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## Notes on integration<sup>1</sup>

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It is argued in these notes that a number of factors, together with the current problems in the world economy, tend to make integration appear less important than it really is and to reduce its chances of success, so that a clear interpretation and evaluation — not as yet available — is called for.

A study is made of the growing importance of trade between the countries of Latin America, which is contrasted with the sustained deterioration of the region's position in world markets, and an attempt is made to evaluate the interrelationships of these markets, particularly in the field of manufactures.

The study centres on: (a) an analysis of the present integration crisis; (b) the inequalities in development between the countries and the natural tendency for the most backward countries to be the "losers" in integration, barring exceptions or cases where special policies are applied; (c) the differences in views and policies as regards the necessary degree of protection and programming, and other elements which can affect the influence of integration efforts on the economy of the different countries.

The notes stress, in particular, the need for greater co-operation and linkages the different integration schemes and the industrialized countries of South America, and examine the way in which a flexible convergence process among schemes and countries could reduce current tensions and give an impulse to the advance of integration.

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## 1. Analysis of the integration process: Significance of the accumulated experience of Latin America and its real present and future importance

The basic assumption of this study is that no precise idea exists of the scope achieved by the economic integration process in Latin America, of the manner in which it has been linked and co-ordinated with other development policies, or of the extent of its influence on development in the different countries and regions. This results in an imprecise diagnosis which in turn leads to uncertainty as regards what is to be done, what policies are to be followed, and what actions undertaken in this field. Moreover, in the absence of clear lines to follow, disparate ideas emerge and, although these ideas possibly contain some valid elements, many of them tend to reduce or negate the importance of integration. Such negation is generally based on two assumptions: either the slow progress made in the past and the doubts about

<sup>1</sup>These notes were originally prepared for an internal meeting of CEPAL professionals and invited consultants, with the aim of stimulating discussion, encouraging opposing points of view and clarifying the issues raised in them, with a view to reaching conclusions and concrete suggestions which would allow a further impetus to the integration effort. It is with this same purpose in mind that they are presented here.

future viability, or, what is more serious, the assumption that even if progress is made it has no impact on the truly crucial problems of the countries and fails to provide social results of any significance.

Integration has not received and still does not receive solid support in this basic sense. Many of the conditions needed for its progress have been satisfied, and political decisions for achieving it have been taken, but in one way or another there has been a lack of guidelines which provide a clear interpretation of the process and help to orient and justify it. This absence, which is of course partial and not total, has been felt for some time, but in recent years and particularly at present it has become doubly noticeable, since it coincides on the one hand with the fact that the integration process is, in a sense, evolving in an increasingly rarified atmosphere, while, on the other hand, it coincides with the difficulties and uncertainties of the world economy.

In these circumstances, the knowledge and guidelines which are lacking have become a political necessity, since it may be assumed that the same circumstances which call for clear interpretative guidelines would at the same time permit such guidelines to be used to influence the course of events. This would be done in two ways, since hopefully in addition to the headway which can be made in the integration process itself, it is indispensable at the same time to seek integration policies and modalities which are closer and better adapted to reality and to the economic conditions foreseeable in the immediate and medium term future. It can thus be argued that the soundness

and firmness of integration depend above all on the extent to which it is able to increase the capacity of the countries to cope with the conditions of the world economy and with their own development problems over the years ahead. The determination of such capacity and of the ways in which it could be built up and used is a very important aspect of the clarification being sought.

Now that the foregoing points have been raised, it is worthwhile examining the meaning of economic integration from different points of view, including and even giving special attention to those approaches which question its very foundation.

It is sometimes argued that integration is not of major importance to the large countries of Latin America, since they have ample domestic markets and can achieve progress in their industrialization, under better conditions, on the basis of their national markets and their links with the more industrialized centres. For their part, the small countries generally appear to be the permanent losers in the integration process. The favourable area for it would therefore be limited to sub-regional groups of medium-sized and small countries of similar economic status: i.e., to only a small proportion of Latin America.

Behind these broad approaches there are highly important realities which should be studied to see to what extent they are valid and whether they will continue to be so in the future.

Independently of the more detailed analysis which may emerge in the discussions, these facts, as well as the study of the meaning of integration,

should be viewed in the context of two general but opposing trends: (a) the *decreasing* proportion of total Latin American exports in total world exports, and (b) the *growing* proportion of intra-Latin American trade in the total of Latin American exports to any destination. Those two trends show the following characteristics:

- they are continuous trends in which the loss of the relative importance of Latin America in world exports and the increase in the importance of the intra-Latin American market are repeated throughout the 1960-1974 period, save in a few exceptional years;
- the exports of Latin America are also decreasing proportionately compared with those of the other developing countries;
- if world exports for the period 1960-1974 are divided into four groups on the basis of origin (developed countries; Latin America; other developing countries; whole world), all the other groups have export growth rates which are higher than that of Latin America, while those of the other developing countries are double the annual growth rate of Latin American exports.

This is the first fact that should be taken into consideration. Latin American exports to the rest of the world may have grown very rapidly in recent years in absolute terms. Even so, however, Latin America's loss of position is an undeniable historical fact, in terms both of total world exports and of the exports of the other developing countries. Consequently, the relative increase in intra-Latin American exports must

be interpreted within this context. If the share of such exports is increasing compared with exports to the rest of the world, it is partly because the latter did not maintain their relative level and partly because of the rapid increase in intra-Latin American exports.

One of the aspects which call for discussion and study is the relation between the expansion of these two markets (the intra-Latin American one and that of the rest of the world), together with the possible role of integration in the years ahead. It may be that its main function in the future will not be limited to partially compensating for the inadequate rate of exports to the rest of the world through the intensification of trade within the region. That would be a limited role, though a very important one. But it could also serve as a factor in promoting trade with the rest of the world and, in particular, as a springboard for launching industrial exports to non-Latin American countries, as we will see further on.

The data related to the problem are revealing in this respect and ought to be kept in mind when looking towards the future. Latin America is already feeling the effects of the contraction in the volume of exports and the slower rate of increase of their nominal value. For Latin America as a whole it is estimated that in 1975, far from there being any expansion in the volume of exports, there was actually a contraction. For some countries such a contraction may prove serious, either because it has already been occurring for some time — as in Argentina, whose maximum export level was reached in 1970, or because it is very marked, as

in Venezuela, where the volume of exports in 1975 amounted to only 76 per cent of those of the previous year.

It is in the light of this that the Latin American scene must be analysed and that an attempt must be made to find a path to integration which takes

full account of these facts. If past performance is taken as a guide, economic integration could not make the indispensable contribution required of it, since what was observed in the past does not bear witness to a force strong enough to bring the economies together.

Table 1  
EVOLUTION OF LATIN AMERICAN EXPORTS, BY DESTINATION

	1950	1960	1965	1970	1974
Share of Latin America in world exports	11.4	7.6	6.7	6.1	6.3
Intra-Latin American exports as a percentage of total regional exports					
<i>Latin America</i>	8.8	8.7	10.6	12.0	14.7
Argentina	14.0	16.0	17.0	21.0	28.0
Brazil	8.0	8.0	13.0	11.0	11.0
Mexico	5.0	3.0	6.0	9.0	8.0
CACM	7.0	9.0	18.0	29.0	26.0
Rest of Latin America <sup>a</sup>	8.0	5.0	6.0	7.0	15.0
Andean Group <sup>b</sup>	11.0	10.0	11.0	11.0	14.0
World exports of Latin America (A) as a percentage of exports of other developing countries (B)	57.1	48.6	47.1	38.8	22.6
Coefficient					
A	100.0	85.0	82.3	67.8	39.5
B					

Source: CEPAL, on the basis of official statistics, and United Nations, *Monthly Bulletin of Statistics*.

<sup>a</sup>Fifteen countries.

<sup>b</sup>Consisting of the six countries which currently make it up.

Two of the three biggest countries, Brazil and Argentina, had an intra-Latin American import coefficient for 1974 lower than or equal to that of 20 years earlier: that is to say, their increase in production was not accompanied by any more than a proportional increase in imports within the region. In the third country, Mexico, the reduction in the global import coefficient was accompanied by a steady increase in imports from

Latin American countries, but these amounted to only 0.5 per cent of the gross domestic product in 1974. Any revitalization of the integration process must necessarily assume a change in those trends, since the exports of the three countries mentioned amount to nearly 50 per cent of the total intra-Latin American exports.

For Latin America as a whole, the period 1960-1974 saw the fulfilment of the basic assumption of a general drop

in the import coefficient and an expansion of reciprocal trade, which from year to year has come to represent an increasing proportion of the product, although it is still very low (3 per cent). Furthermore, the reduction in imports from outside Latin America was approximately double the intra-Latin American trade expansion, the difference being made up by domestic substitution.

In brief, intra-Latin American trade increased more rapidly than the gross domestic product in 1960-1974, but in view of the concentration of exports in the larger countries and the relatively low level of such trade, it does not yet appear to constitute the type of link between Latin American countries which could increase the region's capacity to adjust to and cope with world economic conditions. If the contraction in world trade were to become more intense and continued to affect Latin America, there could also be a contraction in intra-regional trade. The position would then arise that the leverage effect of integration and of expanded intra-Latin American trade would be missing just when it was most needed. These trends are highly questionable, however, since any contraction at the world level may on the contrary bring about a higher degree of understanding and joint action among Latin American countries. In any case, this too should be discussed and studied in order to plan in advance the rapid expansion of regional trade and thus offset, in part, the depressive effect of any imported recession.

Another matter of concern is the

situation in respect of manufactures and the prospects for their future export to world markets. The upward trend which these exports showed up to 1974 already seems to be losing momentum and could well fall in the years ahead. Furthermore, the export of manufactures is a relatively new matter in Latin America, since prior to the 1960s the total volume of such exports was insignificant. Consequently, there is not enough experience in this type of exports, neither in respect of sales to the main industrial centres, nor in respect of trade in manufactures within Latin America. It can be assumed, therefore, that the defence mechanisms are still barely adequate to maintain the export position outside Latin America, while they are much too weak to serve to improve that position.

In these circumstances, the Latin American market seems to offer an element of greater stability: the share of manufactures in total intra-regional exports amounts to 43 per cent, as against only 12 per cent in exports to the rest of the world, while the regional market's absorption capacity amounts to 31 per cent of the total manufactures exported in 1974, and approximately 45 per cent of the non-traditional exports.

The importance which the Latin American market could assume in the future can be better appreciated by analysing the situation of some countries which account for the bulk of Latin America's exports to countries both inside and outside the region. Some of them, such as Brazil and Mexico, have managed to orient their exports of manufactured products mainly towards the world market, and they



would therefore be more sensitive to changes in it. Others, such as Argentina, have based their exports of manufactures more and more on the Latin American market, and the course of economic integration in the immediate future will be of special significance to such exports. This is clearly revealed by the fact that in the period 1961-1974 the Latin American market absorbed 47 per cent of the increase in Argentina's exports of manufactures and 70 per cent of the increase in its exports of metal manufactures and machinery. In general — in all of the countries except Mexico and Brazil — the biggest impulse to exports of metal manufactures and machinery was provided by the Latin American market; this was even more marked in the period 1960-1965, when Latin America took 87 per cent of the increase in this type of exports.

It may never be possible to make a precise evaluation of the relative importance of one market or the other as a factor in the acceleration of exports of manufactures, but it is likely that the marked expansion of the sales of such goods among Latin American countries was the first signal which led to the channelling of more domestic and external resources towards those activities, because of their evident viability and profitability. In 1960 total exports of manufactures to all

destinations did not exceed 600 million dollars, and at that time it was not thought remotely possible that they could increase to the level of 7,300 million dollars recorded in 1974.

Since both the intra-Latin American and the world markets for manufactures have been increasing in recent years at an average annual rate of approximately 30 per cent, and it is not certain whether it will be possible to maintain these rates when world trade conditions return to normal, the role that integration could play in the immediate future must be analysed in depth. Its impact is not limited just to the problem of payments, but could also extend to the industrial structure itself and influence the pattern of Latin America's relations with the industrial centres and with other developing countries, depending on the orientation of exports and the scope and impact of integration.

An assumption which can be put forward and discussed is that in the next ten years the economic consequences of integration will be strongly felt in the majority of Latin American countries — even those of greatest economic size — and that the course followed by the integration process will be a determining factor both in the structure of industry and in the possibilities of exporting manufactures within the region and to third countries.

## 2.

### Crucial aspects of integration

#### *(a) Definition of the present crisis*

It is necessary to characterize the present crisis and to examine its significance in concrete terms. In all this there are contradictory facts and

important points which need clarification. Integration in Latin America, which got off on the whole to a vigorous start, has been going through repeated crises, and surmounting them has at times constituted the manner in which the process has progressed.

It is also interesting to note that, together with the present crisis in several of the integration processes, the dynamism of the export markets within Latin America has changed radically. Some of the increases in exports may or may not be linked to formal integration programmes and schemes, but they do appear to have been induced by or to be the indirect result of integration. It would appear also that the initial forces and other elements which have given an impulse to intra-Latin American trade have had their effect despite the crises, or parallel with them. Brazil's exports to Latin America increased by 1.9 per cent per year in the period 1950-1960; by almost 14 per cent per year in the period 1960-1970, and by 27 per cent per year in 1970-1974. Argentina's exports grew by 1 per cent per year in the 1950s, by 8 per cent per year in the 1960s, and by 34 per cent per year in the last five years; and we have already seen the growing impact of intra-regional exports in Latin America as a whole.

It must be asked, therefore, what kind of crisis integration is facing at the moment, how far-reaching it is, and what structural, institutional, and political scope it has. Is it a general crisis which affects all aspects of integration, or does it only affect some aspects and policies in particular? Does it amount to a real questioning of the various schemes and the bases and principles on which

they are founded? Throughout this study it is necessary to analyse in depth the factors which are believed to have most seriously hindered progress in integration or have even been the cause of its present crisis. Moreover, this crisis has coincided with a period of abnormal conditions in the world economy which have accentuated its effects through interrelationships that need to be studied in detail.

This sort of diagnosis attempts to find a way out of a situation in which the comprehensive schemes, such as LAFTA, have for some time past shown themselves to be ineffective, while the subregional schemes have not been equal to the task of resolving the problems brought about by their own progress. The way out must be sought in a wider context of less rarefied economic possibilities, through collaboration between schemes and other means capable of bringing the wide economic potential of integration into play. The integration process is still far from having reached its full potential, and the crisis finds it still in the phase of initial realization, in spite of the long period of time which has gone by since its inception.

The crisis can be approached on three levels: (i) as a crisis of opinion, in which less importance is attached to the process than it merits, or else it is simply ignored; (ii) as a crisis of achievements, which are interrupted or reduced by it; and (iii) as a crisis of perspectives, brought about by the lack of a realistic and adequate view of the potential — mainly economic, but also social and cultural — of integration.

The specific role of integration has not been fully appreciated, whatever the size of exports, and has been viewed only in terms of the scarcity of foreign exchange. It is reasonable to believe, however, that Venezuela, for example, needs *more*, not less, integration since it began to enjoy a big financial surplus, and the same could be said of Ecuador. The need for integration is not dictated only by payments problems, nor does it end when these are eased. This all forms part of the prospects and of the potential which the integration process has to offer, and is also related to the crisis of opinion mentioned above.

Looking towards the future, we should ask ourselves also whether the motivations which at the beginning led to a certain isolation of the different schemes, in order to protect their

programmes and not hold back their impulse with the introduction of more complex conditions, are still fully valid, as they well may be, or whether on the contrary those originally sound motivations have not outlived their useful life, yet still persist at a time when what is perhaps needed is not to isolate a scheme of advantages and links, but to endow it with greater capacity — through co-operation on a wider geographical and economic scale — to implement certain programmes and projects or to carry out certain economic policies of common interest. This seems to be the case in Central America, and perhaps also in certain aspects of the Andean Group. In general, the convergence of integration schemes could help to strengthen them and to alleviate or possibly even overcome the crisis.

#### *(b) Inequality of development and equality of opportunities*

This has been the Achilles' heel of integration. There are clear examples of cases in which, as integration progresses, there is an increasing tendency for the most backward country or countries to lag further and further behind and remain relatively under-privileged as regards its share of benefits generated by the process. It cannot be denied that there is a natural tendency for the least-developed countries to become the losers in integration processes, not because they do not obtain any benefits, but because their relative position within the group tends to deteriorate. In addition to these visible effects, however, the tendency towards the concentration

of benefits may be exercising at present a less intensive, less marked, but more pervasive influence which affects the integration spirit in general. In Latin America there are large numbers of poverty zones, and more than two-thirds of the countries of the region are economically a considerable distance behind the others: that is to say, they may be considered as relatively less developed countries. These facts, which could be overlooked in a limited and superficial integration scheme, become relevant precisely when an attempt is made to deepen the scope of integration, as in the case of the Central American Common Market and the Andean Group.

The Andean Group provides the first example in Latin America, and possibly outside it as well, of a case in which the only countries whose share of exports increased in the period 1969-1974 were the two least developed ones. Over those five years the joint share of these two countries increased from 16 to 24 per cent of intra-regional exports, and their trade balances were positive, with minor exceptions. Although other examples of the balancing effects of integration could be given, however, they are exceptions and do not reflect real improvements in the conditions of the productive structure, which are perhaps the principal determinants of balanced growth between countries.

In addition, when we look at the loss of momentum noted in recent years in some integration schemes, the heightened crisis in Central America and the stagnation of LAFTA, there is something in this series of manifestations, and in others which are wider in scope, that indicates the presence of factors of a general rather than a particular nature which in recent times have caused some resistance to further headway in integration and to the taking of further steps along this road, regardless of whether they have already been agreed upon or not. Such resistance, which is probably due to factors of many different kinds, may have been greatly influenced by the lack of equilibrium in development, by disadvantages already suffered, or simply by fear of them.

Another factor in this resistance is the lack of a clear view of the likely consequences of integration in general and its effects in the different countries. Such doubts hold up the progress of

integration and may lie behind many of the obstacles which it has had to face. This conclusion is inescapable. Even though this cannot be proved categorically, it would appear that the future course of integration in Latin America will be influenced very heavily by considerations of this kind, which hinge on the relative position of the countries and their capacity to take advantage of the opportunities which integration offers. This problem goes beyond the position of each country within the corresponding scheme, and extends also to the possible convergence of schemes and the relations between these and specific countries of Latin America (mainly the largest ones). The progress that can be achieved at these three levels is limited both by the tendency to concentration of benefits and by the uncertainty as regards the future position in the schemes mentioned earlier.

This problem should be dealt with in depth by analysing past experience, the reception and transmission of impulses, the possibilities of improvement, and the extent to which all these factors determine: (i) greater possibilities of communication and contact among countries at a similar stage of development; (ii) complementarity between integration schemes, and (iii) the additional task of achieving greater integration and co-operation between the more industrialized countries of Latin America.

Research and additional action are needed at these three levels, even in the larger countries. There are various reasons for this, but at the strictly economic level it should not be forgotten

that even in countries the size of the United States it has been estimated that 90 per cent of the enterprises would

increase their productivity and would obtain further economies if they could increase their production.

(c) *The intensity of regional import substitution and protection*

This matter has become one of general principle rather than of economic tactics. It gives rise to a confrontation of ideologies or positions which affect almost all the aspects of integration, and particularly that of industrial programming and the common external tariff.

This crucial point, which becomes of critical importance when the integration process reaches a certain stage, must be analysed. It is also found in the formative phase of the groupings, but it is most crucial when, as at present, it emerges at the application stage. The greatest risk, when this stage of divergence is reached, is to fall into a type of integration which either continues to make some progress but leads to neither industrialization nor greater interdependence and fails to generate clear guidelines in the programmes, or, on the other hand, stagnates because it pursues at the multinational level a degree of programming which is incompatible with the various national realities and policies.

What has occurred in the CACM, where these very points of view have been the subject of discussion, confirms the need for combining these two aspects as they are, in fact, combined in the corresponding agreements which assign an important role both to the forces of competition and to the planning of the

activities of those sectors which are considered to be strategic or of key importance to development. The problem lies, however, in the fact that free trade spreads day by day without the need for any sort of additional regulation whatever, whereas the development of programmed industries is bogged down in interminable negotiations, thereby disturbing the equilibrium which is being sought between the two elements.

In reviewing these and other aspects, it is suggested that the following be borne in mind: (i) the relationship between import substitution and the size of the market; (ii) the tendency of the small countries to aim at the higher level of substitution set by the largest unit of the integrated body; (iii) the new tendencies towards greater liberalization; stabilization of the import coefficient since 1960 and its increase in recent years; (iv) the expected growth of additional substitution on a multinational economic basis; (v) complementarity between exports within Latin America and those to third countries, by both large and small countries; (vi) the possible resultant production specialization, and (vii) the need for co-ordination of policies and programmes.

The purpose of studying these aspects must be to clarify the problem and to contribute ideas for overcoming

the major difficulty of finding a meeting point or narrowing the gap between the different theses and policies. These

are laid down in the agreements, but need a viability which they have so far lacked.

(d) *The world economic recession*

Even if the growing complexity and uncertainty of the world economy were to become less acute they would still continue to project their effects on the prospects and possibilities of integration and constitute one of the critical aspects of this process. Reference has already been made in other sections of this note to various repercussions of the world crisis on integration policies.

To these considerations it must be added that in any future attempt to revitalize the integration process — and such revitalization is essential — a bigger effort will be needed to make up for lost time. Such an attempt is not likely to begin at a moment when there is still an export boom, however, but at a time when there are already clear signs of its decline.

Sheer necessity alone might make it obligatory to find solutions to the Central American crisis, to the loss of momentum by the Andean Group and to the stagnation of LAFTA, but if solutions continue to be delayed or are not found at all, and *if integration policies are not capable of responding to the various upheavals in the world economy nor of combining with other policies to provide an answer to the demands posed by the world crisis, such demands will become a divisive element in the schemes, by the force of circumstances.* This could prove to be

a turning point which will put the whole strength and usefulness of integration to the test. Ways must be found of overcoming the relative immobility of the integration process and placing it in a functional relationship with the conditions, requirements and effects of the circumstances that at present characterize the world economy. If this is not possible, it could lead to a strong temptation to abandon the integration schemes in order to find solutions outside them.

Although a reaction of this type would be perfectly understandable, it must be realized that speaking of the relative immobility of integration does not mean that one should underestimate the forces which are apparently on the increase and which could in the future have a major impact on the economy of the countries. Thus, taking a long-term view, since 1950 the only category of exports which have persistently increased more than the product in Latin America have been those sold within the region. The rate of expansion of the intra-Latin American import coefficient increased throughout the entire period. Even in the period 1970-1974 this rate was double that of the previous decade, and in the 1960s it was double that recorded in the period 1950-1960. It is therefore a steady trend which could indicate the gradual building up of closer real links between

the economies of Latin America, albeit at a level which is still excessively low (3 per cent). It also gives grounds for believing that there are basic integration forces in existence which have been manifesting themselves for more than two decades within and outside formal agreements, although their more recent acceleration is a sign of the decisive impact of the latter.

Among these various considerations, attention should be given to the question of whether there is any tendency for the recession and the changes in the world economy as a whole to have such serious consequences for a number of countries as to weaken the possibilities of genuine multilateral co-operation and

lead to a search for bilateral solutions rather than overall ones, not only with regard to the more advanced countries, but also within the framework of the Latin American integration groupings themselves.

Furthermore, if the economic links between countries are to be strengthened, the consequences of the recession cannot be allowed to continue unchecked, since the difficulties thus raised could well increase with the duration of the crisis and reduce the relative impact of integration, either because they led to the narrowing at the national level of the different production gaps, or for other reasons which would have to be studied.

#### (e) *Bridging the production gaps at the national level*

Industrial demand in recent years has grown very rapidly, and the increase in the global import elasticity for industrial products in this period is well known. At the same time, however, and side by side with the increase in intra-Latin American trade, a clear tendency has also been noted in some countries to close the production gap on the basis of their respective national markets, which are generally inadequate. *This tendency is very marked in the dynamic industries, and specially in some of the metal manufactures and machinery lines which would normally constitute*

*integration industries serving more than one national market. These tendencies, when duplicated in several countries, weaken integration possibilities and shorten the time available for integration.*

The lag in integration and the recent world crisis are major causes of this propensity, which is also in keeping with the general thrust of import substitution. This subject needs to be studied with a view to determining the possibility of establishing multinational plans and programmes which could meet these needs with greater economy by widening the substitution framework.

#### (f) *The isolation of integration schemes*

Indiscriminate subregional substitution may lead to the integration of groups

which, with the passage of time, become new watertight compartments. Moreover,

to date there has been no clear tendency towards communication between the different economic groupings, but rather a certain propensity towards isolation, as far as real economic relations are concerned.

It is therefore necessary to examine ways in which a process of convergence between integration groups could alleviate some of the tensions existing in them and provide an impulse for their development by widening their scope as regards selected activities or programmes.

Generally speaking, it would be very useful to know whether at present a policy which pursues complementarity among integration schemes, specialization by specific countries and groups of countries, and the gradual expansion of the scope of integration would be considered realistic.

It also seems opportune to ask whether the setting up of possible multinational watertight compartments is a danger in itself, or whether the danger lies rather in the weakness of those "compartments", mainly owing to their tendency to stop halfway without achieving their final objectives. In the latter event — as in fact seems to be the case — the central objective of convergence would be to activate and strengthen the different country groupings,

which in turn is a requirement for broader integration.

At the other end of the scale it is necessary to study less formal modes of integration, which are not incorporated in any agreement among countries and which stem principally from isolated decisions taken by private enterprises, in many cases transnational ones. This matter must be studied from various angles.

These isolated actions may constitute unorthodox forms of economic integration, or they may involve forms of market distribution or other aspects which for various reasons may be contrary to, and in time hold up the advance of, the integration process. What is worthy of study is the measures of this type used in Latin America and the effects they have had. From a broader point of view there is also a widespread tendency for the integration machinery itself to seek practical, flexible, viable and productive projects which can rescue the integration process from relative or assumed stagnation. It is also necessary to look at these new policies, proposed within the framework itself of the integration organizations, and evaluate their possible future role as complementary aspects of general integration measures and as a part and result of the advance of integration itself.