



Development planning, structural heterogeneity, and social policy in the Southern Cone (1960–1975)

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This paper analyzes the role of economic and social development ideas in Argentina, Brazil, Chile, and Uruguay during the 1960s and early 1970s, emphasizing the significance of social issues within the development planning agenda. The paper's theoretical standpoint recognizes a significant shift in the diagnosis of Latin American economic backwardness around the mid-1960s: from the underdevelopment hypothesis to the structural heterogeneity hypothesis. Following an introduction to the theoretical discussions, the paper examines various official government documents from the four countries to explore the expected role of social policy within the economic development agenda in each case. Similarities and differences among the neighboring countries are identified to highlight this conceptual shift, defined both theoretically and in the guidelines of public policy.

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1. Introduction

This paper analyzes the evolution of economic and social development ideas in the Southern Cone of South America (comprising Argentina, Brazil, Chile, and Uruguay) during the 1960s and early 1970s, focusing on the role of social issues within the development planning agenda. It recognizes a transformation that began in the mid-1960s, changing the character of social policy. While economic thought in Latin America had been dominated by a specific kind of developmentalism from the 1950s until the mid-1960s, viewing social issues as relatively unimportant, a new consensus emerged in the mid-1960s, positioning social issues and social policies at the center of economic development. This shift also involved a change in the diagnosis of Latin American backwardness, moving from the underdevelopment hypothesis to the structural heterogeneity hypothesis.

The history of this shift in Latin America is particularly significant as it became a global issue in the early 1970s, spurred by the Second United Nations Development Decade. Thus, the transition from underdevelopment to structural heterogeneity in the region can be characterized as a precursor to a broader global trend.

On one hand, the underdevelopment hypothesis emerged alongside the advent of development theories. Some theorists, such as Rosenstein-Rodan (1944), Nurkse (1953), Rostow (1960), and Gerschenkron (1962), defined development stages as homogeneous within each nation. Others, like Lewis (1955) and Hirschman (1958), acknowledged fragmentation and dualism. However, as a whole, Latin American economies were characterized by a scarcity of capital and an abundance of low-productivity labor. These theories recommended investments aimed at increasing productivity and fostering industrial integration, suggesting that the development process could effectively mitigate fragmentation. As Anthony Hall and James Midgley note, these theorists “pointed out that these countries had a dual economy comprised of a large, impoverished agrarian sector and a small but vibrant modern urban sector” (Hall and Midgley 2004, 66). The authors continue:

The task for policymakers was to expand the modern sector so that it would draw labor out of the subsistence into the modern sector. This, they suggested, could be achieved through massive investments in industrial enterprises. [...] As people enter wage employment, incomes and standards of living rise, resulting eventually in the eradication of poverty. (Hall and Midgley 2004, 66)

The reception of these ideas in Latin America enabled the classic version of developmentalism, which became hegemonic in the late 1950s. A key document

summarizing this conception is the 1961 Charter of Punta del Este, which served as the cornerstone of the “Alliance for Progress”. This initiative aimed to promote economic development by increasing GDP, boosting industrialization, and prioritizing foreign investment and friendly relations between Latin America and developed capitalist countries (OAS 1961, 10).

By contrast, the hypothesis of structural heterogeneity emerged as a new diagnosis in the mid-1960s, emphasizing the heterogeneous nature of Latin American economies. This perspective recognized the coexistence of high-productivity sectors with others characterized by very low productivity and minimal surplus generation. The concept was originally formulated by Pinto (1965) and further developed by scholars such as Sunkel and Paz (1970) and Diamand (1973). They were strongly influenced by the structural-historical method advanced by Prebisch (1949) and Furtado (1959), as well as by the institutional contributions of ECLA and the Latin American Institute for Economic and Social Planning (ILPES) (Fajardo 2022; Rougier and Odisio 2023). By the mid-1970s, this concept had also been adopted by dependency and peripheral capitalism theorists, including Marini (1979) and Senghaas (1974).¹ Osvaldo Sunkel points that:

Depending on the country, some productive sectors are characterized by high levels of capitalization, technology, productivity, organization and human resources capability, which should not envy anything from their partners in the developed countries. From this end [...] we get to the opposite one, where the activities are frankly primitive and are characterized by low productivity, lack of capitalization and are individually or family-run businesses. Due somehow to this productive structure’s heterogeneity, our economies show an excessive differentiation of income distribution, consumption and life conditions as well. (Sunkel 1978, 6–7)

Furthermore, this approach can explain the failure of the developmentalist spillover assumptions. According to Pinto, early developmentalists relied on lead sectors to pull others “towards similar or higher productivity levels” (Pinto 1970, 87) and “expected that the new core, established around the industry and projected centripetally, would fulfill a homogenization function” (Pinto 1970, 88). Although many believed this could succeed for some time, by the 1970s Pinto had already noted that “it is obvious that this optimism has either diminished or vanished” (Pinto 1970, 88).

¹ A review of the use of structural heterogeneity among different traditions can be found in Nohlen and Sturm (1982). For a historical and theoretical synthesis of ILPES during the 1960s, we recommend Franco (2015).

As this assumption proved incorrect, social policy—specifically, heterogeneous social policy tailored for specific sectors, regions, or age groups—began to be understood as a means of reducing heterogeneity and facilitating integrated economic development. Ecuadorian actuary Gonzalo Arroba explained back in 1969 that, since only one-fifth of the active population benefited from social security coverage, Latin America needed to undertake dramatic efforts to “change the theoretical, financial, and technical grounds to cover the rest of the population, which indeed needs the highest grade of protection because it is the economically least privileged group” (Arroba 1969, 49). A sentiment echoed by Hall and Midgley:

Economic growth engendered by industrialization does not automatically result in prosperity for all. In fact, economic development has disproportionately benefited those in the modern sector, and the poor have often been left behind. The ubiquity of ‘uneven’ or ‘distorted’ development as they called it, must be addressed through a comprehensive range of policies and programmes that promote economic growth and, at the same time, target the poor and raise their incomes. (Hall and Midgley 2004, 68)

The rest of this paper is organized as follows: Section 2 introduces the methodological approach; Section 3 provides a brief history of the selected countries (Argentina, Brazil, Chile, and Uruguay) and explains the justification for their selection; Sections 4 to 7 analyze each country, with each section comprising two sub-sections that address early and late developmentalism; finally, Section 8 outlines the concluding remarks.

2. Methodological approach

Regarding research methodology, this paper aims to connect two distinct fields: development studies and the history of economic thought. Its goal is to identify and understand the economic ideas underlying the development planning agenda. Considering ideas as exceeding the conscious minds of their issuers, this paper assumes that publicly expressed concepts reflect not only the agents’ thoughts, but also what is socially acceptable to say. As discourse historian Marc Angenot notes, this encompasses “the prevailing sayable” (Angenot 2004).

In this context, the empirical core relies primarily on the texts of national development plans, supplemented by official documents, speeches, and reports. Thus, the empirical corpus consists of the open discourse of government agents and agencies. The sources included are exclusively public and are not necessarily directed toward a specialized audience.

Consequently, the research does not involve a description of planning processes in terms of actors, negotiations, or actual implementation. Instead, it focuses on identifying economic ideas and theoretical frameworks within these texts. This paper does not aim to analyze the government's real intentions, nor does it question whether governments are lying or telling the truth, believing in what they are saying, or whether the official actions—namely, implemented policies—align with discourses and rhetoric.

In fact, analyses of economic rhetoric often consider it “a method of persuasive public speaking” (Montanye 2005, 326), “the art of probing what men believe they ought to believe, rather than proving what is true according to abstract methods” (Booth 1974, 137), or, more abstractly, “disciplined conversation” (McCloskey 1983, 482). These perspectives examine public speeches from a strategic point of view, as if senders were conscious of their own pragmatism when using certain categories. This is particularly relevant when analyzing economic policy, as Montanye does:

“The nature of economic policy [...] imposes less discipline on rhetorical practices, and so it permits—and sometimes requires—rhetoric to dissolve into sophistry and deceit at the margins” (Montanye 2005, 336).

Without dismissing the role of strategic behavior or pragmatism, the methodological framework of this paper raises other questions: Which economic ideas are socially and politically accepted? What constitutes the dominant paradigms? How can we identify hegemonic discourses? Following Angenot, hegemony is defined as “the synergic result of a set of unifying and regulatory mechanism that assure the division of discursive labor and the homogenization of rhetoric, topics, and *doxai*. These mechanisms provide acceptability to what is said and written, and determine degrees of legitimacy” (Angenot 1989, 30). So, in the end, what is legitimate to say and to write? What is not? What is disputed?

Ideal paradigms and socially accepted diagnoses—such as underdevelopment and structural heterogeneity—should not be regarded as universal or undisputed. On the contrary, while several ideas coexist, some emerge as dominant. Furthermore, the transition between these paradigms should not be understood as an immediate replacement but as a gradual process through which the new paradigm supersedes the hegemony of the older one. As Fairclough (2001) states: “Social practices networked in a particular way constitute a social order. [...] One aspect of this ordering is dominance: some ways of making meaning are dominant or mainstream in a particular order of discourse; others are marginal, or oppositional, or ‘alternative’” (Fairclough 2001, 124).

Therefore, analyzing paradigm shifts or turns becomes particularly relevant. There are several contributions that study shifts in economic ideas and their connections to changing policy-making, both within international institutions (Alacevich 2009, on the World Bank; Thérien 2015, on the United Nations) and individual authors (Danby 2005, on Juan Noyola; Maia Medeiros 2021, on Raúl Prebisch). This paper aims to understand ideas and shifts in a broader sense: while many authors have examined the transition from developmentalism to neoliberalism (Lewis 2014; Vernengo 2019; Sirohi 2019), the purpose of this research is to study a shift within developmentalism itself.

This does not imply that the development agenda is merely a consequence of exogenous economic ideas. On the contrary, the connection works both ways: while economic ideas provide the foundations, diagnoses, and hypotheses for the development planning agenda, the development agenda contributes not only to the empirical robustness and broad legitimacy of these ideas, but also to their theoretical formulations. Theories depend on their contexts, and policy is a crucial part of that context. Following José Nun, “the sociohistorical context structurally conditions the authority-accumulation processes (in a broad sense) that take shape in institutions, which provide, in turn, more or less stable—and more or less conflictive and resisted—frameworks” (Nun 1987, 43). Consequently, this paper can be read as a contribution to the study of the links between economic ideas, development agendas and policies, and historical contexts. The cases analyzed in this paper may yield relevant conclusions for further and broader research.

3. The Southern Cone (Argentina, Brazil, Chile and Uruguay)

By the time of the 1961 Charter, Argentina, Brazil, Chile, and Uruguay were undergoing developmentalist processes under democratic regimes. In Chile, democracy was widely legitimized, and the political system was competitive. In Uruguay, the National Party returned to power after nearly a century, amidst a stable two-party political system. By contrast, Argentine democracy was heavily controlled by the military, and the Peronist Party was prohibited. Nonetheless, the early 1960s exhibited homogeneity: Presidents Arturo Frondizi (Argentina), Juscelino Kubitschek (Brazil), and Arturo Alessandri (Chile) characterized the early-developmental consensus (while Uruguay was led by a nine-member National Government Council). All of these leaders pursued reform, intervention, industrialization, foreign investment promotion, and accelerated growth. Furthermore, their administrations aimed to achieve development goals without conflict, correcting the errors of their so-called populist predecessors, namely Perón, Vargas, Ibáñez, and Batlle Berres. They all sought to promote development in a manner that would overcome the difficulties associated with government-led industrialization (Ocampo and Bértola 2013) or even state-directed forced industrialization (Lewis 2019).

The 1960s were turbulent in Argentina (with coups in 1962 and 1966) and Brazil (with a coup in 1964), both resulting in long-term dictatorships that promoted economic and social development principles embedded in a strongly Catholic discourse. A similar social-Catholic rhetoric could be found in Chile during Eduardo Frei's democratic administration (1964–1970), Alessandri's successor. This rhetoric was notably absent in Uruguay, a country that maintained secular political principles since the early 20th century (Da Costa, 2011), although the Christian Democratic Party of Uruguay was founded in 1962.

In terms of our topic, the second half of the 1960s marked a shift in the understanding of economic and social development, recognizing the relevance of social policies within development agendas. This period also witnessed significant institutional changes in social policy and social security.

During the 1970s, the Brazilian dictatorship consolidated its uncontested rule. In contrast, Argentina experienced political violence and uncertainty during both authoritarianism (until 1973) and democracy (between 1973 and 1976), leading to state terrorism under the last military dictatorship (1976–1983). Meanwhile, in Chile, democracy remained unchallenged during the 1960s. In 1970, Salvador Allende inaugurated a democratic path toward socialism, which was interrupted by a coup in 1973. The 1966 Uruguayan constitutional reform reinstated the presidential system, centralizing the previously limited and dispersed political power. This led to a permanent increase in political tensions and violence until the 1973 coup.

By the late 1960s, Argentina, Brazil, and Chile were governed by leaders who legitimized social and economic development policies through Christian principles. During the 1970s, the Brazilian dictatorship exemplified authoritarian-institutionalist developmentalist modernization, while Argentina and Chile became the cradle of neoliberalism. Uruguay, on the other hand, can be seen as an early recognition of the failures of developmentalism, where, in the absence of Catholic legitimations for late developmentalism, liberal ideas gained support sooner than in its neighbors (Nercesian 2012), enabling a neoliberal coup that demonstrated much more continuity than those in Argentina and Chile.

In this sense, the countries were chosen because, while substitutive industrialization and developmentalist policies took place in all of them, they exhibited divergent paths from a relatively homogeneous starting point and diagnosis in the early 1960s.

4. Argentina

4.a. Early developmentalism

According to Celso Furtado the developmentalist paradigm was uncontested in Argentina since the late-40s and until the early-70s:

Argentinean industrialization was made [...] under strong protection and subsidies to the import of industrial supplies. [...] The tendency will be, therefore, towards a horizontal expansion of the industrial sector, which will continue depending hugely on imported supplies. Thus, a growing incapacity to diminish imports in the short-run and a tendency towards the growth of the demand of imports due to the expansion of the industrial sector were sentenced. (Furtado 1986, 204)

Thus, Argentine industrialization demonstrates the coexistence of two processes: excessive horizontalization of industrial growth and a discouragement of investments in the exporting sector (Furtado 1986, 205). The question of how to address these structural difficulties leads us directly to the main topic of this paper: the national development planning agenda. Interestingly, Frondizi's government did not present any development plan structured in this way, despite the fact that it was during his administration that the National Development Council (CONADE), responsible for forthcoming development plans, was founded.

According to Aníbal Jáuregui, during the early-60s, "CONADE applied ECLA's ideas on planning directly. The participation of ECLA's economists in the design of the plans and programs confirms this" (Jáuregui 2014, 145). President Illia presented CONADE's "National Development Plan 1965–1969" on 1 May 1964:

It is necessary to face the structural failures of our economy, among all its lack of sequence, its constant improvisation, its deficiency of national and social goals, its lack of organization and the waste of its scarce resources in economic initiatives without social interest. To pursue this, this government plan was prepared.²

This document proposed a somewhat limited set of primary goals: sustainable high economic growth, full employment, fairer income distribution, increased consumption and productive capacity, improved education and health, and the progressive elimination of inflation (CONADE 1964, 114). These goals would be achieved through the following strategies: expanding agricultural supply, fully utilizing industrial capacity, promoting industrial integration, achieving a commercial surplus, diversifying exports, and consolidating infrastructure projects (CONADE 1964, 114). In summary, development was defined as growth, productivity, industrialization, and integration, with a strong public sector. Only the industrial sector could provide massive job opportunities, and since industry demands more labor than other sectors, its expansion would lead to a fairer distribution of income across the economy (CONADE 1964, 116).

² Arturo Illia's discourse on 1 May 1964 in Buenos Aires, Argentina. Reproduced by Tearoti (2013, 5).

Regarding differences between sectors or regions, dualism and heterogeneity were recognized as part of the diagnosis of backwardness. However, it was believed that heterogeneity could be neutralized solely through economic growth. This means that the assumptions of developmentalist spillover were legitimized. As economist Rómulo Bogliolo stated, “with the advance of technique, the differences of earnings between productive activities should disappear. Urban and rural areas should form a complementary economic unity” (Bogliolo 1966, 610).

In terms of social policy, early developmentalism viewed social rights as a backdrop that provided legitimacy to the development process. It neither denied these rights nor recognized them as negative or costly, as neoliberalism would soon do; however, it did not consider them a key variable. In essence, social problems were expected to be resolved through economic growth and development, eliminating the need for any special policies. Sergio Fiscella captures this perspective when he asserts that, under a developmentalist model, social policy must be understood as a byproduct of economic growth (Fiscella 2005, 57).

It is in Frondizi’s statement in 1961 during the presentation of the newly created CONADE where the deep-seated belief in the far-reaching power of economic growth and development is evident:

As we increase common wealth, we are reaching the possibility of sharing it equally among those who create it. [...] All the spiritual goods of man and his family, as well as the access to education, culture, leisure, an old age without hardships, the right to choose a job and to earn a fair wage, are completely fulfilled within a prosperous country with never-ceasing progress. There is no real freedom for men in misery or want.³

Likewise, Horacio Cao and Arturo Laguado Duca note that the social question during early developmentalism “did not refer to the promotion of social citizenship but to the establishment of functional requirements for development” (Cao and Laguado Duca 2014, 136). Consequently, the 1964 development plan mentions social policy only in the context of strengthening contributory schemes by reducing evasion and reinforcing the system’s solidarity, without providing further detail (CONADE 1964, 403–4).

Thus, developmentalism initially emerged as a means to move beyond historical divisions and struggles, which would be achieved by increasing productivity, capital stock, and efficiency. In essence, a technical solution to political conflict was anticipated.

³ Arturo Frondizi’s discourse on 8 September 1961 in Buenos Aires, Argentina. Reproduced fully in *Visión Desarrollista* 25.

However, this approach began to appear both politically and economically unfeasible by the mid-1960s. As will be demonstrated later, this is when social policy, alongside a more stringent security policy, became increasingly relevant.

4.b. Late developmentalism

The 1966 coup led to the institutionalization of a military dictatorship, after which the roles of politics and citizenship in the development process would change. It can be argued that this shift was more political than economic, stemming from the recognition of the impossibility of technical solutions to escalating political conflicts. As Lugones has recently stated, “since the mid-60s, the state stopped being conceived as a strategic tool for development planning and became an actor that kept reproducing the conditions of underdevelopment; this means the state began to be understood as a problem” (Lugones 2022, 19). In this new phase, social rights continued to be acknowledged, but were no longer linked to citizenship; instead, they became associated with community, corporatism, and a return to a Catholic framework.

Regarding priorities, President Onganía established a modernization project to unfold in three phases: beginning with economic development, followed by social and cultural improvements, and culminating in politics—the return of democracy. According to Gonzalo de Amézola, since the coup, Onganía “has called for the need for a tough-handed government that should strongly promote economic growth and modernization, which would be the requisite for later addressing social and political problems” (de Amézola 2001, 115).

Two of the most significant institutional reforms were the creation of the Ministry of Social Welfare in 1966 and the Department of Social Security within it in 1967. This office began publishing its *Journal of Social Security (Revista de Seguridad Social)* in 1968, through which the government could communicate its ideas regarding social security and social policy reform. One of the most frequent topics was, precisely, the need for a renewed and deepened link between social policy and development planning. For instance, ILO actuary Ricardo Moles stated that due to financial limitations, economic development necessitates strict planning that includes funding for social programs (Moles 1970, 125). The goal is to move towards integrated planning and “give economic development a social orientation” (Moles 1970, 226). In this context, the role of the government becomes more critical, as its involvement “may act as an element for compensating economic inequalities between sectors or regions, aiding in the horizontal redistribution of national product” (Moles 1970, 343).

A more direct connection between social policy and development planning was articulated by the journal's editor, Rubén Grego: "Economic development goals and plans should be complemented with social ones and executed according to a priority order that aims both at increasing production and improving income distribution" (Grego 1968, 517). The pathway toward the required change is driven by social security. According to Grego:

Social security, by making it possible for men to maintain their living conditions when social contingencies occur, allows a national income redistribution that can correct the imbalance and arbitrariness produced by the selfishness of the factors that intervene in the productive process. Social security can give everybody what they deserve within a regime that protects freedom, property and family. (Grego 1968, 524)

Regarding development planning, Onganía's administration published its "National Development Plan 1970–1974" in its final year, 1970. His most significant Minister of Economy, Adalbert Krieger-Vasena, had been reluctant to embrace nationalism and development planning. However, with the appointment of José María Dagnino Pastore in 1969, the planning agenda was revitalized with a slightly nationalist focus (Jáuregui 2018, 14). According to Jáuregui, "the explicit goals of the plan were economic growth, redistribution of generated income, and affirmation of national sovereignty" (Jáuregui 2018, 15).

The plan prioritized industrial transformation, public infrastructure investments, and human-resource development programs, which would include improvements in education, health, and housing (CONADE 1970). According to Leiva Lavalle, this plan critically acknowledged the consequences of structural heterogeneity and the contradictions that can arise in an underdeveloped economy (Leiva Lavalle 2010, 42). However, social issues were only marginally addressed.

After Onganía, two military presidencies followed before the return to democracy in 1973. Throughout this period, the Ministry of Social Welfare was run by conservative Catholics. Nonetheless, the 1973 democratic restoration ushered in a predominantly leftist government, first led by Cámpora and later by Perón. The Ministry of Finance in both administrations was headed by José Ber Gelbard.

Gelbard advocated for a social pact between employers and employees, which was institutionalized in the "Three-Year Plan for Reconstruction and Liberation" (1974–1977), presented in December 1973 and developed with the guidance of ECLA (Coviello 2018). According to Cecilia Vitto, "one of the priorities of the government was to make

capital accumulation compatible with a fairer income distribution” (Vitto 2012, 115). The Three-Year Plan was framed as a predominantly social initiative.

According to the journal *Noticias*: “Social policy strengthens the internal social solidarity process, creating permanent conditions for the diffusion of the results of social progress. It will eliminate social marginalization and unemployment through housing, health education and social security programs” (*Noticias* 1973, 12). The plan includes several pages dedicated to social policy and social security. Its most significant goals are the further unification of the social security system, the incorporation of unemployment insurance, and a reduction in the requirements for rural and domestic workers to access coverage (Presidencia de la Nación 1973, 123–4). This meant that the treasury would help fund the pensions of certain workers, thereby abandoning the primacy of a fully self-funded social security system.

However, due to the critical political instability in the country, the plan was never implemented. Perón died in July 1974, after which conservative factions within his party took control of the government, leading to Gelbard’s resignation that October. The year 1975 was marked by extreme political violence and severe economic adjustment measures, culminating in a military coup in March 1976. This regime abandoned developmentalism and paved the way for the rise of neoliberalism.

5. Brazil

5.a. Early developmentalism

In Argentina, the rise in real wages among certain working-class groups pushed overall wages higher and could easily squeeze profits, creating an unavoidable distributive struggle; whereas in Brazil, the elastic labor supply mitigated this effect (Furtado 1986, 206). In this sense, the early-developmental stage in Brazil cannot be understood as a response to a potential distributive conflict. According to Thomas Merrick and Douglas Graham, Brazil combined “scarcity of skilled labor with an abundance of unskilled workers” (Merrick and Graham 1979, 19). This led to the following situation:

Industrial production expanded much more rapidly than industrial employment and absorbed only a fraction of the rapidly growing urban labor force. This was combined with an emphasis on the installation of ‘modern’ industries [...] and the neglect of ‘traditional’ sectors [...]. The net effect was a worsening in the purchasing power of lower-class incomes and a general worsening of urban income distribution. (Merrick and Graham 1979, 19)

According to Ioris and Ioris, Brazilian developmentalism in the 1950s did not aim to address social struggles, but rather to enhance nationalism (Ioris and Ioris 2013, 136). Correspondingly, Kathryn Sikkink states that while in Argentina the developmentalist project was perceived as an anti-nationalist movement, in Brazil it was precisely the set of ideas that carried the nationalist flag (Sikkink 2009).

Similar to Argentina, it was not during the classic developmentalist government that a development plan was published, but rather during the administration that leaned slightly towards redistributive policies: João Goulart's government, which lasted from 1961 to 1964 and is often referred to as the second Brazilian populist experience, following Getúlio Vargas (Monteiro and Fonseca 2012). The most significant document of this period was the "Three-Year Plan for Social and Economic Development" (1963–1965), published in 1962, with Celso Furtado as its head.

José Miranda asserts that the plan aimed to "combine the maintenance of the economic growth rate of the previous five years with a reduction of inflationary pressure and social inequality" (Miranda 1979, 74). The text begins with an evident reference to Hirschman's (1958) influence:

In underdeveloped countries, the need for a centralized orientation of the capital formation process arises mainly from the fact that their development [...] produces fast and deep structural transformations. [...] Planning does not intend to establish precisely what must happen in the economic system, but it should anticipate the principal structural changes in order to maintain a certain development rhythm and indicate which policies should be applied so that the investments, considered as essential for those changes, get to be fulfilled. (Presidência da República 1962, 10)

The question does not seem to be whether structural changes are indeed good or bad. It is who will be organizing and determining these instead. If it is the state, the planning agenda should focus on the following topics:

a) Investments with the purpose of amplifying the base of economically usable natural resources; b) investments with the purpose of improve the human factor; c) investments with the purpose of previewing the structural changes [...], like those whose goal is the reduction of the import coefficient [...]; d) infrastructural investments and e) social investments. [...] The private sector is partially responsible for some of the investments belonging to the items d) and e). (Presidência da República 1962, 11)

This means that the plan prioritizes the rise in productivity and the intensification of the import-substitution process while not discarding the natural-resource export base. As Pedro Fonseca states, the plan employed ECLA rhetoric to arrive at the following thesis: “import-substitution should be deepened as a path to overcome underdevelopment” (Fonseca 2004, 608). While social investment is mentioned, it appears as the last item and is presented as a shared responsibility with the private sector.

In fact, although the plan explicitly acknowledges the need to reduce the social costs of development (Presidência da República 1962, 77), no specific social tools were deployed. Beatriz Miquelin notes that not all goals received the same level of priority; ultimately, only industrialization was emphasized (Miquelin 2019, 101).

Acson Gusmão and Vinicius Figueiredo conclude that planning would depend on a state that would be responsible for driving the economic process, “allocating and capturing resources that amplify all the range, from the base of economically usable natural resources to social investments, essential for development” (Gusmão and Figueiredo 2018, 5–6). Nonetheless, the plan was crafted by a very fragile administration and ultimately did not get implemented.

5.b. Late developmentalism

The Brazilian institutional dictatorship began two years before the Argentinean one and lasted significantly longer. Its stability enabled the government to publish and implement several economic programs. Like Argentina, Brazil experienced a centralization of social policy and social security institutions. According to Potyara Pereira, social policy was employed as a means of compensating for the diminishing civil and political rights, thereby allowing developmentalist industrialization to continue (Pereira 2012, 733).

In 1967, the military regime unified the social security system through the establishment of the National Institute for Social Security (INPS), following a simplification of the multiple pension funds that had been promoted by Kubitschek in 1960 (Fagnani 2005, 65). In alignment with the tacit structural heterogeneity hypotheses, special social security programs for rural and domestic workers, which featured slightly lighter requirements, were implemented between 1971 and 1972 (Fagnani 2005, 75–76). In 1974, the Ministry of Social Security and Social Assistance was created, absorbing the INPS and other institutions into its structure. Consequently, social policy agencies underwent continuous restructuring towards a progressively centralized scheme.

ECLA social policy expert Pedro Demo published a detailed analysis in 1979 on the relationship between changes in social security and the implementation of economic development plans, which began with a paradox:

On the one side, there is the criticism about the fact that the 1964 revolution has collaborated with a boosting income concentration process [...]. On the other side, never have there been so many social initiatives as during this period [...]. The attempt to enable social policy after 1964 is justified precisely because of this intrinsic polarization, which can be represented through the following question: Whereas the economy grew, the administration was modernized and technology advanced, what happened with rural and urban poverty? (Demo 1979, 1)

In this sub-section, an analysis of four development plans is conducted. The first plan is the “Program of Government’s Economic Action”, published in 1964 during Humberto Castelo Branco’s administration. The second is the “Strategic Development Plan – Government Directives”, published in 1967 as a synthesis of the “Ten-Year Plan” released that same year, during Artur Da Costa e Silva’s administration. Finally, the “I National Development Plan” (1972) and the “II National Development Plan” (1975) are also examined.

The “Program of Government’s Economic Action” asserts that the goal of economic planning is to create a coherent framework for market forces to operate, thereby achieving income distribution and economic development (MPCE 1965, 13). Planning is deemed necessary due to the inefficiencies of the free market, with particular emphasis placed on the price system. Inflation is identified as the primary obstacle requiring decisive government intervention. According to Gusmão and Figueiredo, the economists responsible for the plan, Roberto Campos and Octavio Ouveia, “made clear that the new government should have monetary stability as its fundamental goal, because inflation was seen as the main obstacle to economic development” (Gusmão and Figueiredo 2018, 8).

The program outlines five main objectives: increasing the growth rate, preventing further rises in the inflation rate, reducing regional and sectoral imbalances, increasing labor demand, and addressing external deficits (MPCE 1965, 15). This plan acknowledges both the heterogeneity within the Brazilian economy and the recognition that labor markets alone cannot ensure full employment without government intervention, which diverges from strict economic orthodoxy. However, the most significant instruments of the plan are financial in nature, emphasizing a reduction in government spending and a restrictive monetary policy (MPCE 1965, 15). Compared to the Three-Year Plan, which

sought a more progressive income distribution, this program makes it clear that wage growth should be restrained to prevent inflationary pressures (MPCE 1965, 16). Even public salaries are deemed excessively high, contributing to unsustainable imbalances (MPCE, 1965, 83).

While increasing labor demand is vital, the plan suggests that higher salaries could be counterproductive. It aims to stimulate production growth without prioritizing redistribution. For example, the section on old-age pensions and social security focuses on the system's permanent deficit and the need for administrative reorganization (MPCE 1965, 221), but does not address the low coverage rate of these programs.

José Pedro Macarini notes that Castelo Branco's administration believed that "recovering a sustained development path would depend on the success of a steady reversion of the inflationary process" (Macarini 2006, 455), with the excess of aggregate demand identified as the primary cause of inflation (Macarini 2006, 456).

In stark contrast, the 1967 Government Directives assert that development is the fundamental goal, but it should also serve social progress (MPCG 1967, 13). This social progress is defined as the participation of all Brazilians in the outcomes of development, which includes fair income distribution, the elimination of privileges, and equal opportunities (MPCG 1967, 14). Consequently, social policy and redistribution policies are designated significant roles:

Social policy and income redistribution should ensure the participation of everyone in the outputs of development. Economic power abuses and excessive profit in hands of certain classes will be prosecuted. The wage-earner has the right to improve his living standards according to the growth of the country. Profit, indispensable for development, must contribute equally to social progress. (MPCG 1967, 15)

Furthermore,

Regarding capital-labor relations, a revitalization of the private company is proposed [...] But companies must be aware of their responsibilities with the community. The state will not agree with the abuses of economic power against common good. For the defense of the worker as an individual the state recognizes the collective work contract as a legitimate instrument, considered by Pope Pio XI in 'Quadragesimo Anno' as mandatory. (MPCG 1967, 111)

Moreover, the growth rate of real wages should align with the overall economic growth rate (MPCG 1967, 112). The plan advocates for the establishment of unemployment

protection (MPCG 1967, 112) and emphasizes the need for special considerations for rural workers (MPCG 1967, 115). Regarding social security, due to the lack of coverage for workers beyond urban areas, the plan suggests creating a “basic protection system, modest but universal” (MPCG 1967, 115–6).

In contrast to the 1964 plan, the legitimacy of government intervention in the 1967 directives is no longer rooted solely in the inefficiencies of the free market; rather, it is based on foundational beliefs in the roles of solidarity and community. This shift underscores the necessity for deeper social intervention and the critical links between social policy and economic development.

The military regime subsequently introduced two more national development plans: National Development Plan I (PND I), published in 1972 under Emílio Medici, and National Development Plan II (PND II), published in 1975 during Ernesto Geisel’s administration.

PND I distinguishes between social development and economic development. According to Pedro Demo, PND I acknowledges that social development programs should promote a better distribution of income and wealth, particularly in marginalized areas (Demo 1979, 36). PND II expands on this by incorporating references to social integration (Demo 1979, 38).

Demo describes PND II as imbued with “social sensibility” (Demo 1979, 42) because it recognizes the lack of social perspectives and the poor social outcomes of previous programs (Demo 1979, 44). Fagnani refers to this phenomenon as the “rediscovery of poverty” (Fagnani 2005, 82). Indeed, the program itself acknowledges that “as long as the economic results have been consolidated, the social problem became the first concern of the revolutionary governments” (SEPLAN 1975, 24). However, Demo critiques the plans for lacking a clear conception of how social planning should be integrated with economic planning, resulting in vague priorities (Demo 1979, 49).

Despite being the first document since 1964 to suggest that the motto “first grow, then redistribute” need not be strictly adhered to (Demo 1979, 51) and advocating for the implementation of redistributive policies as a top priority, the specific instruments for achieving these goals were not well defined, leading to an inadequate pursuit of the proposed initiatives. As stated in the document:

The government does not accept to wait for economic growth to solve the problem of income distribution by itself, this is, the theory of waiting for the cake to grow up. There is a need for the implementation of redistributive policies while keeping growth at an accelerated path while the cake grows. (SEPLAN 1975, 69)

Thus, the Brazilian military acknowledged structural heterogeneity as a reality and recognized inequality as a pressing issue. However, it took considerable time for them to accept that accelerated economic growth would not automatically lead to improved income distribution. While the late-developmental consensus became a long-lasting paradigm, it was rooted in a conservative political and economic model that ultimately hindered its ability to effectively address the very challenges it sought to overcome.

6. Chile

6.a. *Early developmentalism*

Although the intensity of Chilean industrialization at the onset of the import-substitution era was considerably weaker than that of Argentina and Brazil, the institutionalization of development policies began earlier. These policies were initiated by CORFO, founded in 1939. On January 18, 1961, during Jorge Alessandri's administration, CORFO launched an ambitious "National Economic Development Plan 1961–1970", supported by ECLA and the International Bank for Reconstruction and Development (CORFO 1961, 11).

The plan opens with a concise diagnosis of the Chilean economic landscape, highlighting its slow growth and persistent instability (CORFO 1961, 25). Therefore, the primary goals were to increase GDP and mitigate political and economic fluctuations. High inflation and balance-of-payments deficits were frequent consequences of this instability. The document introduces a slightly neoclassical perspective, noting that domestic savings were too low to adequately stimulate investment (CORFO 1961, 31). While the plan is framed as an industrial development initiative, it explicitly states that most investments should be led by the private sector, with the government only responsible for projects that private companies would not undertake (CORFO 1961, 175).

Regarding social expenditures, the program offers only a few chapters on housing and fails to address any other social topics. Consequently, it can be regarded as an extremely conservative plan that focuses solely on creating favorable conditions to reduce instability and encourage government expenditure commitments for market-driven economic development. Leiva Lavalle even finds it striking that the plan omits social issues that were included in the Punta del Este Charter, such as health and education (Leiva Lavalle 2010, 27). As Manuel Garretón notes, during Alessandri's administration, "there was an attempt to make the private sector the engine of growth, but in a framework of active Keynesian fiscal policy" (Garretón 2007, 8).

6.b. *Late developmentalism*

Chile did not experience major political disruptions during the 1960s, but in 1964 Christian-Democratic Eduardo Frei won the elections and accelerated the reformist and developmentalist process. According to Marcus Taylor:

Within Christian-Democrat political philosophy, the state was seen as a tool that could be used to integrate Chilean society in the face of divisive social struggles and economic stagnation. The program was termed a 'Revolution in Liberty', and its intention was to provide a model of socially progressive reform within a 'neo-capitalist' model of development that would combine state intervention in key industries (particularly mining) with substantial foreign investment. (Taylor 2006, 72 – 3)

The "Revolution in Liberty" expanded public investments and expenditure due to the aid provided by the United States through the Alliance for Progress.

Frei's 'Revolution in Liberty' in many ways represents the apex of national developmentalism in Chile. In response to the tensions in Chilean capitalist development the Frei regime intensified both the ISI model of industrial support and populist politics of social integration [...] wherein the state actively sought to incorporate new social actors, including the peasantry and the urban marginal masses, into a societal project that it believed could ensure social stability and accelerated national development. (Taylor 2006, 73)

Regarding development planning, President Frei determined that this task should no longer be handled by CORFO. Instead, he established a planning office directly subordinated to the presidency. In 1967, this office was upgraded to a decentralized National Planning Office (ODEPLAN), which was tasked with publishing a new national development plan (Leiva Lavalle 2010, 27). Although a comprehensive national plan was never drafted, several sector-specific and regional planning documents were produced, and many of them were successfully implemented (Leiva Lavalle 2010, 28). These planning initiatives received strong institutional and intellectual support from the Konrad Adenauer Foundation (Yáñez 2015) and various Catholic research centers, such as the Centro para el Desarrollo Económico y Social de América Latina (DESAL), which focused on issues of poverty and marginalization (DESAL 1969).

The Chilean social protection system had traditionally been funded by payroll taxes, which meant that coverage was only available to those who could afford to pay into it. Furthermore, the system was highly fragmented. While Alessandri had initiated discussions on social security reform (Vargas 2018, 19), it was under Frei's administration that the entire social protection system was critically examined. Unlike Alessandri, who was concerned about its extreme heterogeneity, Frei aimed to expand coverage to specific sectors, including rural, domestic, and self-employed workers. According to Vargas, "President Frei's government was successful in extending old-age coverage for rural workers" (Vargas 2018, 22). However, the goals of homogenization and unification remained unfulfilled. One of Frei's most significant initiatives was

the “Popular Promotion Program”, launched in December 1964. This program was a comprehensive effort to invest in social and economic infrastructure:

In the so-called developing countries not only there is a lack of economic resources, but a tremendous waste of human resources as well: due to lack of education, intelligences are lost; due to lack of housing, families are disorganized. [...] Our goal consists of not only economic development but social development. There should be education, housing, health, and the increase of wealth, which is obtained through effort and hard work, should be distributed with equity. (Frei 1964, 19)

Three years later, during a Pan-American presidential meeting, Frei emphasized that Latin American countries should serve as an example of a continent where “unfair imbalances disappear”, and where there is potential for “accelerated economic development in an economy with a real human meaning” (Frei 1967, 6). He argued that the challenges facing Latin American nations should be addressed through political decisions rather than solely through technical analyses (Frei 1967, 5). This perspective stands in stark contrast to that of Alessandri, who placed his trust in technical solutions for economic and social problems. Consequently, the roots of economic and social backwardness and the proposed solutions bear similarities to those emerging from the Argentinean and Brazilian dictatorships of the time.

In 1970, Chile held new elections, resulting in the election of socialist Salvador Allende as President. Allende launched an ambitious program identified as a democratic path toward socialism. However, the economic foundations of Allende’s administration were still evolving when he took office. Although a strong critique of income inequality within the context of dependent capitalism was expected, as was a deeper exploration of the relationship between capitalist accumulation and social exploitation, the role of social policy during this period remained unclear.

Pereira and Bartholomäus (2020) characterize both Frei’s and Allende’s administrations as periods marked by significant redefinitions of the Chilean state. During this time, the state emerged as a central actor in social policy, now tasked with granting rights and enhancing citizen participation (Pereira and Bartholomäus 2020, 82–3). Approximately one year into Allende’s presidency, Gonzalo Martner, the head of ODEPLAN, edited a book titled *Salvador Allende’s Economic Thinking*, which compiled discourses and official documents from the President and key staff members. In his foreword, Martner acknowledged that severe inequality was the most pressing issue to address:

This extreme and growing income distribution inequality means that most Chileans live under generalized misery and that their purchase power is insufficient in order to satisfy their most urgent needs. The consequence is a distorted economic structure as well, which is primarily dedicated to the satisfaction of the demand of high-income groups, whereas the production of popular consumption goods stagnates. (Martner 1971, 16)

The economic structure under Allende's administration was marked by diversification; however, demand remained insufficient, capacity utilization was low, and, as a result, unemployment was high (Martner 1971, 16). In terms of social security and social policy, unifying the system and extending coverage were primary goals of the government's basic program (Martner 1971, 28). Nevertheless, aside from a slight increase in coverage, no significant changes were implemented (Vargas 2018, 23).

In contrast to his predecessor, Allende approached inequality from a historical and structural perspective. He viewed income inequality as a direct consequence of wealth concentration, monopolies, and dependency. This understanding led to intense economic discussions and reform proposals focused on property issues. Not only was there a push to accelerate agrarian reform, but Allende also advocated for state control over strategic resources, with plans for several companies to be nationalized.

The interplay between local monopolies, foreign interests, and the consumption patterns of high-income groups formed the foundation of one of the most significant documents produced by ODEPLAN during Allende's presidency: the "National Economy Plan 1971–1976". Leiva Lavalle states the following: "Its targets were the achievement of economic independence, better income distribution, a transformation of the productive structure, an increase of the employment rate, higher investment, a larger share of government-run companies and sustained economic growth" (Leiva Lavalle 2010, 28).

The "National Economy Plan 1971–1976" acknowledges that "economic progress has been achieved mostly through the concentration and exclusion of an important share of the workforce" (ODEPLAN 1971, 11). This inequality is primarily expressed in terms of class or income groups; however, it can also be examined through the lens of sectors and regions (ODEPLAN 1971, 13). While certain sectors have benefited from economic advancement, others have suffered significant decline (ODEPLAN 1971, 12).

A so-called modern sector has been configured, comprised by efficient productive units, high productivity and technology and a significant capital-output ratio. On the other end, a traditional sector merely survives, which consists of productive

units with very low productivity, almost no mechanization, extremely low capital-output ratio and backward technology. (ODEPLAN 1971, 12)

This means that the document fully embraces the structural heterogeneity hypothesis, situating it within a Marxist-dependency framework. As such, the first step to mitigating this heterogeneity is transforming the current imperialistic and monopolistic property structures (ODEPLAN 1971, 17). The developmentalist strategy is critically described as one that has aimed to alleviate underdevelopment through accelerated economic growth; however, its predominant outcome has consistently been the concentration of income and wealth (ODEPLAN 1971, 18). Consequently, policies focused on the redistribution of income, property, and wealth must be prioritized, as no development strategy can succeed without first addressing these redistributive needs (ODEPLAN 1971, 21).

Despite the inclusion of goals related to the unification and extension of social protection within the program, there remains a notable scarcity of explicit references to social policy in the development plan. This perspective suggests that while the intention is to address structural heterogeneity through profound transformation, social policy is positioned more as a response to the effects of this heterogeneity rather than a direct confrontation of its root causes.

7. Uruguay

7.a. Early developmentalism

Industrialization in Uruguay showed a steady increase as the main engine of the nation's economic growth between 1940 and 1955. According to Bértola and Bittencourt, industrial production represented little more than 10 percent of GDP by the late 1930s and reached more than 20 percent by the mid-1950s, comprising an annual growth rate of 9 percent between 1943 and 1954 and doubling the number of workers employed during those years (Bértola and Bittencourt 2015, 20). There was even a strong increase in industrial productivity, which led some authors to define the period between the mid-1940s and the mid-1950s as the industrial "golden age" (Bértola and Bittencourt 2015, 55–6). Some authors refer to the ideas that drove this process as "luisista" developmentalism—a reference to Red Party President Luis Battle Berres—which "reached its climax before the structuralist paradigm began to spread in Uruguay" (Garcé 2011, 32).

Due to political and institutional transformations, this period is characterized by an increase in the participation of wages in GDP and by the recognition of the importance of social rights, social justice, and the welfare state (Arias 2018).

The National Party won the 1958 elections, which took place amid economic stagnation and growing inflation. Although the economic program emphasized the promotion of traditional exports rather than the need to deepen the industrial substitution process, the Alliance for Progress was strongly influential and led to the creation of the first Uruguayan development planning office. National planning was not only a suggestion by the Alliance for Progress but also a condition for accessing the funds it would provide (Garcé 2011, 33). In fact, as early as 1966, Enrique Iglesias pointed out that one of the main errors of the Uruguayan administrations was thinking about plans only as instruments to channel foreign investments (Iglesias 1966, 23). Thus, CIDE (Investments and Economic Development Commission) was founded in 1960, with the explicit goal of publishing an economic development plan, which occurred in 1965.

In the Uruguayan case, and contrary to the planning process of its neighbors, the publication of the “National Economic and Social Development Plan 1965–1974”⁴ was preceded by a series of documents, both sectoral and general, mainly dedicated to diagnostics. The most significant of these is “Economic Study of Uruguay: Evolution and Perspectives”, published in 1963⁵. This document begins by stating that the Uruguayan economy had been stagnant since 1951 (Ministerio de Hacienda 1966, 16), with the main reasons being the depletion of the expanding capabilities of soft industrial substitution and the limits imposed by the small size of the internal market (Ministerio de Hacienda 1966, 18). Moreover, the consequences of stagnant production and growing social demands—due to the better income distribution promoted during the previous period—are inflation and foreign-exchange tensions, which reinforce each other (Ministerio de Hacienda 1966, 18–9).

Whereas the only way to overcome these issues without government intervention is through an increase in export prices—which is exogenous to the Uruguayan economy—development planning arises as necessary. Thus, if structural changes are needed (Ministerio de Hacienda 1966, 14), they must be induced by government actions. Furthermore, according to the 1965 Plan’s introduction, “in a stagnant economy, society crystallizes into institutions and conducts that, given the causes and effects of stagnation, have to be modified in order to achieve social and economic progress” (Iglesias 1966, 88).

Regarding our concerns, the diagnosis clearly fits into the early-developmental consensus, showing similarities with the 1964 Argentine and 1962 Brazilian plans regarding the importance of redistribution: “The economic goals of the plan are

⁴ This paper quotes the introductory chapter of the Plan, titled “Development Plan Purposes”, reproduced by Enrique Iglesias, Director of CIDE between 1960 and 1967, in “Uruguay: una propuesta de cambio”, published in 1966.

⁵ This paper quotes the 1966 edition of the Economic Study, published by the Uruguayan Treasury.

summarized as follows: an increasingly growing GDP per capita and a fair distribution of it” (Iglesias 1966, 89). Additionally, it shares with the 1961 Chilean plan the call for private responsibilities in certain areas. In this case, as Iglesias recalls, “because the Uruguayan state is not institutionally prepared to take on most responsibilities of a developmentalist state” (Iglesias 1966, 33). As Garcé puts it, according to the Plan, “in order to pursue a development path, Uruguay had to rationalize and modernize its capitalist system” (Garcé 2011, 36).

However, the social concerns are much more significant than in other plans of the time. On one hand, it is explicitly stated that “an economic development plan must be primarily a social development plan” (Iglesias 1966, 88). On the other hand, there are specific chapters not only referring to typical “social” issues, such as housing, education, and health, but also addressing social security issues. The call for universal coverage was clear, but there was neither concern about the conditions of specific workers nor a legitimization of non-contributory protection or government funding. Thus, it may be affirmed that the presence of social issues refers more to the traditional Uruguayan concern for them, linked to the social-justice and social-rights claims of the recent past, than to late-developmental meanings.

7.b. Late developmentalism

As stated in Section 3 of this paper, Catholic concepts that gained legitimacy in Argentina, Brazil, and Chile, did not achieve the same success in secular Uruguay. After the 1966 constitutional reform, Uruguay abandoned the National Administration Council and returned to a presidential system. In 1967, the Red Party regained power, but the times had changed since the 1950s. Political struggles, social mobilization, and the uprising of the MLN-Tupamaros created a different setting.

The 1965 Plan was only partially implemented by both National Party and Red Party administrations, leading to a consensus regarding CIDE’s failure (Garcé 2017, 13). The 1966 constitution replaced CIDE with a new institution: the Budget and Planning Office (OPP). According to Bértola, the constitutional status of the OPP expressed the consolidation of the development planning paradigm (Bértola 2018, 85). However, this did not imply the implementation of the 1965 Plan or the intensification of a clear and concise agenda; rather, as Bértola states, it involved a continuously changing strategy that included several documents (Bértola 2018, 116–117).

As early as 1967, the 1968–1972 Five-Year Goals National Plan was published, proposing a tougher interventionist strategy (Bértola 2018, 117). This plan included several heterogeneous sectoral initiatives, which might lead to it being recognized as an entry into the late-developmental paradigm.

However, the political climate in Uruguay changed earlier than in other countries, even within the same administration. In 1970, the OPP published a new document written by Ramón Díaz, titled “A Strategy for Development: Bases for a 5-Year Plan”. There were clear calls for a more open economy. While productivity needed to rise, the key to its improvement was the expansion of exports (Bértola 2018, 121). This document can even be categorized as guided by liberal principles (Bértola 2018, 122).

In 1973, a coup took place, during which President Juan María Bordaberry remained in charge, suppressing parliament and granting the military several powers. Just before the coup, the OPP published a new document: the “National Development Plan 1973–1977”. This means it was a plan written and approved during democratic times, which was later implemented by the dictatorship. According to this text, “the process of economic growth will be the best instrument of income redistribution..., but it is needed to create urgent mechanisms in order to improve considerably the current situation of the marginalized population” (OPP 1973, 36).

Several papers have compared the “1965 National Economic and Social Development Plan” with the “1973 National Development Plan”, including works by Melgar (1979) and Bértola (2018). The main conclusions are that, although there is continuity in terms of planning techniques, the 1973 Plan emphasizes the importance of an open economy due to the limited internal market, considers redistribution a secondary goal, and assigns less importance to social issues.

Indeed, contrary to its neighbors, social policy played a more significant role in Uruguayan development planning during the 1960s than during the 1970s. In fact, the strategy that consisted of plans with limited targets, reduced intervention, and calls for flexibility in open markets was reinforced in the “II National Development Plan”, published in 1977—this time, both prepared and implemented during the dictatorship.

Perhaps the limitations of import-substitution industrialization in a small country led to the earlier arrival of the liberalization paradigm in Uruguay—albeit at a slower pace—than in other countries (Yaffé 2012). However, size—and the previously achieved social goals—also plays a role in the absence of structural heterogeneity hypotheses. In this sense, the late-developmental paradigm did not achieve the same level of legitimacy in Uruguay as it did in the larger countries of the Southern Cone.

8. Final remarks

All four countries entered the 1960s in democratic times and were undergoing classic developmentalist processes. While Chile transitioned directly and peacefully to an institutional late-developmentalism that placed a higher emphasis on social policy, Argentina and Brazil experienced a more unstable trajectory, marked by

orthodox stabilization programs, redistributive attempts, and military coups. Despite these divergent paths, by the late 1960s, all countries had arrived at a widespread institutionalized late-developmentalism, either democratic (Chile) or authoritarian (Argentina and Brazil). Conversely, late-developmentalism in Uruguay was brief and weak, with proposals for economic liberalization emerging early on.

By the early 1970s, only Brazil had achieved a stable institutionalization of the late-developmental paradigm, oscillating between projects prioritizing growth (under Médici) and those focusing on social policy (under Costa e Silva and Geisel). The unresolved tensions of late-developmentalism intensified struggles in Argentina and Chile. In Chile, a leftist government promoted a strong redistributive agenda through discussions of social property. In Argentina, the return of democracy and Peronism also pursued redistribution, albeit through a heterogeneous social policy. Both countries encountered significant conflicts that resulted in military uprisings and paradigm shifts. In Uruguay, these unresolved tensions—albeit from early-developmental perspectives—also led to struggles.

As mentioned earlier, a crucial issue is the intensity of distributive conflict, which rendered Argentina significantly more unstable than its neighbors. Developmentalism was expected to address structural contradictions and economic backwardness, but Brazil consistently managed to maintain high growth rates without squeezing profits, primarily due to its virtually limitless labor supply. In contrast, Chile's path toward industrialization was never fully established. Uruguay faced the limits of its small internal market much earlier, putting the expansion of industrialization into question sooner. Additionally, Brazil and Chile did not face the issue of being economies that export wage goods, a persistent problem for Argentina and Uruguay.

Furthermore, inequality was much more pronounced in Brazil and Chile than in Argentina and Uruguay. Thus, while the distributive conflict in Argentina generated contradictions within the development process, and Uruguay managed to legitimize distributive claims almost from the outset of its industrialization, Brazil's pursuit of social development demanded much greater effort. The Chilean political system, on the other hand, managed to contain social conflict; however, the suppression of social tensions eventually led to a lack of social arbitration and, consequently, extreme violence.

The early-developmental experience was characterized by optimism. Governments, intellectuals, and foreign agencies were convinced of the potential for a rapid and steady development process. While the achievements were significant, issues such as inflation, balance of payments deficits, and political instability emerged quickly. Although optimism persisted, it became evident that the development process

would generate conflicts. By the decade's end, authoritarianism and Catholic solidarity were viewed as pathways to resolving these conflicts. In this regard, the role of Catholic social doctrine was crucial in overcoming conflicts through active interventions, notably social policy.

By the beginning of the 1970s, the paths diverged once more. In Brazil, the military dictatorship consolidated its power, while in Argentina, the same regime reinforced its Catholic and heterodox orientation amid rising political conflict. Democracy returned in 1973, but another coup occurred in 1976. In Chile, the Catholic turn took place within a democratic framework, leading to a democratic path toward socialism. In Uruguay, the secular paradigm did not allow for the emergence of a Catholic turn; instead, authoritarianism began during a period of democracy, with the 1973 coup representing less of an institutional break and more of a confirmation of the ongoing weakening of democracy. The coups in Chile and Argentina in 1973 and 1976 exemplified a distinctly different form of authoritarianism, marking the beginning of neoliberalism. In contrast, the Uruguayan dictatorship adopted neoliberal principles more gradually, and intriguingly, Brazil only embraced this new framework a decade later, with the return of democracy.

The recognition of heterogeneity as a structural issue, the inadequacy of strict economic development policies, and the necessity for social policy within the development agenda were all problematic, conflicting, and not necessarily well-organized. There exists a clear gap between the intellectual definitions of structural heterogeneity and the practical recognition and intervention by governments, particularly planning offices. Structural heterogeneity was not merely a theoretical construct, it was shaped primarily by political experience, with later theoretical frameworks being similarly influenced. By the early 1970s, this agenda gained global traction and became central to international social development agencies.

Regarding questions for future research, the first is how the Latin American experience was perceived abroad and whether any form of South-South influence existed. The second pertains to the end of this developmental process and the rise of neoliberalism: Was the emergence of neoliberal ideas a consequence of the unavoidable failures of late-developmentalism, or was it a counteraction against a viable paradigm that, if successful, would challenge the economic foundations of global inequality and the center-periphery model? The third question involves reflections on current issues: What lessons can be drawn from previous development strategies—both early and late—for the region's post-neoliberal experiences in the 21st century? What can be said about the role of social policy within these frameworks?

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