cardoso--the latter in his earlier statist incarnation; Argentines, including especially Raúl Prebisch, who would found ECLA; and Chileans--Aníbal Pinto and Carlos Fredes.

For Manoilescu the issue was not a “free” economy versus a planned one because in “backward” countries such as Romania, the economy was already directed by cartels of industrialists. Rather than letting the consumer masses be exploited, Manoilescu preferred the state to assume directorship of the economy because he believed that only the state could act for the general public interest.

Love believes that Manoilescu so well articulated the basic appeal of structuralism (which called for the state to correct economic imbalances and distortions) that the appeal will not soon disappear.

Statism is defined here as state monopoly and involvement in the economy, when all the economy is run by state-owned enterprises or cooperatives. State-owned enterprises or state owned businesses constituted the overwhelming majority in the former Communist Bloc nations and the Soviet Union. By most estimates there were \$100 billion of state-run enterprises only in the Eastern European nations.¹

Love’s book offers a pathbreaking approach that shows how ideas move around the world. He not only suggests the relationship of the German Werner Sombart (who beginning in 1902 coined for public discourse the term “capitalism” as the counterpart to “socialism”) but he also examines the rise of ECLA, which made Santiago a pole of development against the U.S. economic theory of specialization (in which each county focuses only on what it can do “best,” such as agriculture or mining, and not upon trying to create industrial production to balance against production of raw materials.)

¹ Jerry, Rosenberg, Dictionary of International Trade (New York: John Wiley & Sons, 1994), p. 267

ECLA policy led to statism. A clearer title for Love's work, then, would be: "Crafting the Ideology Behind Third World Statism."

The value of Love's work is to show how an ideal emerged to govern the creating of a fantasy Third World. Love himself defines the concept "Third World" in two ways. Throughout the book he uses it to mean economic underdevelopment and backwardness. Only in the conclusion does Love see the Third World as involving an alternative path to development that would allow modernization without accepting ideas of the First or Second Worlds.

Unfortunately, the Second World of Russia came to be the model for most *dependistas* from Romania to Brazil because it gained world economic power against the First World by ignoring the vices of statism. Ironically, the vices of Russian statism, which came to hold sway in countries where "communism" ruled, surfaced for all the world to clearly see in 1989, when Russian statism imploded beginning in East Germany and ending in Romania.

Ironically, the fall of the Berlin Wall in 1989 brought an end not only to the Soviet Empire but also to Ceausescu's bastion of "dependency theory" in Romania. Since then, in my view (and contrary to that of Love) there is little appeal left to the world in the ideas articulated by Manoilescu.

So what alternative is there? Is global capitalism inevitable? Is globalism a good thing? These are questions that rise after reading Love's book. The only certitude is that the world of Raúl Prebisch disappeared, almost instantaneously.

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