

CEPAL

Review

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

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

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

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

A point (.) is used to indicate decimals.

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

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

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

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

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

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The present morphology of the centre-periphery system

Jan Křákal*

In the 40 years or so that have elapsed since the first postulations by ECLAC and Raúl Prebisch on the centre-periphery system, two periods with different evolutions are clearly distinguishable: that of the 1950s and 1960s, which was marked by a rate of economic expansion unparalleled since the eighteenth century, and that of the following decades (especially from 1973 onwards) — usually known as the period of the energy and financial crisis — which has been characterized by the slackening and even complete stagnation of world economic development, especially in the peripheral countries.

Both periods have witnessed profound changes, the main aspects of which are summed up in the first part of this article in line with the original concepts of Prebisch and ECLAC: the polarization, marginalization and deteriorating terms of trade of the periphery in contrast with the changes in production and technology in the centre. In the second part of the article, an analysis is made of the changes in the periphery's relations with the principal capitalist centre and with the Eastern European countries, in the light of the evolution undergone by those regions. Finally, some comments are made on the unfinished history of the centre-periphery system.

This article is based on the seminal study published by Prebisch in 1949, on the research begun in the early 1970s in the ECLAC Economic Research and Development Division, and on studies by Aníbal Pinto and by the present author. The statistical data are taken from official publications of the United Nations, the World Bank, the United Nations Conference on Trade and Development (UNCTAD) and the Organization for Economic Co-operation and Development (OECD).

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I The periphery

1. *Back where we started, but on an even more unequal basis*

Generally speaking, studies on the centre-periphery system have confirmed the validity of the fundamental theses of Raúl Prebisch and ECLAC on the relationship between the terms of trade, the polarization and marginalization of the periphery, the unequal spread of technology, and the vital need for industrialization. The situation of the 1970s, characterized by the meteoric rise of the Organization of Petroleum Exporting Countries (OPEC), the considerable improvement in commodity prices, the massive inflow of Eurodollars and petrodollars (but without tied direct foreign investment or other restrictive conditions), all of which led to the narrowing of the gap between North and South, was followed — especially in Latin America and Africa — by the “lost decade” of the 1980s, which brought these regions back to their starting point: i.e., the level already reached back in 1970.

Between 1970 and 1981, the terms of trade of the periphery rose by a factor of more than 2.5, but they then fell back in the 1980s to levels only comparable with those of the 1930s Depression. The period of booms and oil shocks which interrupted the periphery's relentless drift towards marginalization for the first time in history was followed by a drastic fall in the periphery's share in the world GDP and in international exports and investments. This deterioration attained dramatic levels in Latin America, which ceased to enjoy its traditional situation as a net importer of capital and instead began to export capital to the centre.

These general pictures conceal an important qualitative change in the traditional heterogeneity of the periphery: a regressive trend towards greater polarization between the nations and social strata struggling to keep their heads above water in circumstances of extreme poverty and those with aspirations to gradual entry into the industrialized centre. In 1965, the per capita GDP of the countries with a per capita income of up to US\$400, which represent 55% of the population of the periphery, was equivalent to 4.5% of the corresponding GDP of the capitalist centre, but by 1985 it had dropped to only

2.2%. In contrast, the corresponding figures for the main oil-exporting countries (which have only 0.5% of the population of the periphery) were 53% in 1965, 132% in 1980 and 84% in 1985. The steadiest equilibrium was attained by the newly-industrialized countries of South and Southeast Asia.

In Latin America and the Caribbean, the "lost decade" was reflected in an 8.3% drop in per capita GDP, so that the region lost ground compared with Asia. Likewise, the region's share in world exports fell from 5.5% in 1970 to 3.8% in 1987.

In view of the fact that in underdeveloped countries economic crises have regressive effects on national income distribution, it may be concluded that in the 1980s there was a worsening of the situations of extreme poverty and of polarization of the system, both in relation to the centre and within the periphery itself.

2. Marginalization and dependence

In the peripheral countries, the energy crisis and (after 1982) the debt crisis had a marked influence on the nature of their traditional marginalization and their dependence on the centre. The longer-term structural changes which had been building up in the centre and also in part of the periphery (especially Asia) likewise influence the links between the two poles.

In the mid-1980s, the periphery satisfied less than a quarter of the total external demand of the centre: that is to say, its degree of marginalization was just as great as in 1960 (although its importance to the centre had increased during the energy crisis). The opposite relationship—that concerning the degree of dependence of the periphery's exports on the markets of the centre—remained almost three times as great (72%) in the 1960s and 1970s, but went down markedly in the 1980s: in 1984 over a third of the periphery's markets were outside the centre. A similar change took place in the periphery's dependence on imports of manufactures from the centre, even though in 1984 over three-quarters of the periphery's needs were satisfied from that source. These changes were due to the stronger horizontal links within the periphery and its relations with the socialist countries. They also reflect the considerable progress made in increasing the industrial content of the periphery's exports.

On the financial level, there has been a process of transnationalization due to the growing dependence of the periphery on the commercial banks of the

centre, at the expense of official aid and direct foreign investment by transnational enterprises. Between the early 1960s and the mid-1980s, the importance of the commercial banks rose from 6% to 25%, official aid dropped from 56% to 40%, and direct foreign investment fell from 19% to 11%, all as proportions of total financial flows. Moreover, these flows were used mainly to refinance and service the "unpayable" debt. The share of the periphery in direct foreign investment flows fell from 26% in 1981 to 17% in 1988. In the latter year, Asia took first place, absorbing 52% of the total flows to the periphery, compared with 37% for Latin America (moreover, half the latter figure corresponded to debt conversion, so that there was in fact no contribution of fresh capital).

3. The frustrated hopes of the New International Economic Order (NIEO)

The challenge by OPEC and the commodity boom in the first five years of the 1970s paved the way for important initiatives by the peripheral countries which seemed to indicate a strengthening of the bargaining power of the exporters of petroleum and other commodities *vis-à-vis* the industrialized centre countries. Among these initiatives, which were mainly promoted by the Group of 77 in their capacity as representatives of the periphery in the United Nations system, were: the Declaration and Programme of Action on the Establishment of a New International Economic Order (NIEO) (General Assembly, 1974); the Conference on International Economic Co-operation (Paris, 1975); and the global negotiations on international economic co-operation for development and the formulation of the international development strategies for the 1970s and 1980s (General Assembly).

Within UNCTAD, negotiations took place on particular demands by the periphery such as those reflected in the Integrated Programme on Commodities and the associated Common Fund; the agreements on specific commodities, and the Compensatory Financing Facility. In addition—following the example of OPEC—various associations of countries that produced and exported certain commodities such as copper, tin, coffee and bananas were set up or strengthened. In the case of coffee and bananas, efforts were also made in Latin America to reduce the oligopolistic power of the transnational corporations in the marketing of these

goods by establishing multinational enterprises formed by the countries of the region themselves (PANCAFE and COMUNBANA).

The failure of the periphery's plans (as incorporated in the demands of the NIEO and other global or partial programmes) to come to fruition, plus the deterioration of the terms of trade with the centre, meant that when the debt crisis came the periphery's bargaining power was seriously weakened. As ECLAC had already foreseen in 1973, it had not been possible to achieve any substantial turnaround in the relative positions of strength of the centre and the periphery.

There were many reasons for this frustrating outcome. On the one hand, the energy crisis and the stagnation of the world economy led to a fall in both the export volumes and prices of primary commodities. On the other hand, and taking a longer-term view, it must be remembered that the centre's demand for the periphery's commodities is always in strict relation with the structural changes and technological progress (the "Third Industrial Revolution") that have taken place in the industrialized countries.

4. The consequences of the changes in production and technology in the centre

Important trends towards changes in production patterns are to be observed in the centre. Thus, there is a decline in the growth rate of manufacturing, favouring in particular the services sector. In the United States, for example, the share of services in the GDP rose from 41% to 50% between 1974 and 1986, while there was also a radical change in the structure of personal consumption: in 1960 spending on food and clothing accounted for 37% of the family budget, but by 1987 this had gone down to 26%, largely in favour of services. A similar situation is to be seen in other industrialized countries.

Within manufacturing itself, the traditional branches (metal products, machinery and equipment and basic consumer goods) are losing relative weight to electrical equipment and especially microelectronics. This is due to the greater demand not only from military activities and the space race, but also to the worldwide development of international informatics, telecommunications and telematics services. According to OECD data, between 1970 and 1985 the relative importance of

imports based on natural inputs fell from 31% to 22%, to the benefit of diversified goods in which research and development applications predominated.

Technological changes involving the use of new types of materials and energy, miniaturization, automation and robotization point in the same direction of saving inputs and labour and attaining greater efficiency, as do the ever-wider application of biotechnology and the changes in the organization and linkages of the transnational corporations, integrated manufacturing systems, the "just in time" (JIT) principle, etc.

The trends displayed by the new style of development of the centre, further strengthened by its technological reaction to the energy crisis, usually have two main consequences for the periphery. Firstly, in real terms they further intensify its marginalization from the centre, thus increasing the latter's relative advantage as regards spearhead technologies, based on the intensive use of human knowledge, which are gradually driving out the technologies that make intensive use of labour, natural resources, energy and capital. In other words, there is a further worsening of the unequal spread of technological progress and the dependence of the periphery on the transnational corporations of the centre, which are the leading actors in these changes.

Secondly, the new style of development of the centre has important repercussions on its own interests and its global and individual policies towards the periphery. The industrialized countries not only consider the New International Economic Order promoted by the commodity-exporting countries using cheap labour to be dead and buried but are also putting forward new demands and new international policies concerning the expansion of the transnational trade in services, their export, and the right of foreign direct investments to enjoy the same treatment as national investments on the markets of the recipient countries; the provision of effective protection for the intellectual property of transnational corporations; and the replacement of the Code of Conduct on the latter through the gradual elimination of the Trade-Related Investment Measures (TRIM). According to the industrialized countries—especially the United States, judging from its statements in the Uruguay Round of GATT—these are the main government measures (applied by the countries that receive direct foreign investment and investment by branches of transnational corporations) which affect the centre's trade and financial freedom.

The countries of the periphery, of course, naturally defend their right to regulate the inflow of foreign investment in accordance with their own needs and to develop their own spearhead technology, as in the case of the pharmaceutical, computer and informatics industries in Brazil.

The above hypotheses seem to be confirmed in the international trade in foodstuffs. As the agricultural production of the centre has not yet been incorporated in the new style of technological development and the periphery still enjoys in most cases the advantages of its environment and its relatively cheaper labour, the governments of the industrialized countries are obliged to protect the interests of their farmers (who still form an important social and electoral group). According to UNCTAD data, over the last 10 years the five most important markets (United States, European Economic Community, Japan, Australia and Canada) have considerably raised their subsidies to their producers of milk, sugar, wheat, rice and maize. In 1987-1988 the United States and the BEC gave an annual average of US\$25 billion in support to their farmers: that is to say, much more than in the 1982-1985 period (US\$15 billion). In 1980-1983 Japan spent an average of US\$13 billion per year for the same purpose. In order to get an idea of the importance of the centre's protectionist practices in agriculture, it is only necessary to note that in 1984 the periphery's exports of foodstuffs to these three areas totalled some US\$32 billion, while the direct subsidies were also supplemented with tariff and other barriers (import quotas, plant health rules, etc.).

5. The industrialization of the periphery and Latin America's lag in this respect

The faster growth rate of manufacturing on the periphery compared with the centre has meant that between 1965 and 1985 the former increased its share in world manufacturing production (from 15% to 18%) and especially in exports (from 7% to 18%). The countries of Latin America and the Caribbean display a relative lag in this respect, however, compared with other regions and especially the newly-industrialized countries of South and Southeast Asia. If the degree of industrialization is measured as the share of manufactures in the total GDP, the stagnation of the region's industrialization process is to be noted not only during the economic and financial crisis of the 1980s but also in the longer term.

In the 1960s the degree of industrialization of Latin America and the Caribbean increased from 21% to 23%, rising still further to 24% in 1980, only to drop back to its 1970 level in 1983. In contrast, the industrialization of South and Southeast Asia was steady and unbroken: it rose from 14% in 1960 to 16% in 1970 and 21% in 1980, and was still at that level in 1983. In the latter year, the share of manufactures in the external sales of the main exporters of such goods –among which the only Latin American country was Brazil– reached a level of 27%.

The lag is even greater with regard to the periphery's share in the markets for manufactures. Between 1970 and 1984 these products more than doubled their share in the total exports of the periphery to the industrialized countries (from 14% to 30%), considerably exceeding the share of primary commodities other than fuels (22% in 1984). Apparently, the dynamism of the periphery's performance in the international economy will always be determined by the degree of industrialization of its economies and of its trade. During the period in question, however, the share of manufactures in the total exports of South and Southeast Asia rose from 44% to 63%, whereas the corresponding proportions for Latin America and the Caribbean were 7% and 19%, respectively. Over the same period, the presence of the Asian subregion on the markets for manufactures in the centre trebled from 3% to 10%, thus matching the levels of the industrialized countries of the European Free Trade Association (EFTA), whose manufactures represented 64% of their total exports in 1984 and supplied 9% of the world market. The relative lag of Latin America (19%) and the Caribbean (2%) is therefore a basic issue in the regional debate on the need to change production patterns and raise the international competitiveness of Latin American exports.

6. Preliminary conclusions

The rise and fall of OPEC and other commodity producers' associations would seem to indicate that when the historical downward trend in the terms of trade between commodities and manufactures (including services) was reversed thanks to the unilateral raising of the prices of some commodities, this did not automatically bring about the more balanced spread of technological progress or reduce the marginalization and state of dependence of the periphery.

This state of dependence and the financial exactions involved in the export of capital to the centre through the transnational banks were more salient factors than the commercial exactions due to the unfavourable terms of trade. It was therefore vitally necessary to reappraise both the role of the productive transnational enterprises and that of governmental financial assistance from the centre (even through its international organizations) with a view to reducing the burden of the "unpayable" debt.

The strategy of the Latin American governments and ECLAC for the 1990s, which seeks to achieve changing production patterns with social equity, reflects the experience accumulated in the deeper analysis of Prebisch's original postulations that industrialization is essential if the periphery is to improve its position on world markets, where it is currently at the mercy of the demand for primary

commodities, the role of which in economic growth is shrinking at an everincreasing rate because of the present technological revolution.

Finally, the new endogenous and integral nature of technological progress—especially in electronics and informatics—also calls for a reformulation of the original thesis of a passive role for the periphery in the propagation and spread of such progress. In order to modernize and attain greater international competitiveness, the economies of the periphery must take active steps to gain possession of advanced technology (as occurred in Japan and other Asian countries and in Brazil). This can be achieved through the application of suitable State policies and, above all, the mobilization and stimulation of the economic and social agents by assuring them greater equity in the distribution of the fruits of progress.

II

The centres and their links with the periphery

1. The capitalist centres

While the regressive differentiation of the periphery continues, the correlation of economic forces in the capitalist centre moves towards greater equilibrium. Regardless of the ups and downs of the short-term situation, such as the past energy crises, the current financial crisis and the impact of "Reaganomics", in the long term a single clear tendency prevails: the economic hegemony of the principal centre (the United States) is weakening compared with the emerging powers in Europe (Germany) and Asia (Japan). At the same time, the new centres and the former principal centre are locked in a mutual struggle and are forming regional blocs of countries with common characteristics and interests. Without going any further into the complex history and causes of this process (which are analysed in this same issue of *CEPAL Review* by Celso Furtado), we will simply outline its longer-term projections in the cases of the United States, West Germany and Japan, especially insofar as they affect the periphery. Over the period 1950-1987, Japan's average economic growth rate was more than double that of the United States (7.1% and 3.2%, respectively), so that it jumped from ninth to fourth place in the world GDP table, moving ahead of West Germany, which had moved up from sixth to

fifth place. In 1987, the per capita GDP of Japan and West Germany was nearly US\$10 000—only a third less than that of the United States. In the same year, the first exporter in the world was West Germany, with the United States second and Japan third. Germany and Japan were also ahead of the United States in improvement of labour productivity, propensity to save and invest, and world financial position (West Germany and Japan were the world's leading creditor countries, while the United States was the principal debtor). The relative decline of the former principal centre also extended to its direct foreign investment: in 1986 it invested US\$26 billion less abroad than the year before, but it absorbed 41% of the total world flow of direct foreign investment: i.e., half the total for the whole of the industrialized countries.

For 25 years (1960-1985) there was a trend towards the marginalization of the periphery from the markets of all the industrialized centres except Japan. The periphery suffered worse marginalization in the United States market than in Europe, but its share of the Japanese market increased. Between 1970 and 1985, the share of Latin America and the Caribbean in the United States market went down from 15% to 12%, and their share in the African market fell from 4% to 2%, but their share in Asia rose from 9% to

17%. The strengthening of the links between the United States and the newly-industrialized countries of Asia led to the disappearance of the latter's traditional preference for Latin America, however.

In the markets of the Western European trade groupings (EEC and EFTA), the share of the periphery also suffered a decline, with these groupings maintaining their traditional preference for the Asian and African countries, which, in 1985, accounted for three-quarters of their imports from the periphery. In that year, Latin America's share in the EEC market was only a quarter of its level of trade with the United States, while in the case of EFTA it was only one-sixth. The delinking between Europe and Latin America was clearly reflected in the EEC's exports to the region, which went down by 38% between 1981 and 1985 (compared with drops of 20% and 11% for the exports of the United States and Japan). In 1985 Europe's trade deficit with the region was US\$12 billion. This imbalance confirms the ECLAC theory: in order to pay the debt and at the same time increase imports from the centres it is essential to lighten the debt burden and achieve greater openness (less protectionism) of the markets of the centres. In the case of the EEC, the most important issues are the preferential treatment (discriminatory against our region) granted to the 64 ACP (Africa, Caribbean and Pacific) countries under the Lomé Convention and the subsidies and protectionism involved in the Common Agricultural Policy.

The manifestly growing importance of the Japanese market for the periphery is due largely to its continued dependence on oil imports and the emergence of a new integrated centre for the Pacific nations. Between 1985 and 1987, for example, the exports by South Korea and Taiwan to the Japanese market increased from US\$7.5 billion to US\$15.2 billion: i.e., they doubled in three years. The links with the Japanese transnational enterprises and banks that (together with the similar United States firms) make possible the access of the newly-industrialized Asian countries to spearhead technologies and trade in highly sophisticated goods are also growing. Japan is becoming the new centre of a subregion characterized by very dynamic growth and rapid change in the fields of production and technology.

Africa and Latin America have always been more marginalized from the Japanese market. In contrast with this marginalization (a 4% share in 1985), however, there has been the larger financial investment directed to the region. Whereas the flow

of direct foreign investment from the United States went down, the average annual flows from Japan increased by a factor of over 2.5 between 1976-1980 and 1981-1984: much more than those directed to the industrialized nations or the other developing regions. The role of Latin America in the direct foreign investment and also in the loans of the Japanese transnational banks suggests that that country could help to solve the debt crisis in the future by promoting changes and modernization in Latin America's production and increasing the region's exports.

2. The Eastern European member countries of the Council for Mutual Economic Assistance (CMEA)

In order to understand the profound economic and social changes that have taken place in the Soviet Union and Eastern Europe, it is necessary to bear in mind their structural crisis. The concentration of resources on extensive industrialization enabled these countries to attain higher growth rates than the centre-periphery capitalist system during the period of expansion of the world economy. Centralized planning and management ran into a crisis situation in the late 1960s, however, in the relatively more highly developed economies of the German Democratic Republic, Czechoslovakia, Hungary, and later Poland. These countries most clearly reflected the common problems of lagging technology and low labour productivity associated with a voluntaristic economic approach and isolation from the capitalist markets.

The period of peaceful coexistence of the 1970s, with its greater openness for economic and cultural exchanges, showed that the military and geopolitical balance between the socialist and capitalist blocs was not matched in the economic sphere, and especially in its spearhead sectors (except in areas directly related to the military competition between the two superpowers).

These domestic factors were compounded by the effects of the energy crisis and the world economic recession, which slowed the growth of the socialist countries and reduced their capacity to compete with the capitalist system. According to UNCTAD estimates, between 1975 and 1982 those countries' share in world GDP went down from 12% to 9%, while their share of world trade fell from 11% in 1960 to only 8% in 1987.

The loss of dynamism and international competitiveness of the CMEA countries may be illustrated with some indicators of the economic competition between the Soviet Union and the United States. In the 1960s, the Soviet Union was catching up on its big lag behind the United States in terms of national income and manufacturing product, since the gaps of 42% and 45% which had existed in 1960 had been reduced to 35% and 25% by 1970. Fifteen years later, in 1985, however, the corresponding lags were 34% and 20%: i.e., only a little less than in 1970. Moreover, in 1985 the lag was even greater in per capita terms: 43% in the case of national income and 31% in manufacturing product (all these data are taken from official USSR statistics).

The USSR's lag was even more marked as regards the structure and efficiency of its production. According to the same official statistics, in 1960 the labour productivity in Soviet manufacturing was 56% less than in the United States, and although by 1970 the gap narrowed to 47%, in 1985 it was almost as great as ever: 45%.

The stagnation of the international competitiveness of the countries practising "true socialism" is connected with the semi-peripheral nature of their participation in the world economy. To begin with, they concentrate on trade within the CMEA, and this tendency was further strengthened in the 1980s when the Soviet Union's comparative advantages as an oil exporter were reduced (the weight of intra-CMEA trade in the bloc's transactions went up from 51% at the beginning of the decade to 58% in 1987). Such cohesion within the CMEA was due more to the centralized political system than to the comparative advantages of its participants. The principal centre of the system, the Soviet Union, mainly supplied its partners with petroleum, gas and other primary commodities in return for their manufactures. Its fellow-CMEA countries, for their part, needed Western technology to modernize their economies, and because of the shortage of hard currency, aggravated by the energy crisis, they ran up heavy debts with the countries of the capitalist centre. The most flagrant case of this was Poland, which, like Mexico, suffered a veritable financial collapse in 1980 when the external debt service commitments exceeded the payments capacity of exports.

Secondly, the links of the Soviet Union and Eastern Europe with the industrialized countries are also of a peripheral nature. In 1987, only 21.5% of the

CMEA countries' total exports went to the industrialized countries, and they represented only 2.5% of the latter's imports (6.4% for EFTA, 3.2% for the EEC and 0.5% for the United States). This marginalization is largely due to the prevailing type of trade: in the mid-1980s fuels and other primary commodities accounted for a bigger share of the CMEA countries' exports than those of the periphery (78% as against 70%), while although manufactures predominated in the CMEA's imports (57%) an increasing proportion of the latter consisted of foodstuffs (because of the Soviet Union's grain deficit).

Thirdly, trade with the countries of the periphery had less importance for the CMEA countries than for the capitalist centre (12% for the latter but only 5% for the former in 1987). Moreover, the predominantly political criteria of the CMEA countries caused them to prefer to trade with the socialist countries (Cuba and some Asian countries), which accounted for over a third of this trade, with the discrimination being even more marked in the case of official financial assistance, about two-thirds of which went to the latter-named countries. In the sectoral composition of the CMEA's mutual trade, fuels and other primary commodities predominated, with manufactures playing a bigger role in the group's exports than in its imports. Latin America's exports satisfied only 4% of the total demand of the CMEA countries, and even then this trade was mainly limited to Cuba and Argentina (sugar and grains).

3. The horizontal linkages of the periphery

The continual marginalization of the periphery from the markets of the centre has been accompanied in recent decades by an increase in the importance of horizontal links within the former: i.e., an increase in mutual trade in goods within the peripheral area. In this aspect too, however, the Latin American region has lagged behind. Thus, intra-regional trade went down from a peak of 19% in 1980 to only 14% in 1987, when the degree of regional integration was 27% for the periphery as a whole (excluding the OPEC countries) and as much as 61% for the European Economic Community.

The effects of the debt crisis and the political situation in Central America were not favourable to economic co-operation in the region. Fortunately, the

democratization process in the Southern Cone has involved the establishment of major programmes of sectoral integration and business co-operation between Argentina and Brazil and, more recently, Uruguay too, and there are prospects for the expansion and deepening of this process to include

other countries such as Chile. As this first phase involves relatively industrialized countries, it may be assumed that this economic integration process will advance faster than previous initiatives and that it will further the transformation and modernization of the economies in question.

III

The unfinished history of the system, and some queries for the 1990s

Francis Fukuyama recently said that with the collapse of true socialism in Eastern Europe the history of mankind has come to an end: in other words, omnipresent capitalism is entering upon a period of everlasting peace. The development of the centre-periphery system since that term was coined by Prebisch and ECLAC in 1949 –i.e., its evolution over four decades since the end of the war– shows that this is a biased and voluntaristic view, however. Our generation –young hopefuls when the war ended but now advanced in years– has gone through various failures and seen the frustration of its forecasts of both triumph and disaster. Let us recall, for example, the pride and ambitions of the young African nations freed from the colonial yoke, only to be followed by tribal wars and mass famine; our joy at the exploits of OPEC in 1973, with the prospect of an unlimited flow of petrodollars; the adoption by the United Nations General Assembly of the New International Economic Order, the International Development Strategies for the 1970s and 1980s, the UNCTAD programmes, etc., only to culminate in the present lost decade for the region, and more recently the buoyantly hopeful programmes of the post-dictatorship governments in Brazil, Argentina and Peru, contrasting with the present economic and social chaos in those countries.

With regard to disasters, the author would like to make just one personal and self-critical comment which is totally contrary to the position taken by Fukuyama: the whole generation of Czechoslovak stalinists and, after the Russian occupation in 1968, reformists, revisionists and “traitors to the cause” lived and strove to further their views under two false slogans, which, it may be noted, were shared by most of the European and Latin American left. The first of

these was the need to write “finis” to the history of world capitalism in the present phase of its general crisis heightened by neo-imperialism, global transnationalization, the struggle between rich classes and nations and their exploited and dominated counterparts, and so forth. According to Stalin, Khrushchev, etc., the five-year plans of the Party and the State would make it possible to catch up with and overtake the decadent imperialist economies –especially that of the United States– and attain world socialist revolution, based on Leninist/Soviet, Maoist Chinese or Castroite Cuban models.

The second disaster theory –that of the local opponents of the communist governments, shared by distinguished Kremlinologists and Western statesmen– was that it is not possible to attain from within or by peaceful means any thorough-going or systematic change in an Eastern Europe dominated by the administrative and military apparatus of a superpower permeated with the Brezhnev doctrine. The result which we now all know so well is the perestroika of Gorbachev and the bloodless revolutions of Eastern Europe (setting aside, of course, the terror unleashed by the tyranny of Ceaucescu and, in Asia, the Tianamen massacre).

The fate suffered by the triumph- or disaster-oriented approaches shows that the history of mankind and of the centre-periphery system has not come to an end, as Fukuyama claims, with some specific events, even though these may decisively influence the course of a particular period in history. On the contrary, we believe –in line with the views of our great friend and mentor Aníbal Pinto– that the greatest challenge for analysts is the fact that the history of the centre/periphery system is not yet complete. The same is true of the thinking of Raúl

Prebisch and his perhaps over-modest band of disciples. Francis Fukuyama's forecast implicitly includes the thesis—shared by many public figures and intellectuals not only of the Centre but also of Latin America—that the validity of the centre-periphery approach is now a thing of the past for all of us and that we now universally and definitively accept the neo-liberal approach, albeit subject to some of its many qualifications. The work done by ECLAC in recent years, and especially the common governmental programme adopted in Caracas on change and modernization with social equity, however, also gives the lie to this view, which claims the triumph of the so-called "Chicago boys" and the rout of those of us from ECLAC who are cast in the Prebisch mould.

Moreover, it stands to reason that a substantial group of distinguished personalities did not meet in Caracas earlier this year simply to pay a nostalgic tribute to Raúl Prebisch, nor to justify his proposals with one of the many works of the Master, along the lines of the selective utilization of the dogmas of Karl Marx the younger or the elder, but came together rather in order to develop the unfinished thinking of the ECLAC of Prebisch's days, in an open and innovative discussion.

Among the questions that we might raise with regard to the situation at the end of the century are the following:

- Will the new situations as regards world production, trade and finance lead to the heightening of inter-capitalist competition and the emergence of a new principal centre, or will they result rather in a better regulated or co-ordinated multipolar balance?
- What will the system be like without the principal centres?
- What links will it have with the ongoing military hegemony of the two superpowers?
- What effects will be exerted on the periphery by, firstly, the profound geopolitical changes involved in the creation of a European Common Market including a unified Germany and the subsequent successive entry into that market of the Eastern European countries; secondly, by the integration or formation of blocs between the United States, Mexico and eventually other countries of the region under the Bush initiative; and finally the process of integration in South and Southeast Asia under the aegis of Japan?

Decidedly, the history of the centre-periphery system is still far from finished.

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