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WORLD MONETARY REFORM, THE NEW ECONOMIC POLICY AND LATIN AMERICA

ARTICLE FOR THE NEW YORK TIMES

As a Latin American and as an economist who is deeply concerned with the development of the Third World, I have long tried to interpret international economic events from the point of view of Latin America as well as other developing countries. In the few pages to follow I will try to consider two recent, important and interrelated events of this nature. First of all I shall review the implications of the United States NEP (New Economic Policy) upon the developing world, and secondly I will deal with various aspects of world monetary reform which in my judgement hold very great importance for Latin America as well as for other developing countries. Let me start with the NEP.

The fact that the United States is inadequately utilizing its enormous economic potential not only leads to unemployment and social tensions within its own boundaries, but also has a serious impact in Latin America and indeed throughout the Third World generally.

The strong tendency towards protectionism in the U.S., however detrimental it might be to the world, can be understood from the U.S. domestic political point of view. It is hard to conceive how a country with over 6% of its labor force unemployed can be liberal-minded in trade matters. This, among other things, explains past delays in promulgating a policy of general and non-discriminatory preferences designed to promote exports of manufactures from

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developing countries, even though the U.S. Administration had previously stated its adherence to this policy. Now however, with the readjustment of the dollar and of other major currencies underway, there seems to be a better opportunity to attain the goal of global preferences, which is of paramount importance.

Indeed, substantially greater exports of manufactured goods, together with other international policy measures, are absolutely basic if Latin American countries are to accelerate their pace of internal growth. And an accelerated rate of growth in turn is essential if the Latin American countries are to productively absorb the increment to the labor force that is increasing at an ominously rapid rate. Yet the fact of the matter is that Latin America has not grown sufficiently over the last twenty years. In consequence an increasing proportion of its manpower is redundant or unemployed, with very serious economic social and political consequences, as can be imagined.

The impressive rate of economic growth of Brazil in the last few years is a case in point. The Brazilians have followed a far-sighted development policy, of which one of the most important elements has been the vigorous promotion of the export of manufactures, with a corresponding increase in their capacity to import. In prior years this capacity had been constrained, which was a very important factor holding back Brazil's basic internal productive potential.

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Now that this limitation has been considerably relieved (not only due to exports of manufactured goods as just mentioned, but also because of sizeable net inflows of foreign capital) the internal economy has been able to grow at a very fast rate, whether measured by Latin American standards or indeed by those of the entire world.

As an aside, the example of Brazil is very meaningful from a strictly economic point of view. However it still remains to be seen how far its outstanding growth rate will be accompanied by a social policy designed to correct the appalling disparities in income distribution. In any event, other Latin American countries have also been engaging themselves in a similar policy of export promotion, and I hope that all of them will follow this example in a vigorous way. But the success of this effort, insofar as the United States is concerned, depends on two factors. First, there must be a full utilization of the enormous growth potential of the U.S., with a consequent expansion of its import demand generally. And secondly, the system of preferences, as well as other liberal trade measures, must be implemented in such a way as to give particular impetus to U.S. imports from developing countries.

This is why I feel that developing countries must follow very closely and carefully the way in which President Nixon's NEP is implemented. Successful implementation of the NEP should once again enable the U.S. to play a dynamic role, with a positive impact upon

the rest of the world, and especially upon the developing countries. However to fulfill its dynamic and positive role, it is essential that the United States balance of payments comes into sustained equilibrium. The growing U.S. balance of payments deficit in recent years has prevented this country from following a Keynesian expansionary policy that fully utilizes its undoubted and powerful economic potential. As is well known, the deterrent factor has been an accentuated inflationary spiral of wages and prices. The consequences of this spiral have seriously impaired the competitive position of the United States both in its own market and abroad, with adverse consequential effects on its balance of payments.

The other side of the coin, of course, can be illustrated by the case of Japan, whose exports have greatly benefitted from the U.S. inflationary process and which therefore must now experience the inevitable consequences as the U.S. readjusts its inflationary problems.

But why did the United States not previously devalue its dollar, in order to help offset the internal wage-price spiral and restore its external competitiveness? In my long years of dealing with developing countries, I have often listened to U.S. experts advising developing countries --especially in Latin America-- to devalue when the level of their wages and prices became out of line vis-a-vis the rest of the world. The doctor unfortunately took a rather long time to swallow his own medicine. And now he has done so by adding a new element to the prescription: namely putting

pressure on other countries to share the burden of international monetary readjustment. Of course I think we have to understand this reluctance on the part of the U.S., due to the fact that the dollar had a dual role: i.e. in addition to acting as a domestic currency it has also been the basis of the entire world monetary system.

Another central element for correcting balance of payments disequilibrium is undoubtedly control over wages and prices. The U.S. Administration has taken a bold decision in controlling wages and prices: a very difficult matter indeed, but one of tremendous importance. I hope that this policy will succeed, notwithstanding the great obstacles facing it. Otherwise new currency adjustments will once again become inevitable, and once again bringing new crises to the international monetary system.

May I say in passing that perhaps this reluctance to adjust the external value of the dollar could have been attenuated if, instead of devaluing in terms of gold, the United States would have devalued in terms of SDRs: that is to say, in terms of an accepted international currency unit. The time has come to speak frankly about "international money" and not to continue using circumlocutory expressions that might have been justified a few years ago but no longer.

Anyhow, devaluation in terms of international monetary units has paved the way for prying gold loose from its outdated role as the basic element in the new monetary system. Monetary reform is now the great economic problem which faces the world. I am afraid that having solved the recent crisis in a short-term sense, the longer-term elements of this matter may be postponed or subject to half-measures.

An important question immediately emerges. What should be the criteria for creating new international monetary units? Having shown such a great concern for the developing countries in the past, it may seem surprising to the readers if I say that the financial needs of developing countries should not be the criteria. Rather the liquidity needs of world trade as a whole should prudently determine the amount of new monetary units to be created. Indeed, the needs of developing countries are so huge that if they are taken as a basis for the creation of new international monetary units, this would dangerously intensify the forces of world inflation.

However, once the amount to be created has been determined in relation to the liquidity needs of world trade, these additional resources could be channelled in a proper way to increase the amount of assistance to developing countries through the World Bank and the regional banks by means of the so-called SDR "link". In this, as well as in other matters, gradualism is advisable. We may start by channelling 50% of the new resources by way of the "link", thereafter increasing them gradually, having always in mind the need for appropriate readjustments to the U.S. balance of payments.

This proposal of the "link" emerged in an Expert Committee established by UNCTAD during the period when I was Secretary-General of that organization. But as so often happens with new

ideas, it was utterly resisted by some important developed countries. On our part we were careful, when we listened to the advice of not insisting at that time on the idea of a "link". We did so in order not to interfere with the decision to create the SDRs at the initial stages, when that decision was already encountering many difficulties.

Now however the situation has changed. And this proposal of a "link", as well as the UNCTAD recommendation for preferences that also was strongly resisted by some important developed countries, is becoming respectable. As an example, let me remind you that the Reuss Subcommittee of the U.S. Joint Economic Committee has supported this idea, and I was recently gratified to see that The New York Times has also adhered to it. Indeed, on January 3, 1972 an editorial said that "the rich industrial nations could make a fatal blunder if they miss the opportunity to tie world monetary reform to increasing the resources available to the poor countries..."

It is equally if not more important that this idea of the "link" be looked at not merely as a way of transferring resources to the developing world, but rather from the viewpoint of the functioning of the world monetary system as a whole. Let me explain this latter statement.

It has already been decided that SDRs should be distributed automatically, according to pre-established IMF quotas. I do not

think that this automaticity is sound for the healthy functioning of the system, regardless of the intrinsic validity of the criteria chosen for such form of distribution.

In the "golden age" of the gold standard, if I may say so, there was no such automatic system for distributing new gold production nor of course for redistributing existing gold monetary reserves. The guiding principle in this distribution process was the ability of countries to compete for world exports. Competition and multilateralism were basic to the effective functioning of the gold standard in past times and they are still basic to any new monetary system. This has relevance to the creation of new monetary units. If these new units are channelled to developing countries via the "link" instead of being automatically distributed, as is presently envisaged, this would increase the capacity of developing countries to demand more imports from the industrial centers of the world. And those centers in turn would then have to compete among themselves in order to capture a portion of the new world monetary resources or of the existing reserves.

I consider this to be of paramount importance for an effectively functioning world monetary system and for the readjustment of balance of payments disequilibrium.

Let me insist upon a long-standing principle that continues to be valid. A country that is unable to control inflation must, sooner or later, take measures to redress the consequences of this

process upon its balance of payments. That is unavoidable. But if the country receives the newly created monetary units automatically, this fact alone will enable it to continue its precarious inflationary situation without being forced to take proper and adequate measures to resolve its balance of payments problems.

I am really amazed to see how a principle as fundamental as this one has so frequently been forgotten in recent monetary discussions. Indeed, I am inclined to believe that when some principles do not suit the immediate interests of important countries they consider it more expedient to forget those principles and create new ones.

One further aspect of world monetary reform that is of great concern to developing countries relates to cyclical fluctuations. Ever since the great depression of the 1930's, the world has made tremendous strides in attenuating economic fluctuations through internal measures. Furthermore the system created via the IMF has helped with the external readjustments required for a proper anticyclical policy. But the effectiveness of the latter has been much greater for developed than for developing countries. The system had an inborn bias in this sense, notwithstanding the preachings by Keynes before the creation of the IMF. Now we have an opportune time to introduce more flexibility into this matter: a flexibility that is not incompatible with monetary discipline.

I am, therefore, wondering if the new monetary units that are to be created should not be used in a counter-cyclical fashion. In other words if the channelling of these new units to developing countries should not be geared to the downward cyclical movements that so greatly affect the latter?

A case in point is the present one. The inevitable readjustments required on the part of the United States could accentuate some already-existing world recessionary tendencies if those tendencies are not counteracted in proper ways. One way would be to increase the amount of lending to developing countries, by channelling the new monetary resources to them. It is one thing to readjust world trade movements in a recessionary atmosphere, but it is a very different -- and more effective -- matter to do this when global demand is sustained at a buoyant level. And here the additional import demand by developing countries, stimulated in such a fashion, could be of decisive importance to the aforesaid readjustment process of the industrial countries due to the well-known multiplier effects.

Finally a few words about speculative capital movements. As a former central banker in a non-inflationary economy (Argentina before 1944), I consider that sudden and erratic movements of speculative short-term capital introduce tremendous complications into monetary management, not only in developed but in developing

countries as well. This is a matter of very great concern. Convergent measures have to be taken by by countries suffering the outflow of speculative short-term capital as well as by those suffering its inflow. The experience of the last few years would be useful in considering this aspect of world monetary reform.

The above, then, are some aspects of world monetary reform that are of the greatest concern from the viewpoint of Latin America as well as other developing countries. The world has made great progress in finding ways and means of acting, consciously and deliberately, upon the forces of internal development. The same effort must now be made at the international level. And in this process the developing countries should not -- as has flagrantly been the case -- continue being left aside in the discussions of the "Group of Ten".

On the contrary, their needs and views should be properly listened to and seriously considered in this historic attempt to act upon the forces of the world economy.

LA CÁMARA DE CUENTA DEL DOCTOR
SUS PROYECCIONES Y IAS
LABORES DEL CIAP - 1971



ORGANIZACIÓN DE LOS ESTADOS AMERICANOS



CONSEJO INTERAMERICANO ECONÓMICO Y SOCIAL

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LA CARTA DE PUNTA DEL ESTE, SUS PROYECCIONES
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Señor Carlos Sanz de Santamaría



LA CARTA DE PUNTA DEL ESTE, SUS PROYECCIONES
Y LAS LABORES DEL CIAP

I

Los diez años transcurridos desde la adopción de la Carta de Punta del Este y el hecho de iniciarse el Segundo Decenio del Desarrollo de las Naciones Unidas, en cuya preparación los países latinoamericanos han tenido considerable influencia, justifican la necesidad de realizar un examen lo más objetivo posible de lo que ha significado para la América Latina aquel acto de cooperación interamericana y sus proyecciones futuras.

Nunca hasta que la Carta fue aprobada se había dado un consenso tan claro acerca de lo que los países latinoamericanos por un lado, y los Estados Unidos por otro, tendrían que hacer para promover el desarrollo económico y social de los primeros. Pudiera decirse sin riesgo de equivocación que los objetivos fundamentales de la Carta siguen en pie. Más aún, éstos han sido incorporados a la nueva Carta de la Organización de los Estados Americanos. Pero no cabría olvidar que han transcurrido diez años durante los cuales sobrevinieron cambios, a veces fundamentales, en las condiciones y aspiraciones económicas, sociales y políticas del continente americano. Conviene pues realizar el examen de la significación de la Carta, no sólo desde el punto de vista de la validez de los principios sobre los cuales se sustenta, sino también de su adecuación a esas nuevas condiciones de la realidad y a las aspiraciones de las masas populares latinoamericanas.

Este examen, por lo demás, es de importancia para definir la acción futura del sistema interamericano ya que uno de los principales pilares del sistema se sustenta en el campo económico-social.

Como es sabido, lo que se acordó en 1961 en Punta del Este fue "constituir una alianza". Una alianza destinada a "procurar una vida mejor a todos los habitantes del Continente". La peculiaridad del documento que dio vida a la llamada "Alianza para el Progreso" está en que no establece --como ocurre en las alianzas defensivas u ofensivas-- un plazo de duración.

La Carta de Punta del Este señaló, sí, el período de una década para que las Repúblicas Americanas alcanzaran determinadas "metas principales" en su desarrollo y crecimiento.

La Declaración a los Pueblos de América --documento que encabezó la Carta de Punta del Este-- contiene, por su parte, el compromiso solemne de los Estados Unidos de "ofrecer su cooperación financiera y técnica para alcanzar los fines de la Alianza para el Progreso". "A tal efecto", dice la Declaración, los Estados Unidos "proporcionarán la mayor parte del financiamiento, de por lo menos veinte mil millones de dólares, principalmente fondos públicos, que la América Latina requiere de todas las fuentes externas durante la próxima década para completar sus propios esfuerzos".

Ya en noviembre de 1965, el Gobierno de los Estados Unidos --en lo que atañe a sus propios compromisos dentro de la Alianza-- comprendió que los objetivos señalados en la Carta de Punta del Este difícilmente serían alcanzados en el transcurso de una década y se adelantó a comunicar a la Segunda Conferencia Interamericana Extraordinaria, a la sazón reunida en Río de Janeiro, que los Estados Unidos estaban dispuestos

a extenderlos y que para determinar el alcance del esfuerzo de los Estados Unidos examinaría en 1970 cuidadosamente, con las naciones latinoamericanas las necesidades del Continente.

Esa decisión de los Estados Unidos fue expresada en un mensaje personal del Presidente Johnson que fue transmitido a la Conferencia por el Secretario de Estado, señor Rusk.

Por su parte, la Conferencia Interamericana de Río de Janeiro reconoció la "necesidad de ampliar la vigencia de la Alianza para el Progreso, hasta asegurar un crecimiento sostenido y suficiente, y un progreso social acorde con las metas del Acta de Bogotá y de la Carta de Punta del Este, y que, por lo tanto, las ideas básicas que inspiran estos documentos debían incorporarse a la estructura permanente del sistema." (5° párrafo de los considerandos del "Acta Económico-Social de Río de Janeiro".)

Agregó el Acta Económico-Social de Río de Janeiro "que la ampliación de la vigencia de la Alianza deberá ir acompañada de renovados esfuerzos para movilizar al máximo los recursos nacionales y asegurar un flujo adecuado de asistencia financiera y técnica, mutua y externa, de fuentes de capitales tanto públicas como privadas" (párrafo 6° de los mismos considerandos).

En consecuencia, la Segunda Conferencia Interamericana Extraordinaria, que había sido convocada con el expreso propósito de iniciar el proceso de la reforma de la Carta de la Organización de los Estados Americanos, resolvió "reafirmar los principios y objetivos contenidos en la Declaración a los pueblos de América y en la Carta de Punta del Este... como la política fundamental de la Organización de los Estados Americanos y de los Gobiernos

de los Estados miembros en referencia al desarrollo económico y social del Hemisferio y, encomendar a la Comisión Especial encargada de elaborar el anteproyecto de reformas de la Carta de la OEA que... prepare las normas adicionales en el campo económico y social, que es necesario introducir en la referida carta" según la orientación que a continuación el mismo documento enunciaba. (Párrafos 1 y 2 resolutivos del "Acta Económico-Social de Río de Janeiro".)

Basta ahora cotejar el articulado de las Normas Económicas y Sociales de la Carta Reformada de la OEA, para percibir que en esta última ha quedado incorporado lo más sustancial de los compromisos de Punta del Este, habiéndose omitido sólo aquellos que, por su naturaleza, no correspondía incluir en un documento de carácter constitucional.

Estos antecedentes, que son suficientemente claros, me han llevado a manifestar en más de una ocasión, que los objetivos de la Alianza pactada en Punta del Este en 1961 y que, según el propósito original, debían alcanzarse en el decenio iniciado en agosto de ese año, son parte hoy de un compromiso de carácter permanente destinado a lograr el desarrollo y bienestar de los pueblos de América, y, que afortunadamente, ello significa que no es ahora necesario crear las bases mismas para la cooperación en el campo del desarrollo económico y social o en el de la asistencia financiera y técnica, pues éstas se encuentran asentadas en compromisos internacionales vigentes.

Es, a mi juicio, claro que la posición de los Estados Unidos y su política hacia América Latina es de fundamental importancia. Y es necesario definir sin tardanza qué es lo que "la silueta diluida" significa,

en relación a la Carta y saber si ello representa desentenderse en una forma o en otra de sus grandes objetivos, o si más bien refleja la convicción, muy laudable por cierto, según la cual los países latinoamericanos deben afrontar de más en más sus propias responsabilidades en el desarrollo económico y social, lo cual, desde luego, es perfectamente compatible con una vigorosa política internacional en el campo del comercio, de las corrientes financieras y de la transferencia de tecnología.

Por todo ello se justifica que la Secretaría Ejecutiva del CIAP, a solicitud de su Presidente, haya realizado un examen objetivo y realista de los resultados obtenidos en estos diez años transcurridos desde que se establecieron los objetivos de la Carta de Punta del Este.

Pero sin perjuicio de las conclusiones detalladas a que en este análisis puede llegarse, es posible desde ahora proyectar la vista hacia el futuro, tomando como punto de partida ciertas enseñanzas primordiales que se desprenden del decenio anterior.

En la pasada década se han producido acontecimientos que en gran parte son la consecuencia de los adelantos científicos y tecnológicos que con ritmo tan impresionante han venido ocurriendo en los países avanzados. Las naciones en desarrollo tienen el privilegio de tener acceso a esos adelantos y acortar etapas en su evolución. Pero al mismo tiempo experimentan ciertas consecuencias adversas de esos adelantos. No me refiero tanto al problema de la contaminación, que ya los está afectando al igual que a los grandes países pero antes de que dispongan holgadamente, como ellos, de los recursos necesarios para afrontar ese problema. Son otras las consecuencias adversas que están soportando y que no tuvieron los

países industriales en su desenvolvimiento. Estamos importando de más en más la tecnología productiva de tales países, que requiere un alto capital por hombre; y como no nos es dado movilizar suficientes recursos internos, ni viene del exterior capital suficiente, no es posible absorber satisfactoriamente en el sistema productivo, el extraordinario crecimiento de la fuerza de trabajo quedando así una proporción considerable mal empleada o desocupada. En esa deficiente movilización de recursos internos influye también la tecnología, pues el desenvolvimiento de las técnicas de comunicación propaga incesantemente las formas de consumo de los países avanzados, en claro desmedro de la acumulación de capital. Y finalmente, el fuerte incremento de la población que ha traído aquel extraordinario desenvolvimiento de la fuerza de trabajo, es otra de las consecuencias de los adelantos científicos y tecnológicos. Se llega así a esta incongruencia desconcertante en la transmisión de los adelantos científicos y tecnológicos: exigencia cada vez mayor de capital por unidad de fuerza de trabajo y crecimiento extraordinario de la fuerza de trabajo, por un lado, y por otro presión continua del consumo que debilita la acumulación de capital, unida a la precaria aportación de recursos financieros internacionales.

No se tenía --no podría haberse tenido hace diez años-- la preocupación aguda que este fenómeno ha venido provocando a medida que se desenvolvía el decenio de los sesentas. En efecto, cuando fueron elaborándose aquellas ideas fundamentales que se concretaron en la Carta, apenas si se percibían en la fuerza de trabajo latinoamericana las consecuencias del aumento de la tasa de crecimiento de la población.

Pero hoy no podría omitirse este elemento tan importante en el desarrollo económico y social y es necesario reconocer que en una buena parte del Continente se hace necesaria una política de población que abarque sus complejos aspectos. Se requiere una acción inteligente, resuelta y adecuada a las tradiciones e instituciones de cada país.

Hoy se sabe muy bien que además de la fuerza de trabajo redundante, que no se necesita en la agricultura latinoamericana, o que ha emigrado de los campos por razones económicas, políticas o sociales, se ha ido acumulando en las ciudades un número inquietante de gentes que no ha podido integrarse en la vida económica y social urbana. Todo ello unido a un fenómeno de desempleo que en algunos países está tomando características agudas y que, más que a factores circunstanciales se debe a factores de carácter netamente estructural; más aún, el desempleo no es lo único que debe preocupar, sino también aquella fuerza de trabajo redundante que ha tenido que ser absorbida precariamente, sin necesidad de toda la extensa gama de ocupaciones urbanas y que podría eliminarse de éstas si hubiera la posibilidad de absorberla en actividades realmente productivas. He aquí un grave acontecimiento que ha superado el marco de cuanto se previó en la Carta de Punta del Este.

Hay que reconocer que este problema de la fuerza de trabajo redundante no se observa solamente en los niveles de bajos ingresos y de preparación general y técnica precaria o inexistente, sino que abarca a las otras categorías sociales. Es allí perceptible, sobre todo en los países que han tenido una tasa de desarrollo relativamente débil, la efervescencia ideológica y el inconformismo de hombres jóvenes, que habiéndose

preparado para desempeñar actividades profesionales a su paso por los institutos medios y superiores de enseñanza, se ven privados de la posibilidad concreta de tener acceso a ellos en legítimo cumplimiento de sus aspiraciones. El sentimiento de frustración que todo ello significa plantea un problema grave para América Latina. En otros términos, la producción no crece suficientemente para absorber el desempleo y la fuerza de trabajo redundante.

Agréguese a ello que la prolongación de la vida humana resultante de los adelantos científicos y tecnológicos que penetran en la América Latina con una velocidad superior a la de las técnicas productivas, añaden una pesada carga pasiva a la estrechez de la economía. A lo cual se añaden las consecuencias de los mismos adelantos científicos y tecnológicos, a saber la proporción creciente de la población infantil a cargo de quienes producen y finalmente la influencia de la carga pasiva adicional que trae consigo la prolongación de los estudios técnicos y profesionales.

Todos estos adelantos trasplantados a la América Latina son muy encomiables, pero distan mucho de haber sido acompañados, como hubiera sido necesario, por la aceleración suficiente del ritmo del desarrollo económico.

Es obvio que sin este mayor ritmo, la educación, por adecuada que fuere, no podría resolver por sí misma ese problema. No sólo eso, sino que también han surgido serios problemas en estos diez años que debieran llevarnos a juzgar la validez de ciertos nobles objetivos en esta materia en relación a la posibilidad o imposibilidad de cumplirlos. Los hechos

están demostrando ahora que para cumplir plenamente los propósitos de la Carta, sería indispensable aumentar en tal forma los recursos necesarios que ello se volvería incompatible con la satisfacción de otras necesidades de inversión económica y social, necesidades que son igualmente apremiantes. No es, desde luego, que haya que debilitar innecesariamente estos objetivos, pero el problema parece mucho más hondo, difícil y complicado que lo que pudo suponerse cuando se elaboró la Carta de Punta del Este. Para decirlo brevemente, América Latina necesita formular nuevos métodos de educación, valiéndose entre otros de las técnicas audiovisuales, y afrontar la modificación, tal vez radical, de los programas a fin de llegar al mayor número de gentes y al mismo tiempo responder a las exigencias que incesantemente plantea la tecnología.

A la luz de estas consideraciones se impone examinar el propósito de llegar a un crecimiento del ingreso por habitante de 2.5 por ciento por año establecido en la Carta de Punta del Este. Varios países lo han superado, y en los últimos tiempos se ha cumplido este objetivo al menos temporalmente. Sin embargo, el problema de la desocupación y la redundancia de fuerza de trabajo han seguido agravándose. En este sentido las metas cuantitativas de crecimiento económico de 2.5 por ciento deberían elevarse a 5-6 por ciento en promedio.

Si bien se mira, por las razones explicadas más arriba no pudo determinarse cuando se aprobó la Carta una tasa de crecimiento que permitiera absorber satisfactoriamente el incremento de la fuerza de trabajo. Lo cierto es que el objetivo fijado en aquella y que entonces pudo juzgarse ambicioso, dista mucho de serlo en el decenio transcurrido.

Todo esto demuestra que si bien aquellos principios fundamentales de la Carta se mantienen perfectamente en pie, es necesario sobrepasar el marco originario y considerar el problema demográfico. Su considerable impacto continúa como elemento integrante de una estrategia del desarrollo, habida cuenta de que se trata fundamentalmente de una cuestión muy delicada de carácter moral.

Sin embargo, cualquiera que fuera la prudencia y sabiduría de esta inserción de la política demográfica en una estrategia de desarrollo, es obvio que sus efectos sobre la fuerza de trabajo en las poblaciones redistribuidas donde fuere aconsejable, tardarán por lo menos unos 15 a 20 años en sentirse, si bien es cierto que la disminución de la natalidad permitirá aliviar las exigencias familiares, especialmente en los estratos de inferiores ingresos y dar más eficacia a las inversiones en vivienda, salud y educación. Sin embargo es un hecho, observado en general que, conforme disminuye la dimensión de la familia, aumenta la participación activa de la mujer en la fuerza de trabajo y en esta forma se atenúan los efectos que podrían lograrse al presentarse una limitación de la natalidad.

El problema de la concentración urbana ya mencionado está siendo objeto de una muy marcada preocupación, que no se percibía en toda su amplitud cuando la Carta de Punta del Este se discutía. Ya existía, sin duda alguna, la grave concentración demográfica en las áreas metropolitanas de América Latina, pero ahora es bien claro que este fenómeno no va a detenerse sino que tiende a continuar en forma impresionante, sea

en las ciudades que han alcanzado ya dimensiones extraordinarias, o en ciudades medianas que podrían seguir el mismo curso, planteando con ello muy serios problemas económicos y sociales. Este es otro de los asuntos que deben merecer atención en el próximo decenio. No se trata de algo que pueda resolverse espontáneamente en el curso del tiempo, sino que requiere una acción deliberada para obrar sobre las fuerzas del desarrollo económico y social. No hay país de la América Latina que logre sustraerse a este problema y a la necesidad de discurrir sobre el conjunto de medidas necesarias dentro de una estrategia del desarrollo, para lograr la creación y el vigoroso desenvolvimiento de polos de desarrollo que contribuyan a contrarrestar la tendencia hacia una excesiva concentración urbana.

Las consideraciones que se acaban de hacer se proponen subrayar la necesidad, a mi juicio ineludible, de adaptar los principios de la Carta de Punta del Este a las exigencias de una realidad que se ha vuelto mucho más complicada.

II

Esto es lo que se tratará de examinar en seguida. Pero antes es necesario precavernos de ciertas manifestaciones que han contribuido a dar una imagen de la Carta de Punta del Este que no refleja fielmente su verdadera naturaleza. Ha habido en efecto, tanto en los países latinoamericanos como en los Estados Unidos, la creencia injustificada de que la Carta tendría efectos inmediatos espectaculares. Naturalmente, consideraciones obvias aconsejan que toda estrategia de desarrollo tenga ciertos efectos inmediatos; posiblemente esto pudo haberse logrado si la Carta hubiera sido precedida de una cuidadosa preparación basada en las exigencias de la realidad. Sin embargo, los problemas del desarrollo no pueden resolverse súbitamente, pues son en buena parte de carácter estructural y exigen cambios que por su propia naturaleza no pueden lograrse en muy corto tiempo. Esta reflexión no sólo concierne al pasado sino también al futuro. Una estrategia requiere persistencia de propósitos y la determinación de perseguir firmemente los objetivos fundamentales con suficiente flexibilidad para adaptarse a las cambiantes condiciones de la vida real.

Estas observaciones conciernen tanto a los Estados Unidos como a la América Latina. Mientras en ésta se esperaba que la afluencia copiosa de recursos internacionales contribuyera a resolver rápidamente sus problemas básicos también se esperaba en aquel país que la movilización de esos recursos, acaso poniendo excesivo acento en la inversión privada extranjera, bastaba para lograr estos resultados. Quizás se había perdido de vista en todo ello, que la cooperación internacional necesitaba no solamente adecuarse en sus formas y dimensiones, sino ir acompañada de grandes

reformas internas y de una disciplina del desarrollo que ciertamente no es fácil lograr, por cuanto requiere cambios fundamentales de actitudes, de uno y otro lado.

También conviene encarar la estrategia de este próximo decenio con una adecuada perspectiva. En realidad, los principios fundamentales de la Carta de Punta del Este y las ideas que aconsejen modificar su contenido, han venido de tiempo atrás elaborándose y nutriéndose en la experiencia misma de los países latinoamericanos y en la evolución de su pensamiento económico y social. Desgraciadamente, la Carta de Punta del Este ha solido presentarse como un plan maestro de los Estados Unidos para transformar a los países latinoamericanos. Las consecuencias políticas que ello trajo consigo no han favorecido ciertamente la aceptación de la Carta de Punta del Este en la opinión pública latinoamericana.

III

Las observaciones anteriores no persiguen otro propósito que el de extraer enseñanzas positivas para afrontar este nuevo decenio del desarrollo. Enseñanzas positivas que atañen tanto a los resultados obtenidos como a los mecanismos institucionales que representan una contribución muy efectiva, aunque no siempre bien conocida, del avance que se ha cumplido en materia de estrategia de desarrollo. Conviene pues ahora analizar la significación más importante de estas enseñanzas.

Ante todo conviene referirse a la tasa de crecimiento de la economía latinoamericana. Ya se dijo anteriormente que la tasa que suponía la Carta de Punta del Este es insuficiente para hacer frente a la absorción productiva del incremento de la fuerza de trabajo; ya hay varios planes de desarrollo recientes que postulan tasas superiores. Y se va abriendo paso la idea de que habrá que aspirar al llegar a lo que hace diez años habría parecido inconcebible. Pudo entonces haberse considerado utópico alcanzar una tasa de crecimiento de 8 por ciento, por ejemplo, y sin embargo tasas cercanas a esta meta, y aun superiores, están probando ser una realidad en ciertos casos, aunque tal vez graviten ciertos factores circunstanciales que acaso no pudieran perdurar sin vigorosas medidas de apoyo. De todos modos, el hablar de tasas para el conjunto de América Latina, sólo debiera considerarse como una primera aproximación que permita tener una idea general de la magnitud de este problema de aceleración del ritmo de desarrollo. Sin embargo, no cabría seguirse avanzando en este campo en general; es indispensable que cada país latinoamericano formule su propia

estrategia procurando relacionar el ritmo de desarrollo con el problema de la mano de obra, así como el de la distribución del ingreso.

En este sentido, una de las comprobaciones más sugerentes es que los países que en los últimos años han acelerado su ritmo de desarrollo, el comercio exterior ha tenido una importancia dominante. La limitación exterior al crecimiento debido al lento desenvolvimiento de las exportaciones, era desde luego un fenómeno conocido de mucho tiempo atrás, pero es interesante comprobar ahora como, cuando la coyuntura exterior es favorable y al mismo tiempo un país toma medidas acertadas para acrecentar sus exportaciones, los efectos positivos de carácter interno no tardan en sentirse; se estimula la demanda general, se utiliza progresivamente la capacidad ociosa de la economía, mejora la movilización de los recursos internos de inversión y se logran ritmos elevados de crecimiento. Todo ello demuestra que la convergencia de medidas externas e internas destinadas a acelerar el crecimiento de las exportaciones es de importancia decisiva.

De ahí el hondo significado de la cooperación de los grandes centros industriales en materia comercial; la Comisión Especial de Consulta y Negociación del CIES que se ha creado para conseguir medidas de liberalización del intercambio y las gestiones que se están realizando para considerar este mismo problema comercial con los países del Mercado Común Europeo, así como el interés que despierta el Japón con su sorprendente ritmo de crecimiento, y las posibilidades de los países socialistas, son asuntos en que se justifica la mayor atención posible.

Del mismo modo la aprobación en UNCTAD de una política de preferencias generales y no discriminatorias representa un paso trascendental; y es comprensible la preocupación de los países latinoamericanos, así como otros países en desarrollo, de que esta política sea puesta en práctica tan pronto como sea posible, no obstante las tendencias proteccionistas que de traducirse en la práctica, significarían un peligrosísimo retroceso en la liberalización del comercio mundial a raíz del éxito de la llamada Ronda Kennedy. Este éxito, por cierto, concierne solamente a los países industriales pues los países en desarrollo apenas han participado en las ventajas de este acuerdo. De ahí la significación del régimen preferencial, que si es bien aprovechado, permitirá a los países latinoamericanos, así como a otros países en desarrollo, integrarse en las nuevas corrientes del comercio mundial que se caracterizan por la notable expansión de intercambio de manufacturas. Aunque no del todo, porque quedarían todavía muchas restricciones no arancelarias que están entorpeciendo el intercambio latinoamericano.

IV

Otra de las enseñanzas que se derivan de la experiencia del pasado, atañe al papel primordial que corresponde en esta materia, así como en otras, a nuestros países. El que las naciones industriales den más fácil acceso a las exportaciones latinoamericanas, sólo resolvería una parte del problema. Es esencial que los países latinoamericanos tomen una serie de medidas para aprovechar las ventajas que se les hubieran concedido. Algunos de estos países han logrado dar impulso considerable a nuevas exportaciones y entre ellas las de manufacturas. Un elemento importante ha sido evitar la sobrevaluación monetaria que siempre ha causado tantos perjuicios a las exportaciones; y otra la devolución a los exportadores, cuando ello no sea estrictamente indispensable, de gravámenes de carácter interno que en una forma o en otra recargan los precios de los productos exportables. También tienen gran importancia las medidas de promoción, de simplificación de trámites administrativos y de exploración de mercados exteriores. A este propósito cabe recordar la significación del Centro de Promoción de Exportaciones de Bogotá, creado bajo los auspicios de la Organización de los Estados Americanos, así como el Centro UNCTAD/GATT que funciona en Ginebra.

Al hablar de la responsabilidad primordial de los países latinoamericanos, no podrían omitirse consideraciones relativas a su intercambio recíproco. Hay en este sentido hechos alentadores y otros que no lo son. Los hechos alentadores conciernen a la creación del Grupo Andino. En la formación de este grupo, se ha tratado evidentemente de salvar algunos

escollos fundamentales que están dificultando la consecución de los objetivos del Tratado de Montevideo. En efecto, los gobiernos signatarios han propuesto hacer lo que dicho Tratado no ha logrado hasta ahora en cuatro puntos esenciales. El primero se refiere a la decisión de entrar enseguida en convenios importantes de complementación o integración en el campo de las industrias básicas; el segundo consiste en haberse puesto de acuerdo en la Reunión de Jefes de Estado de los países Americanos acerca de un plan de reducción automática de aranceles y restricciones; el tercero, no menos significativo que los anteriores, concierne a la creación de una Corporación Financiera Andina, que será sin duda de gran importancia en el financiamiento de operaciones de integración, si bien cabe recordar que en el ámbito de la ALALC el Banco Interamericano ha prestado un servicio de valor considerable en la realización de los objetivos del Tratado, sobre todo en materia de infraestructura. No cabe la menor duda que este Banco así como el Banco Mundial prestarían su vigoroso apoyo a arreglos de integración o complementación en las industrias básicas, tanto en el campo de la ALALC como en el de los arreglos subregionales si los gobiernos miembros se deciden a concertar los acuerdos pertinentes. El cuarto punto se refiere a ciertas normas, en materia de inversión privada extranjera, que el Grupo Andino ha acordado recientemente. Sin entrar por el momento a juzgar el carácter intrínseco y el alcance de estas normas, conviene subrayar que ello responde a una preocupación muy extendida en los países latinoamericanos de encontrar nuevas fórmulas de cooperación en esta materia, sobre la cual se volverá más adelante.

Sin embargo, al mismo tiempo que se lograba este avance alentador en el campo de la integración latinoamericana, deplorables acontecimientos políticos han perturbado la marcha que con tanto éxito venía cumpliéndose en el Mercado Común Centroamericano; pero no podría dejar de reconocerse que estos mismos acontecimientos indican que este esfuerzo no podría proseguir eficazmente dentro de los límites, más bien estrechos, de la realidad geográfica del Istmo. Es notoria la necesidad de articular mejor el Mercado Común Centroamericano a la ALALC, considerando al conjunto de los países miembros con el criterio que corresponde a países de menor desarrollo relativo, y es de esperar que la recomendación pertinente que formularon en Punta del Este (1967) los Presidentes de países latinoamericanos miembros de la OEA, pueda llevarse a la práctica.

En cuanto a la ALALC, son bien conocidas las cifras que demuestran el incremento que, dentro de su ámbito ha tenido el comercio entre los países miembros; pero desgraciadamente otra de las recomendaciones de los Presidentes relativa a rebajas programadas de aranceles, no ha sido aún objeto de los estudios que se habían acordado. Por lo demás, aunque se han concertado algunos arreglos plausibles de integración o complementación industrial, no se ha podido aún llegar a este objetivo en el campo de las industrias dinámicas, que son precisamente aquellas en que el crecimiento del intercambio recíproco podría contribuir notablemente a atenuar la tendencia crónica al desequilibrio exterior de los países latinoamericanos, que tan desfavorablemente afecta al desarrollo. Todo

ello debiera ser objeto de impostergable consideración al iniciarse el Segundo Decenio.

Por grande que pudiera ser el aliento que lograran tomar las exportaciones de manufacturas a los centros industriales, estudios autorizados sobre esta materia llevan a la conclusión de que el comercio de manufacturas entre los países latinoamericanos tiene un papel clave en la aceleración del ritmo de desarrollo. Por ello debiera ser objeto de gran preocupación dar el mayor impulso posible al cumplimiento de los grandes objetivos del Tratado de Montevideo, que como bien se sabe, aspiraba a la formación progresiva del Mercado Común Latinoamericano. Si las disposiciones del Tratado demuestran no ser adecuadas a la luz de la experiencia cumplida, se impondría modificarlas con gran sentido realista. Cabe una consideración similar con respecto al esfuerzo de países del Caribe en la formación de CARIFTA.

Un vigoroso desenvolvimiento de las exportaciones latinoamericanas podría alentar el esfuerzo de acumulación de capital, tanto por las nuevas oportunidades directas de inversión que ello traería consigo, como por sus efectos estimuladores en la economía interna. Pero este esfuerzo distará mucho de llegar a los coeficientes de inversión elevados que van a requerirse si se ha de acelerar el ritmo de crecimiento latinoamericano a fin de responder a las exigencias del incremento continuo en la fuerza de trabajo y las aspiraciones insistentes de bienestar. He aquí otro problema ineludible y hay que reconocer que no es mucho lo que ha podido lograrse en esta materia en general en América Latina. Se necesita pues buscar nuevas formas para promover el ahorro y la inversión. El CIAP, de tiempo atrás, está dedicando preferente atención a las distintas formas de movilizar los recursos internos, ya sea por el uso de los mecanismos impositivos o mediante mercados de capitales, tanto para alentar la inversión como para desalentar el consumo ostentoso o superfluo. No es posible desconocer que en América Latina, tanto los grupos de altos ingresos como los grupos intermedios de la sociedad, tienden a imitar exageradamente la forma de consumo de los grandes centros industriales, en claro desmedro de la necesidad de intensificar la acumulación de capital. Más aún, se está extendiendo la práctica de estimular exageradamente la venta de bienes duraderos, tales como la de automóviles, radios, aparatos de televisión y algunos otros que, siendo muy útiles y aun en ocasiones

indispensables, si se abusa a través del crédito o de una desorbitada
publicidad de su adquisición, es evidente que se sustrae un volumen cre-
ciente del ahorro que es requerido para la formación de capitales.

VI

Esto tiene relación con el problema de la distribución del ingreso. Es un hecho notorio en América Latina que, en general, las ventajas del desarrollo económico no se han extendido sino en escasa medida, a los estratos de ingresos inferiores, que constituyen aproximadamente el 40 por ciento de la población total; proporción que varía, por supuesto, de país a país. Pueden haber crecido, en consecuencia, las disparidades en la distribución del ingreso, lo cual es factor inquietante de tensiones sociales. Lo es sobre todo en las ciudades y especialmente en aquella población marginal a que se hizo referencia anteriormente y lo es también en los campos.

El notable desenvolvimiento de los medios de comunicación masiva está despertando rápidamente la conciencia de las masas y sus aspiraciones a participar efectivamente en esas ventajas del desarrollo económico y también de abrirse paso en el campo de legítimas aspiraciones políticas. Este es un hecho de la mayor importancia en el desarrollo latinoamericano. El desarrollo no es solamente económico; abarca también elementos sociales y políticos que no podrían desconocerse sin muy graves consecuencias. Ello plantea con características perentorias el problema de la distribución del ingreso de la América Latina. Grave problema ciertamente, en que la preocupación de lograr pronto resultados tiene que ser compatible con la solución fundamental de carácter estructural. Es claro que la reforma agraria, así como el atacar los problemas de la vivienda, la salud y la educación para los estratos inferiores, así en el campo como en las ciudades, son medidas cuya realización con mayor impulso en todas partes, parecería impostergable; pero por mucho que puedan dedicarse razonables recursos a estas necesidades, la solución de fondo sólo podrá lograrse por una redistribución del ingreso de carácter

dinámico. En otros términos, por medidas que intensifiquen la acumulación de capital a fin de absorber progresivamente en actividades productivas, el desempleo y la fuerza de trabajo redundante que caracteriza sobre todo esos estratos de ingresos inferiores de la colectividad, al mismo tiempo que se mejora progresivamente la situación de los estratos intermedios.

Una mayor acumulación de capital sólo podrá cumplirse a expensas del consumo o del incremento de consumo de los grupos sociales que están en condiciones de hacerlo. Hay que decirlo francamente. No es concebible que puedan mantenerse formas exageradas de consumo innecesario o superfluo, en desmedro de la acumulación de capital indispensable para dar trabajo productivo a las masas rezagadas. Y esto no solamente por consideraciones de solidaridad social, que no necesitan demostración, sino por consideraciones de claro sentido económico. La integración social de las masas rezagadas, mediante su incorporación al trabajo productivo, va a elevar notablemente su poder de consumo y esto significará no sólo un estímulo notable a la demanda de productos agrícolas, sino sobre todo a la demanda de productos industriales. Consecuencias económicas similares tendría el mejoramiento de los estratos intermedios de ingresos. Habrá en efecto una nueva frontera a la expansión de la industria, tanto más importante cuanto que, como es sabido, las posibilidades de crecimiento industrial a favor de la sustitución de importaciones, se van debilitando cada vez más; ello ocurre tanto en los países de mayor población y que han avanzado más en el proceso industrializador como en los medianos y pequeños, en los cuales la sustitución de importaciones tiende también a hacerse cada vez más difícil y costosa por la dimensión insuficiente de los mercados.

VII

Ya no se discute que este gran esfuerzo de acumulación de capital exigido por la aceleración del desarrollo tiene que cumplirse primordialmente por los latinoamericanos. Ni económica ni políticamente sería admisible que la transferencia de recursos financieros del exterior se sustituya al esfuerzo interno. Obviamente, no se trata de esto, sino de emplear la aportación de recursos exteriores para conseguir una aceleración inicial del crecimiento del ingreso mediante una mejor utilización de los factores productivos disponibles y facilitar así la movilización de recursos internos.

En este sentido, tiene gran importancia la recomendación de las Naciones Unidas según la cual los países desarrollados debieran dedicar el equivalente de 1 por ciento de su producto bruto a transferencias netas de recursos financieros. El Informe Pearson ha adoptado esta recomendación y aquella otra según la cual el 0.7 por ciento de esta cifra sea materia de transferencia de recursos financieros de carácter oficial. La participación razonable de América Latina en estas transferencias podría constituir un estímulo considerable a la movilización interna de recursos invertibles; pero todo ello requiere la cuidadosa elaboración de estrategias nacionales y su traducción en planes de desarrollo económico y social.

No se trata solamente de aumentar el volumen de recursos internacionales que ayuden a América Latina. Una de las contribuciones más notables del Informe Pearson, es la de señalar que las condiciones y términos presentes del financiamiento exterior, no sólo han creado una presión que en algunos casos ya es insoportable en la balanza de pagos, sino que crearán para todos, situaciones cada vez más difíciles en el futuro; esto se debe tanto a las pesadas amortizaciones como al elevado tipo de interés; merece por ello subrayarse la

recomendación de dicho Informe, según la cual los nuevos financiamientos en su conjunto, no debieran representar una tasa de interés superior al 2 por ciento, ni una amortización mayor de 4 por ciento. Se estima que en estas condiciones unidas a un enérgico esfuerzo de movilización de recursos internos y otras medidas también internas y de cooperación internacional, América Latina en su conjunto podría llegar en el próximo decenio a un ritmo de desarrollo que le permita afrontar eficazmente el grave problema de la fuerza de trabajo que no encuentra satisfactoria ocupación productiva.

VIII

En todo esto, el papel de la inversión privada extranjera ha sido y tendrá que continuar siendo muy importante; pero por una serie de consideraciones, ha llegado el momento de formular una nueva política en esta materia que permita combinar el legítimo interés de quienes invierten con ciertas aspiraciones igualmente legítimas de los países que desean y necesitan la inversión privada extranjera. Ello requiere la formulación de nuevas reglas de juego que merezcan el consenso de todas las partes interesadas. Las decisiones unilaterales en esta materia no van a facilitar fructíferas relaciones de cooperación.

Hay en este sentido una serie de ideas que convendría discutir con gran objetividad y en las cuales se ha ido logrando progresiva clarificación y también acercamiento de puntos de vista. Se han tenido así reuniones en que ha participado el CIAP, en Medellín el año pasado y, recientemente, en Roma. Estas reuniones han contribuido a que se aceptara la idea de que cada país en su estrategia debiera definir claramente los campos de inversión en que tiene interés preferente en la inversión extranjera. En este sentido preocupa mucho en la América Latina que actividades cuya tecnología se conoce bien y que están

en manos de la iniciativa del país pasen a manos extranjeras, tanto por sus consecuencias adversas sobre el equilibrio financiero exterior, como por sus efectos negativos en el desenvolvimiento de la capacidad empresarial propia.

Por otro lado se reconoce ampliamente que la iniciativa privada del exterior tiene un gran papel que desempeñar en la transferencia de tecnologías que por su complejidad y la alta densidad de capital que exigen, no son por ahora accesibles a la capacidad latinoamericana. También se reconoce que la iniciativa extranjera podría ser de gran utilidad en el desenvolvimiento de nuevas exportaciones de materias primas, de preferencia semielaboradas o elaboradas totalmente y especialmente de manufacturas, en los canales de la comercialización internacional que las organizaciones extranjeras poseen.

En las reuniones mencionadas, se ha discutido también la conveniencia de buscar fórmulas adecuadas de asociación de la iniciativa privada extranjera con la iniciativa de los países latinoamericanos, ya sea con mayoría inicial latinoamericana o con la posibilidad, previamente convenida, de adquirir esta mayoría dentro de un período prudencial de tiempo. Esta es una materia aún controvertida, en que no obstante ciertos acercamientos de puntos de vista, todavía se mantienen posiciones extremas. Así, por un lado, ciertas empresas extranjeras no aceptan forma alguna de asociación y por otro, ciertas actitudes latinoamericanas aspiran a la mayoría, sea inicial o en el curso de tiempo, como condición sine que non de la inversión extranjera. Se requiere continuar el esfuerzo para llegar a posiciones más flexibles; por ejemplo, si se lograra llevar adelante fórmulas satisfactorias de asociación sobre la base de una mayoría presente o futura, y estas fórmulas fueran la característica prevaleciente a la inversión extranjera en un país, no habría razones para que en casos especiales no fuera altamente conveniente la inversión extranjera.

lisa y llana en casos de importante aportación tecnológica o de promisorio desenvolvimiento de nuevas exportaciones industriales. Por estas razones, convendría continuar la discusión de este aspecto tan importante de la colaboración exterior con vista a llegar a aquellas fórmulas de común acuerdo a que se hizo referencia.

Es comprensible esta preocupación que se generaliza de más en más en América Latina cuando se tiene en cuenta el crecimiento de las empresas multinacionales, que con su enorme poder plantean una situación ambivalente: por un lado la de ser vehículos eficientes para obtener los beneficios de la tecnología moderna, y por otro, el hecho de que por su mismo poder, estas empresas tengan una gravitación incontrolada en la economía y también en el juego político, y alejen a los países latinoamericanos del objetivo primordial de obtener la máxima autonomía en su desarrollo nacional.

IX

No es necesario subrayar la importancia creciente que los problemas del medio ambiente y la conservación de los recursos naturales tiene para América Latina. Es cierto que estos problemas han adquirido muy agudas características en los grandes centros desarrollados, independientes de sus sistemas económicos y sociales. No se presentan por cierto con la misma intensidad en América Latina, salvo casos notorios de erosión de la tierra o contaminación del aire y del agua. Pero sería una enorme imprudencia esperar algunos decenios y llegar a un ingreso per capita comparable a los países desarrollados, para que los nuestros se decidan a afrontar estos problemas. Hay que hacerlo con resolución y participar activamente en las reuniones de carácter internacional y regional en que se consideren estos puntos. Todo esto es de elemental previsión y, si no fue posible tenerla en tiempos anteriores por ser limitada la experiencia que en esta materia se disponía, no podría justificarse tener indiferencia ahora sobre lo que ya se sabe y representa para la humanidad la pérdida, acaso definitiva, de lo que la naturaleza ha dado en tantos milenios.

Análogas consideraciones cabría hacer en cuanto a ciencia y tecnología. No es el caso de transplantar incondicionalmente los módulos de investigación y capacitación tecnológica de los grandes centros; no nos interesa, por ejemplo, descubrir nuevas fórmulas para contribuir y lanzar satélites, sino para usarlos racionalmente en sustento de nuestra autonomía cultural. Pero sí es de importancia básica que los países latinoamericanos, preferiblemente en formas de acción común, aborden la necesidad de intensificar su preparación científica, tanto para discernir con claridad y de acuerdo con sus propios intereses, las alternativas tecnológicas que se les ofrecen, como para

abordar la investigación tecnológica en todos aquellos campos en que, por la índole de los recursos naturales y de sus factores productivos, sea aconsejable proceder a la investigación tecnológica sobre adecuadas bases científicas, sobretodo en las universidades e institutos técnicos latinoamericanos.

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Todo ésto es materia de importancia para el CIAP que, como comisión ejecutiva del CIES, debiera estar en condiciones de tomar la iniciativa y poner a la consideración de los países, las propuestas necesarias para promover nuevas formas de acción en todas las materias durante el decenio de los setenta. Ello además de las funciones que el CIPA ha venido desempeñando en el campo de las recomendaciones y decisiones, como en aquel del análisis técnico. En ambos planos la experiencia ha sido muy aleccionadora y positiva y acaso haya llegado el momento de aprovecharla introduciendo algunos reajustes aconsejados por ella.

Es en verdad notable el progreso que se ha hecho en el plano técnico. Lo que parecía difícil de conseguir en los primeros años de la aplicación de la Carta de Punta del Este, se ha conseguido ahora. En aquellos primeros tiempos los así llamados expertos de la nómina, fijados en la misma Carta, realizaron por sí mismos la función tan importante de evaluación de planes y de su cumplimiento. Por otro lado, las instituciones de crédito internacional también cumplieron por su parte el mismo papel con todos los inconvenientes de esta duplicación de tareas. Hoy, dentro del mismo ámbito del CIAP, se ha logrado en el plano técnico una articulación satisfactoria de esfuerzos recíprocos. En efecto, en la práctica, funciona un mecanismo interagencial en que participan diversas entidades de crédito internacional, en el trabajo en común de las tareas de evaluación. En estas tareas han sido de positiva

utilidad los informes por países que realiza el Banco Internacional, así como los de la propia Secretaría del CIAP. Cabe sin duda dar mayor eficacia a estas tareas y acaso sea conveniente que expertos del grupo u otros expertos independientes, tanto de las instituciones de crédito como de los gobiernos, integren estos grupos técnicos y que en ellos se concentren las tareas de evaluación y cumplimiento de planes. Más aún, se concibe que en este plano técnico se logre concertar estimaciones cada vez más realistas de las necesidades de recursos financieros externos y de las posibilidades de conseguirlos en distintas fuentes, a fin de completar el esfuerzo nacional de movilización de recursos. Para quienes han seguido de cerca estas tareas, no cabe la duda que se han desenvuelto nuevos mecanismos institucionales al servicio de América Latina, mecanismos que han ido adquiriendo progresiva eficacia y seguirán haciéndolo a la luz de su propia experiencia; más aún, y esto es digno de subrayar insistentemente, los gobiernos han demostrado franca voluntad de cooperación.

No podría, a este respecto, dejar de señalar la muy valiosa contribución que en todo ello ha prestado el Banco Interamericano; del mismo modo, es de considerable importancia la decisión del Banco Internacional de fortalecer su cuerpo de economistas a fin de dar mayor vigor e intensidad a sus estudios de países, estudios que han adquirido un alto nivel técnico, que junto con la experiencia y la objetividad de sus funcionarios, constituyen una valiosa aportación a las tareas de formulación, evaluación y cumplimiento de planes.

Desde otro punto de vista, no podría en esta apreciación de los efectos positivos de la Carta de Punta del Este en el plano institucional, dejarse de reconocer el notable esfuerzo de capacitación técnica que se ha logrado en materia de desarrollo económico en los países latinoamericanos en estos últimos diez años. Hay ya un número ponderable de economistas de desarrollo y su

preparación y competencia es motivo de muy legítima satisfacción. No sólo por cuanto representa para los propios países, sino en el plano de la cooperación internacional. Esta expresión de la madurez técnica que se ha ido logrando en la América Latina, es importantísima en las tareas del CIAP, pues facilita el entendimiento recíproco que es indispensable si es que en todas estas actividades han de eliminarse, como viene ocurriendo, elementos que pudieran traer rozamientos adversos a la eficacia misma de la política de cooperación internacional.

Las reflexiones que acaban de formularse son clara prueba de la vitalidad de la Carta de Punta del Este, lo cual no significa que su contenido no pueda modificarse o adicionarse con fortuna; por el contrario, ello es exigencia de esa misma vitalidad. Habrá modificaciones que serán indispensables, por otro lado, para responder a los nuevos requerimientos de la realidad latinoamericana.

Si las circunstancias presentes no son propicias para dar a la política de cooperación internacional todo el impulso que requiere una vigorosa estrategia del desarrollo, ello no podría ser en forma alguna, razón suficiente para abstenerse de plantear reiteradamente los problemas que se presentan a América Latina. Hemos quedado al margen de nuevas y vigorosas corrientes del comercio internacional; y no sólo no se ha corregido la vulnerabilidad exterior de nuestras economías, sino que en algunos aspectos tienden a agravarse. Han surgido nuevas formas de dependencia que hay que enfrentar con gran sentido de autonomía nacional. La cooperación financiera dista mucho de ser satisfactoria. Si por un lado el caudal de recursos aportados desde el exterior ha sido considerable, por otro, lo que ha debido pagarse en forma de servicios financieros, patentes y regalías, ha compensado casi todos esos recursos y a veces los ha

sobrepasado. En esta etapa de su desarrollo, América Latina necesita un caudal neto de recursos financieros para importar bienes de capital en mayor cuantía que lo que permiten sus exportaciones. El problema de la cooperación financiera no puede soslayarse: se necesitan más recursos y en mejores condiciones. Todo esto es bien sabido. Pero tiene que repetirse, tiene que mantenerse viva la llama de nuestras preocupaciones. Si las circunstancias no son del todo propicias para lograr con sentido realista nuestras aspiraciones, no hay razones valederas para suponer que esas circunstancias no puedan cambiar. Hay que esperar que este cambio ocurra y que ocurra pronto; y hay que prepararse para ello. Sería trágico que una vez que sobreviniera no estuviéramos en condiciones de hacer frente a nuevas posibilidades. En consecuencia, hay que proseguir de todos modos el camino emprendido e ir observando con franqueza los obstáculos que aún entorpecen la marcha, a fin de aprovechar el primer momento favorable para darle el mayor impulso posible. Si no se hace así desde ahora, podríamos encontrarnos ante la necesidad de peligrosas improvisaciones cuando hubiera llegado el momento oportuno para este gran impulso. No es posible, por otro lado, desconocer que los acontecimientos se van agravando en América Latina y que junto a las enseñanzas positivas de este decenio, hay otras que son negativas. Acaso la más importante de ellas es que el curso del tiempo no resuelve los grandes problemas estructurales que confronta el desarrollo latinoamericano, no corrige espontáneamente las grandes males del desarrollo económico y social, sino que los agrava incesantemente. Es de buena previsión tenerlo presente, así en la estrategia interna como en el plano de las relaciones interamericanas.

A mi juicio, en el plano de las relaciones entre América Latina y los Estados Unidos, surgen tendencias en uno y otro lado que lejos de mejorarlas, podrían traer serias consecuencias. En el lado latinoamericano, hay quienes pretenden prescindir de la realidad geográfica y política de la gran potencia del norte. Mientras que en los Estados Unidos hay otros que consideran que este país está llegando a una situación en que podría permitirse ignorar la significación de América Latina y las relaciones especiales que los han unido.

Los primeros se preocupan del problema de la dependencia, que no es por cierto un problema nuevo, si bien aparece con nuevas manifestaciones. Conviene hacer a este respecto una afirmación: el desarrollo económico no solamente tiene que ser intenso y traer una progresiva equidad social, sino que ha de ser autónomo. Este último objetivo, esto es la eliminación de la dependencia, no es cuestión de una fórmula audaz que podría aplicarse simplemente de una vez por todas. No es una fórmula lo que se requiere, sino un proceso largo y difícil de afirmación nacional y afirmación latinoamericana.

Es evidente que la dependencia comercial y financiera opone serios obstáculos a la plena autonomía. Pero no vamos a suprimir esa dependencia comercial por la mera sustitución de un gran mercado por otro; sino por un cambio estructural en las relaciones con los Estados Unidos y otros centros industriales que permita gradualmente a América Latina insertarse en las nuevas corrientes de comercio mundial.

Se caracterizan estas nuevas corrientes por la diversificación de exportaciones, especialmente las de manufacturas. Diversificación de exportaciones y a la vez pluralidad de mercados. No hay otra forma de resolver el problema de la dependencia comercial.

Tampoco se logra eliminar la dependencia financiera por el simple desplazamiento de una fuente por otra en la obtención de los recursos que se requieren para acelerar el desarrollo latinoamericano. Lo que se necesita es un esfuerzo persistente y prolongado de movilización de nuestros propios recursos internos hasta que sean suficientes para impulsar el desarrollo sin la exigencia ineludible de aportaciones financieras especiales del exterior. Mientras ello se consigue, es necesario esforzarse para que estas aportaciones se realicen dentro de un mecanismo multilateral y en forma compatible con exigencias primordiales de autonomía.

También necesitamos autonomía en nuestra misma concepción de la política de desarrollo. Es indispensable buscar nuestro propio camino. Si hemos ido venciendo ciertas formas pretéritas de sujeción intelectual, al resistirnos a copiar los módulos de los países altamente desarrollados, es igualmente imperativo evitar la subordinación a otras ideologías diferentes. Lo cual no significa subestimar valiosas experiencias en uno y otro sentido, sino llegar a una verdadera síntesis en la que se combine la aceleración del desarrollo, la equidad distributiva y ciertos valores políticos y humanos que no debieran subordinarse a la economía sino servir de principio orientador al desarrollo de la economía.

Todo ello exige un esfuerzo tenaz y prolongado para dominar constructivamente las fuerzas del desarrollo y lograr aquel gran objetivo de autonomía, naturalmente dentro de un mundo progresivamente interdependiente, en sus diferentes significaciones. No hay soluciones fáciles ni instantáneas. Ni podemos ignorar la presencia permanente y útil de los Estados Unidos en el mapa de este Continente.

Tampoco a mi juicio, los Estados Unidos pueden ignorar a América Latina en un nuevo concepto geopolítico. Es cierto que se ha llegado a un equilibrio

de fuerzas entre las dos grandes potencias mundiales. Pero la historia no va a detenerse en el punto que ahora se ha alcanzado. En unos decenios más seremos 500 millones de habitantes y nadie sabe qué nuevas fuerzas pueden surgir si en esta etapa crucial de su desarrollo los Estados Unidos adoptan una actitud indiferente acerca de los acontecimientos latinoamericanos. En este potentoso avance de la tecnología, ¿se ha encontrado el medio de inmunizarse de los trastornos que pudieran sobrevenir en las grandes masas que se agitan al sur del Río Grande? ¿Acaso la misma tecnología, con los nuevos medios de comunicación masiva, no está llevándonos a la unidad emotiva del mundo, a la imposibilidad de sustraerse en las sociedades afluentes de las graves vicisitudes sociales y políticas de los países en vías de desarrollo?

En los años cincuenta, en plena guerra fría, solía evocarse la posibilidad de graves perturbaciones sociales en América Latina si se dejaba a la deriva el curso de los acontecimientos económicos sin la cooperación de los Estados Unidos. Pudo haberse creído que ello significaba una simple táctica oportunista frente a los Estados Unidos. No era así. Hoy no podría dudarse de que hay en América Latina factores profundos de trastorno social y político que están llevando a inevitables transformaciones. Inevitables, puesto que ellas se requieren para abrir amplio cauce al desarrollo económico y social. Lo esencial es el signo político bajo el cual se realicen esas transformaciones, el sentido mismo de dichas transformaciones y el costo humano que ello comporta.

Esto interesa fundamentalmente a los países latinoamericanos. Pero no podrían los Estados Unidos ser indiferentes al proceso de los acontecimientos. Quienes preconizan la indiferencia en este gran país frente a los nuestros, tienen como punto de mira el enorme potencial de la tecnología. Sin duda,

los avances de ésta podrían llevar a debilitar más y más la necesidad de productos latinoamericanos ya muy comprometidos por la competencia de sintéticos y la de otros continentes. Más todavía, es tan grande el incremento anual del ingreso de los Estados Unidos, aún en las condiciones actuales, que en un gesto de prescindencia podrían anular y olvidarse de todas sus inversiones de capital en América Latina. Si países europeos pudieran sobreponerse rápidamente a las pérdidas emergentes de la emancipación colonial, mucho más podrían hacerlo los Estados Unidos, para cuya economía su desvinculación con América Latina representaría una pérdida muy pequeña. Pero ésto sería una visión negativa del curso de la historia y de las enormes oportunidades que esa misma tecnología y el progreso económico que de ella se deriva dan a este país, así como a otros grandes centros industriales, de influir positivamente en el desarrollo económico, social y político de los países latinoamericanos.

Este es el sentido fundamental de la cooperación financiera que no podría inspirarse en consideraciones circunstanciales, sino en una visión de largo alcance. Esa misma visión debiera inspirar el cambio sustancial en las relaciones comerciales a la luz de la vasta gama de posibilidades que abre el progreso tecnológico. Esa visión de largo alcance tiene gran importancia en la búsqueda de nuevos caminos para realizar las grandes transformaciones que el desarrollo está exigiendo en América Latina. No será fácil encontrarlos. Lo esencial es fijar claramente los objetivos hacia donde desea llegarse y desenvolver la aptitud necesaria para extraer enseñanzas de los errores que vayan cometiéndose en la marcha, a fin de llegar mejor a esos objetivos. Entre esos objetivos, el de orden político es de suprema importancia. Es un hecho de enorme significación que en la América Latina quienes preconizan esas transformaciones y desean participar activamente en ellas, están guiados por

fuertes convicciones democráticas que se han ido fortaleciendo y extendiendo a pesar de interrupciones y retrocesos.

Limitada en otros tiempos la democracia al juego de las elites que se disputaban las ventajas del poder, su ámbito se ha ido ensanchando progresivamente y abarcando nuevas capas de la sociedad latinoamericana, llevándoles la noción de sus derechos humanos fundamentales. Pero quedan aún vastos estratos de ingresos inferiores, a los que apenas han llegado las ventajas del desarrollo económico y en donde aquellos conceptos de tanta importancia son entidades casi inaccesibles.

Tiene que extenderse a ellos la revolución silenciosa que ha venido operándose en el seno de América Latina. La penetración de las ideas democráticas y del sentido mismo de los derechos humanos, han permitido gradualmente a los hombres de una mayoría antes ignorada descubrir quienes son, cuál es su lugar en el mundo y cuáles son esos derechos. Y esto, hay que decirlo, al amparo de la libertad de pensar y difundir el pensamiento. Y los hombres que así se despiertan, van despertando a los que aún están dormidos en el atraso social de los campos y en la ignominia de la marginalidad urbana.

Ha habido muchos obstáculos que vencer en este proceso y son grandes los que siguen oponiéndose a ello. No cabe duda que la concentración del poder económico en pocas manos y su considerable gravitación política es uno de esos obstáculos; y es clara la necesidad de afrontar esta realidad para promover aquellas grandes transformaciones económicas y sociales. Pero conviene precaverse de peligrosas ilusiones. Si el poder económico hoy en pocas manos pasa a otras pocas manos, con las manos que llegaran a conseguir en una forma o en otra el poder político para realizar aquellas transformaciones, habríamos llegado a nuevas formas de concentración del poder económico y político

que significarían retrocesos, acaso mucho más graves de los que conocemos, para la evolución de las prácticas democráticas y el respeto a esos derechos humanos.

Derechos humanos que sólo se comprenden cabalmente cuando llegan a menoscabarse o perderse. No es sólo el derecho de pensar y escribir libremente, de informarse sin restricciones, el derecho de libre creación literaria, artística y científica, el de escoger la educación de los hijos, de profesar y practicar la religión en la cual se cree, de escoger el lugar del mundo en que se quiera vivir y la libertad de desplazarse hacia donde se quiera, participar debidamente en la elección del gobierno, sino también el derecho de ser libre de la pobreza, de la enfermedad, de la inseguridad, de la ignorancia, la libertad de vivir sin la angustia del mañana incierto. Combinación esencial de nuevos derechos económicos con aquellos otros derechos que son frutos de una larga lucha histórica en favor de la estirpe humana.

No se trata ciertamente de un trueque en que para obtener derechos económicos haya que sacrificar libertades en lugar de extenderlas hacia donde no han llegado. Este es el gran desafío que tiene por delante la América Latina. Lo económico tiene que subordinarse a lo político y humano y no lo contrario.

Si es cierto que las grandes transformaciones no podrán realizarse sin cambios en la estructura del poder, no lo es menos que este nuevo poder político tendría que ir acompañado por la difusión del poder económico. Este nuevo poder político llevaría a extremos intolerables si llegara a concentrarse en las mismas manos que el enorme poder económico de la colectividad. Esto es algo de fundamental importancia en la búsqueda de nuevos caminos: hacer compatible el poder político con la difusión del poder económico en vastas capas de la población, infundiéndoles un sentido de auténtica participación,

no sólo en la equidad distributiva, sino en las responsabilidades inherentes al desarrollo económico. No es posible eludir este problema, el problema planteado por el enorme potencial de arbitrariedad que resultaría de esa amalgama espuria del poder económico y el poder político en desmedro de una auténtica democracia y de la propagación y afianzamiento de los derechos humanos.

Pero no es eso solamente; la concentración del poder económico en pocas manos terminaría por sofocar la iniciativa y la capacidad creadora que es esencial para la eficiencia de las actividades económicas. No por la eficiencia misma, sino porque esa eficiencia es indispensable para desarrollar otros aspectos muy importantes de la vida humana. Esa eficiencia productiva que ha venido liberando al hombre de una carga milenaria de trabajo abrumador es la que le dejará más y más tiempo libre para las otras actividades creadoras y el auténtico goce de la existencia.

Es aquí donde el pensamiento latinoamericano, atraído por la visión emotiva de la nueva sociedad a la que ha de llegarse, debe saber al mismo tiempo decidir con racionalidad los medios para lograr este objetivo y los fines mismos que han de guiar en esta vasta y difícil empresa. Emoción para emprenderla, racionalidad para realizarla. Eficiencia y exaltación de la personalidad humana.





RA DECADA DEL PTD
1970



Prólogo al libro "Una década de lucha por América Latina". La acción del Banco Interamericano de Desarrollo. México, Fondo de Cultura Económica, 1970, pp. VII-XV.

Cuando Felipe Herrera me invitó a escribir la introducción de este volumen no vacilé en aceptar. Quería, antetodo, demostrar así mi adhesión personal a la obra cumplida por esta entidad en su primer decenio de existencia; y, en seguida, hacer algunas reflexiones acerca del significado del Banco y sus proyecciones futuras.

El Banco ha sido, sigue y seguirá siendo discutido. Su origen mismo está en una prolongada controversia. Se discutía no sólo los motivos para crearlo, sino la aptitud de los latinoamericanos para manejar una institución financiera internacional. Todo esto ha sido en gran parte superado. Pero la controversia continúa y continuará; y el día que no sea así, me temo que habrían debilitado las razones para que el Banco continúe funcionando: se habrá convertido en uno de los tantos mecanismos que han

perdido vitalidad.

Creado el banco, se discutieron sus primeras operaciones. Si mal no recuerdo la operación inicial fue el acueducto de Arequipa. La fabricación de bebidas comerciales se consideraba inversión productiva. ¿Pero lo sería acaso prestar para agua potable? No se había hecho esto hasta ahora. Pero el nuevo Banco lo hizo, y esto fué simbólico, a mi juicio, porque se abrió paso la idea de que un banco de desarrollo no podía atenerse a un criterio estricto y circunstancial de costo-beneficio, sino que tenía que incluir en esta ecuación elementos que, si bien no son mensurables, tienen gran importancia en el desarrollo económico y social. Siguieron después operaciones de apoyo a la educación y a las universidades latinoamericanas, y hoy, hay que decirlo francamente, se han impuesto nuevos criterios en estas materias.

Aquel argumento según el cual no se justificaba una institución nueva en la América Latina para financiar el desarrollo, porque ya había otras, también ha sido superado. Se ha visto muy bien que había un campo dilatado para esta nueva institución. Más aún, el Banco Interamericano de Desarrollo, si se me permite la expresión, ha tenido y sigue teniendo una virtud telúrica. Está muy cerca de la tierra, conoce bien los problemas latinoamericanos, en que no intervienen simplemente hechos sino también hombres, combinación de hechos y hombres, que no se puede ignorar en la praxis del desarrollo.

Algún día se conocerá mejor, porque esto no puede divulgarse cotidianamente, la influencia que el Banco Interamericano ha tenido en ciertos momentos delicados para presentar con vigor y hacer prevalecer, puntos de vista que acaso no hubieran sido debidamente considerados sin su influencia

y la de quienes tienen la responsabilidad de examinar los problemas del desarrollo latinoamericano en el seno del CIAP.

Esto es muy importante porque es árduo y largo el camino que tenemos por delante para encontrar nuevas fórmulas de convivencia entre los Estados Unidos y los países latinoamericanos. Considero que el Banco es uno de los instrumentos esenciales para ayudar a los países a recorrer este camino hasta llegar a esas fórmulas. Lo es por su índole y por la gravitación que ha adquirido.

He aquí otro aspecto en que la controversia es inevitable. Si se quiere hacer algo nuevo, suele ser necesario criticar lo existente y presentar nuevas ideas. En este proceso hay siempre una fase de confrontación. En el caso del Banco no se trata de una confrontación estéril sino fecunda, pues se busca persuadir y ser persuadido, se busca llegar a ciertas formas de consenso que puedan traducirse en acción constructiva. Consenso esencial en una institución sui generis como esta, en que hay países deudores y acreedores en su

Consejo Directivo. No podrían prevalecer los unos sobre los otros. La América Latina está aprendiendo a educar al coloso: y también a comprenderlo. Se necesita mucha energía para hacerlo. Y también mucho tacto y persistencia de propósito, y gran sentido político además de capacidad técnica. No es fácil lograrlo. Pero la experiencia de este primer decenio demuestra que se ha logrado.

También se ha discutido antes de la creación del Banco, la posibilidad de que pudiera llegar a formar un personal que, a su competencia uniera un espíritu de consagración a sus objetivos primordiales. En mis periódicas visitas a Washington, compruebo con honda satisfacción que también se está cumpliendo este propósito. No sólo en los niveles superiores, sino también en los muy promisorios de más abajo. A la luz de mi propia experiencia afirmo que ésta no es una tarea fácil.

He creído conveniente al aceptar la grata responsabilidad

de escribir estas líneas, comenzar por estas reflexiones porque glosar el interesantísimo material que contiene este volumen no sería a mi juicio la mejor forma de responder a lo que tenía que hacer. Es un material que tiene mucha substancia, y ha de ser cuidadosamente examinado. Constituye la prueba más cabal de lo que el Banco ha sido en sus años iniciales y también de lo que debiera ser, porque brotan allí con frecuencia ideas y lineamientos que guíen la acción del Banco en el próximo decenio.

Esto me interesa mucho, pues tengo más bien puesta mi atención en los problemas presentes y futuros de la América Latina que en el enjuiciamiento del pasado. Son verdaderamente muy serios estos problemas, pero de un gran poder de fascinación para quien quiera abordarlos con la convicción de que hay enormes fuerzas vitales en la América Latina para construir un mundo diferente del que tenemos. Aquí también el Banco

podría tener un papel importante. Por supuesto, la índole de estas líneas no se presta a entrar a fondo en ello, pero si quisiera exponer algunas preocupaciones constructivas. Si la América Latina ha de fortalecer y dar el máximo de eficacia a la iniciativa individual de sus propios hombres, el Banco tendría mucho que hacer, además de lo que ya ha hecho. Ya ha financiado en verdad muchas operaciones de la iniciativa privada latinoamericana en forma de préstamos. Esto no basta. Para que el Banco cumpla a cabalidad sus funciones de promoción, tendría que tener capacidad legal y recursos para ir más lejos aún, para actuar como la Corporación Financiera Internacional, subsidiaria del Banco Mundial. Trabaja bien esta Corporación, pero muy modestamente y sin que sus operaciones en latinoamérica se hayan caracterizado por su dramatismo. Creo que se impone la idea que está estudiando el Banco de crear una subsidiaria

que pueda participar en el capital de empresas latinoamericanas.

Entendámonos bien: no como asociado permanente, sino en su

etapa inicial que es la más difícil, para después colocar

acciones entre firmas y el público genuinamente latinoamericano.

Esto concierne tanto a las empresas que se forman o se amplían

dentro de los límites de cada país, como a las empresas

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generalmente se usa la expresión multinacional para designar

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extranjera cuando ello fuera conveniente. Podría ser muy útil

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reciente de algunos diarios latinoamericanos de formar su propio servicio de información de prensa.

Al hablar de conjunción de intereses latinoamericanos no se crea que estoy encerrándome en límites estrechos. He mencionado al pasar la integración de industrias en escala regional y subregional. En un estudio que estoy terminando y que en mi condición de Director del Instituto Latinoamericano de Planificación Económica y Social en Santiago me ha encomendado el Presidente del Banco, llego a la conclusión que ya expuse anteriormente, y que ratifico después de haber vuelto a examinar el problema, según la cual los países latinoamericanos que más han avanzado en el proceso de substitución de importaciones solamente podrían continuarlo a un costo muy elevado en la mayor parte de los casos. Ha habido en otras épocas un margen considerable para la substitución de importaciones. Esa etapa ya ha pasado y ahora cuesta mucho extraer gotas

adicionales de un fruto que cuando antes se exprimía daba abundante jugo. La substitución está ya entrando decididamente en el campo de los bienes intermedios y de los bienes de capital. Y yo me pregunto si es juicioso producirlos a costos elevados cuando hay que aumentar muy fuertemente el coeficiente de inversiones en la América Latina, a fin de corregir la insuficiencia dinámica de sus economías. Estas inversiones tendrán que realizarse con bienes de capital que se producen a un costo 2, 3 o más veces superior al costo de las importaciones. Desde luego que hay que continuar la substitución de importaciones desde el resto del mundo, pero mediante arreglos de integración industrial que aseguren una racional distribución de los productos entre los países participantes. Ninguno de ellos, y sobre todo los grandes, podrían pretender industrializarse sin promover también la industrialización de los otros. Pues bien, decía que no quería mirar este problema con una

óptica estrecha, porque precisamente en estas industrias de bienes intermedios y de bienes de capital, buena parte de ellas exige además de grandes recursos financieros una tecnología complicada, que aún tenemos que aprender los latinoamericanos.

Por estas razones creo que en estas iniciativas de cooperación latinoamericana, la asociación con la iniciativa privada extranjera tiene una gran importancia. Ahora bien, los recursos de la iniciativa latinoamericana son generalmente limitados en estos casos y es aquí donde podría ser muy útil la colaboración importantísima de una subsidiaria del Banco. Esta subsidiaria tendría que participar en el capital originario de las empresas y traspasarlo en momento oportuno a aquellas firmas o gobiernos latinoamericanos que hubieran participado inicialmente en esta iniciativa o se plegaran después a ella. También podría ser muy útil el apoyo de esta subsidiaria a la

iniciativa privada latinoamericana, ya sea que produzca para el mercado interno o la exportación. Desde otro punto de vista, ha venido ganando terreno la conveniencia de asociarse a firmas extranjeras y de pactar previamente con ellas el traspaso, después de cierto tiempo, del control de la empresa a manos latinoamericanas. No es esta la oportunidad de exponer las razones de peso que me inducen a pensar que es de primordial importancia dar a la iniciativa latinoamericana los medios para ir venciendo su inferioridad financiera y tecnológica. Creo que es la única forma de llegar a esas nuevas fórmulas de convivencia que antes mencionaba. No basta ver lo inmediato y circunstancial, sino también encarar el futuro con un gran sentido de racionalidad y previsión. Ello concierne tanto a consideraciones económicas como a preocupaciones de orden político.

Por lo demás, el Banco Interamericano ha tenido una posición muy clara en materia de integración y basta com-

probar en este volumen lo que se ha hecho por ejemplo en diversas operaciones, entre ellas las de infraestructura. La propia creación del INTAL por el Banco Interamericano es otra prueba notoria de esta preocupación. Pero evitemos mal entendidos. Si el Banco ha entrado en ello se debe a que los gobiernos latinoamericanos, especialmente en la Conferencia de Presidentes de Punta del Este, han definido categóricamente su posición favorable a la gradual formación de un Mercado Común Latinoamericano. Es cierto que la ejecución de esta idea se está haciendo con lentitud y no está exenta de serios tropiezos, pero creo que es necesario que se mantenga viva la llama y el Banco es una de las instituciones que lo está haciendo con gran determinación.

Claro que el Banco no puede, en el campo de la práctica, ir más lejos que lo que los gobiernos quieran llegar por convicción o por consideraciones circunstanciales. Pero esto no significa en modo alguno que se deje de lado la propalación

de ciertas ideas cuando se está convencido de que son de importancia vital para la América Latina. Estoy plenamente convencido que es deber fundamental de los funcionarios que tienen la responsabilidad de instituciones regionales o internacionales concernientes a la América Latina, de presentar continuamente todas las iniciativas que crean pertinentes para que las consideren los gobiernos, sin otro límite que su propio sentido de oportunidad y responsabilidad. Esto es a mi juicio indeclinable.

Lo subrayo porque a veces se ha criticado al Banco y muy especialmente a su Presidente por haber tomado actitudes de esta naturaleza. No me toca a mi, por cierto, el papel de defensor, porque además de la vieja amistad con Felipe Herrera, carecería mi juicio del valor de la imparcialidad pues he tomado también esas actitudes en la CEPAL y en UNCTAD.

Por eso apelo a las opiniones de los que están lejos y entre ellas, la de un distinguido economista de la India que al establecer un paralelo entre el BID y el banco de desarrollo de Asia ha dicho lo siguiente:

"The success of a regional institution depends on its ability to generate momentum, which in turn depends, to use the words that come to mind in looking at the record of the IDB under Herrera--- on its élan, its panache, its political style.

"The bolder road is less risky than it looks. At least, it is no more risky than the business of development itself. The task of a regional bank, more fundamental than the raising of additional finance, is to integrate financial thinking into a developmental philosophy appropriate to the countries which it serves. Its central function is to scrutinise and to question the assumptions and the value judgements of established financial practice." 1/

Sin ir tan lejos, veamos otro juicio muy interesante del ex-Secretario del Tesoro de los Estados Unidos, Mr. Henry Fowler:

"We have found that the advice and assistance of IDB is useful and desirable in connection with our aid programs in Latin America. Latins can speak to the Latins more firmly and frankly than perhaps we can on various matters. I think this is the one major advantage - the knowledge of the region, the sensitivities that are involved, and the ability to deal with them directly and frankly without overtones" 2/

Indudablemente Felipe Herrera es un militante, un militante del desarrollo económico y creo que tiene que serlo y seguirlo siendo puesto que de lo contrario estaría mejor

1/ "The Asian Development Bank: A question of Style", by John White, International Affairs, Royal Institute of International Affairs, Oxford University Press, October 1968.

2/ Testimony given by Mr. Henry Fowler, former US Secretary of the Treasury before the Subcommittee on International Finance at the time of hearings on the Asian Development Bank Act: see U.S. Congress, House, Committee on Banking and Currency, Subcommittee on International Finance, 89th Congress, 2nd Session, Hearings on 26, 27 January and 2 February 1966, page 17.

en la banca privada y no en un banco de desarrollo.

 Cuanto más entro en este problema del mercado común, tanto más me convengo de que hay que ir resueltamente, aunque con pasos prudentes y graduales, a la realización de este objetivo. Lo creo por varias consideraciones, y entre estas, la siguiente que es fundamental.

 En el estudio que estoy terminando, se llega a la conclusión de que la América Latina en su conjunto, y es claro que hay situaciones muy diferentes entre país a país, necesita acelerar notablemente el ritmo de desarrollo para corregir la insuficiencia dinámica de su economía. A qué llamo insuficiencia dinámica? Ante todo a un fenómeno al cual atribuyo una enorme significación económica, social y política, que analizo seriamente en dicho estudio. En síntesis, la mayor parte de la fuerza de trabajo que en los últimos dos decenios ha salido de la agricultura latinoamericana no ha sido absorbida en las ciudades por la industria y demás

actividades productoras de bienes, sino que ha ido a los llamados servicios, o sea, a un grupo muy heterogéneo de actividades en que esa fuerza de trabajo, cuando no ha quedado desocupada, ha sido absorbida en forma espuria y no genuina. Ha ido a engrosar innecesariamente los cuadros de la administración y de los servicios públicos, del comercio, especialmente del pequeño comercio y ha proliferado en una serie de actividades de muy escasos ingresos, como el comercio callejero y los servicios personales no calificados.

El fenómeno impresionante de la población marginal de los tugurios latinoamericanos es una manifiesta consecuencia de esta falta de absorción productiva de la mano de obra redundante. Quiero anticipar aquí algunas de las cifras de mi estudio. Las más significativas en mi opinión son las siguientes: en los dos últimos decenios el crecimiento de la fuerza total de trabajo en la América Latina ha sido

de unos 38 millones de personas, de los cuales el 25.0% fue absorbido por la agricultura, el 18.6% por la industria y demás actividades productoras de bienes fuera de la agricultura, y el 56.4% restante por aquellos servicios. Ninguna prueba más clara de esta deformación que ha sufrido la distribución de la fuerza de trabajo. Es natural que en el curso del desarrollo económico la fuerza de trabajo en los servicios tiene que crecer, pero no en la forma en que está creciendo anormalmente en la América Latina. Los servicios en que esto ocurre no son precisamente los que caracterizan las etapas superiores del desarrollo, sino los que exhiben claras manifestaciones de subdesarrollo. Y esto es lo que hay que corregir a toda costa en los próximos años.

Para evitar esta deformación en la estructura de la fuerza de trabajo, sería necesario pasar en un decenio del ritmo de desarrollo medio de aproximadamente 5% en los dos

decenios anteriores a un 8% y continuar con este ritmo en el siguiente decenio. Hay situaciones muy dispares en la América Latina, que también considero en mi estudio, pero que no correspondería tratar en esta introducción. Pues bien, si se cumpliera este objetivo, que no es nada fácil, se podría ir corrigiendo gradualmente este fenómeno.

Se estima que en estos próximos dos decenios, el crecimiento de la fuerza de trabajo en la América Latina será 74 millones, o sea, 2 veces más que en los dos decenios anteriores. De esos 74 millones de crecimiento en la fuerza de trabajo, el 13.4% quedaría en la agricultura, el 40.1% iría a la industria y demás actividades productoras de bienes y el 46.6% restante a los servicios.

No nos hagamos la ilusión de que la agricultura va a poder retener gente con más intensidad que en el pasado.

Solamente podría ello ocurrir si no aumentara su producto medio por hombre más que en el pasado, pero es esencial aumentarlo para lograr la integración social de las masas campesinas que han quedado a la zaga del desarrollo económico.

Ahora bien, en el pasado con una tasa de 5% en término medio, ha sido muy agudo el fenómeno de estrangulamiento exterior porque las exportaciones no han crecido suficientemente y no se ha avanzado con firmeza en el comercio entre países latinoamericanos, además de la carga muy pesada de los servicios de la deuda exterior. Se reconoce ahora que habrá que hacer un esfuerzo formidable para desarrollar nuevas exportaciones, especialmente las exportaciones industriales. Pero, por mucho esfuerzo que se haga no será posible llegar a ese ritmo de desarrollo de 8% solamente con nuevas exportaciones a los grandes centros industriales. Habrá que explotar el

gran mercado recíproco de los países latinoamericanos;
no se trata solamente de intercambiar bienes de consumo,
como se ha venido haciendo en gran parte hasta ahora;
lo fundamental está en intercambiar aquellos bienes
intermedios y de capital que decía antes y que no pueden
producirse económicamente en el estrecho marco de las
fronteras nacionales, aun en los países de mayor población
de la América Latina. Y hay que reconocer que en la zona
de libre comercio no se ha llegado todavía a ningún
acuerdo significativo de integración industrial en las
industrias productivas de aquellos bienes.

Es cierto que en nuestros países se dice con frecuencia
que hay que llegar primero a la integración social-
interna, y después a la integración exterior. Qué grave
error se comete al hacer esta afirmación, puesto que para la
integración interna es necesario acelerar el ritmo del desarrollo,

lo cual no podrá conseguirse sin marchar resueltamente hacia la integración de las grandes industrias dinámicas de la América Latina.

En consecuencia, integración social interna e integración exterior, son objetivos que tienen que atacarse simultáneamente.

En este sentido es digna de encomio la iniciativa de crear el Grupo Andino. Sumados los países Andinos, entre los cuales Venezuela no está aún infortunadamente, se tendrá un producto total que si bien permitirá aliviar el estrangulamiento exterior, no será suficiente para prescindir del resto de la América Latina y de los grandes centros industriales para corregirlo completamente. Afortunadamente, existe la convicción de que este grupo, además de fortalecerse hacia adentro, deberá tratar de articularse en toda forma posible con la ALALC, a la cual tendrá también que vincularse el Mercado Común Centroamericano que no podrá tampoco resolver aisladamente sus problemas.

El desahogo que necesita industrialmente El Salvador, por ejemplo, no podrá lograrse dentro del ámbito limitado de un arreglo centroamericano: tendrá que hacerse dentro de un complejo latinoamericano. También es alentador lo que están haciendo los países del Caribe, y es de esperar que el desenvolvimiento de esta feliz iniciativa de aproximación económica pueda irse articulando también dentro de un marco más amplio y general.

Tiene pues el Banco que prepararse cada vez más, como lo está haciendo, para una tarea de importancia decisiva en el futuro de la América Latina. Siga Don Felipe Herrera - este es mi deseo más ferviente - en su obra de persuasión latinoamericana. Es claro que esto lo pone en el campo político en el sentido más lato de la palabra, pero una institución de esta naturaleza no cumpliría sus responsabilidades si no tratara de orientar

las grandes concepciones de la política de desarrollo económico latinoamericano. Este es un viejo tema para mí. En el plano diferente en que me ha tocado y me toca en cierto modo seguir actuando, muchas veces se me dijo que carecía de la imparcialidad que corresponde a un funcionario internacional porque estaba preconizando medidas en favor de los países en desarrollo. Mi respuesta era muy simple, si se ha creado la CEPAL o la UNCTAD es precisamente para ayudar a resolver los problemas de estos países y no para defender el orden de cosas existentes. Tal es esencialmente el caso del Banco. Quienes no lanzan nuevas ideas no por ello dejan de tomar una posición; por el contrario, con su pasividad o indiferencia contribuyen a perpetuar ese orden de cosas existentes que divide cada vez más al mundo entre la opulencia y el desasosiego. Por eso he trazado estas líneas con una convicción, que lejos de decaer, se hace más profunda con el andar de los años.

Cuando ~~era~~ Felipe Herrera me invitó a escribir la introducción de este volumen no vacilé en aceptar. Quería, antetodo, demostrar así mi adhesión personal a la obra cumplida por esta entidad en su primer decenio de existencia; y, en seguida, hacer algunas reflexiones acerca del significado del Banco y sus proyecciones futuras.

El Banco ha sido, sigue y seguirá siendo discutido. Su origen mismo está en una prolongada controversia. Se discutía no sólo los motivos para crearlo, sino la aptitud de los latinoamericanos para manejar una institución financiera internacional. Todo esto ha sido en gran parte superado. Pero la controversia continúa y continuará; y el día que no sea así, me temo que habrán ^{debilitado} ~~desaparecido~~ las razones para que el Banco continúe funcionando: se habrá convertido en uno de los tantos mecanismos que han

perdido vitalidad.

La discusión se extendió después con sus primeras operaciones. Si mal no recuerdo la operación inicial fue el acueducto de Arequipa. Era hasta entonces muy plausible prestar para bebidas comerciales: tratábase de inversiones productivas. Pero lo sería acaso prestar para agua potable? No se había hecho esto hasta ahora. Pero el nuevo Banco lo hizo, y esto fue simbólico, a mi juicio, porque se abrió paso a la idea de que un banco de desarrollo no podía atenerse a un criterio estricto y circunstancial de costo-beneficio, sino que tenía que incluir en esta ecuación elementos que, si bien no son mensurables, tienen gran importancia en el desarrollo económico y social. Siguiéron después operaciones de apoyo a la educación y a las universidades latinoamericanas, y hoy, hay que decirlo francamente, se han impuesto nuevos criterios en estas materias.

Aquel argumento según el cual no se justificaba una institución nueva en la América Latina para financiar el desarrollo, porque ya había otras, también ha sido superado. Se ha visto muy bien que había un campo dilatado para esta nueva institución. Más aún, el Banco Interamericano de Desarrollo, si se me permite la expresión, ha tenido y sigue teniendo una virtud telúrica. Está muy cerca de la tierra, conoce bien los problemas latinoamericanos, en que no intervienen simplemente hechos sino también hombres, combinación de hechos y hombres, que no se puede ignorar en la praxis del desarrollo.

Algún día se conocerá mejor, porque esto no puede divulgarse ^u cotidianamente, la influencia que el Banco Interamericano ha tenido en ciertos momentos delicados para presentar con vigor y hacer prevalecer, puntos de vista que acaso no hubieran sido debidamente considerados sin su influencia

y la de quienes tienen la responsabilidad de examinar los problemas del desarrollo latinoamericano en el seno del CIAP, y de enmendar medidas de financiamiento.

Esto es muy importante porque es árduo y largo el camino que tenemos por delante para encontrar nuevas fórmulas de convivencia entre los Estados Unidos y los países latinoamericanos. Considero que el Banco es uno de los instrumentos esenciales para ayudar a los países a recorrer este camino hasta llegar a esas fórmulas. Lo es por su índole y por la gravitación que ha adquirido. Tambi'

También se ha discutido antes de la creación del Banco, la posibilidad de que pudiera llegar a formar un personal que, a su competencia uniera un espíritu de consagración al papel primordial de esta entidad. En mis periódicas visitas a Washington, compruebo con honda satisfacción que también se está cumpliendo este propósito. No sólo en los niveles superiores, sino también en los muy promisorios de más abajo.

(esta página sin número se encontraba después de la página 3).

He aquí otro aspecto en que la controversia es inevitable. Si se quiere hablar de algo nuevo, hay que criticar lo existente y presentar nuevas ideas. En este proceso hay siempre una fase de confrontación. Pero no ha sido en el caso del Banco una confrontación estéril sino muy fecunda pues se busca en ella persuadir y ser persuadido, se busca llegar a ciertas formas de consenso que puedan traducirse en acción constructiva. Consenso esencial en una institución sui generis como esta, en que hay deudores y acreedores en su Consejo Directivo. No podrían prevalecer los unos sobre los otros. La América Latina esta aprendiendo a educar al coloso: y también a comprenderlo. Se necesita mucha energía para hacerlo. Y también mucho tacto y persistencia de propósito, y gran sentido político.

Esta es una gran falta
Es una falta de Felipe Herrera reunir esas características personales?

¿cómo podría reunirlos todos estos atributos?
¿además de sus características personales?
¿cómo? Para la supervisión de estos
problemas de cambio estructural por la inflación

A la luz de mi propia experiencia afirmo que esta no es una
tarea fácil.

He creído conveniente al aceptar la grata responsabilidad
de escribir estas líneas, comenzar por estas reflexiones
porque glosar el interesantísimo material que contiene este
volumen no sería a mi juicio la mejor forma de responder a mi
propio concepto de lo que tenía que hacer. Es un material que
tiene mucha substancia, que ha de ser cuidadosamente examinado.
Constituye la prueba más cabal de lo que el Banco ha sido en
sus años iniciales y también de lo que debiera ser, porque
brotan allí con frecuencia ideas y lineamientos que piden
la acción del Banco en el próximo decenio.

Esto me interesa mucho, como quien tiene más bien puesta
su atención en los problemas presentes y futuros de la América
Latina que en el enjuiciamiento del pasado. Son verdaderamente
muy serios estos problemas, pero de un gran poder de fascinación
para quien quiera abordarlos con la convicción de que hay

enormes fuerzas vitales en la América Latina para construir un mundo diferente del que tenemos. Aquí también el Banco podría tener un papel primordial. Por supuesto, la índole de estas líneas no se presta para entrar a fondo en ello, pero si quisiera exponer algunas preocupaciones constructivas.

Si la América Latina ha de fortalecer y dar el máximo de eficacia a la iniciativa individual de sus propios hombres, el Banco tendría mucho que hacer, además de lo que ya ha hecho. Ya ha financiado en verdad muchas operaciones en forma de préstamos. Esto no basta. Para que el Banco cumpla a cabalidad sus funciones de promoción, tendría que tener capacidad legal y recursos para ir más lejos aún, para actuar como la Corporación Financiera Internacional, subsidiaria del Banco Mundial. Trabaja bien esta Corporación, pero muy modestamente y sin que sus operaciones en latinoamérica se hayan caracterizado por su dramatismo. Creo que se impone la idea que está estudiando el Banco de crear una subsidiaria

que pueda participar en el capital de empresas latinoamericanas,

pero no como asociado permanente, sino en su etapa inicial

que es la más difícil, para después colocar sus acciones

entre firmas y el público genuinamente latinoamericano. Esto

conciérne tanto a las empresas que se forman o se amplían

dentro de los límites de cada país, como a las empresas

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reciente de algunos países latinoamericanos de formar su propio servicio de información de prensa tanto para la América Latina para fuera como de esta. Al hablar de conjunción de intereses latinoamericanos no se crea que estoy encerrándome en límites estrechos. He mencionado al pasar la integración de industrias en escala regional y subregional. En un estudio que estoy terminando y que en mi condición de Director del Instituto Latinoamericano de Planificación Económica y Social en Santiago me ha encomendado el Presidente del Banco, llego a la conclusión que ya expuse anteriormente, y que ratifico después de haber vuelto a examinar el problema, que los países latinoamericanos que más han avanzado en el proceso de substitución de importaciones solamente podrían continuarlo a un costo muy elevado en la mayor parte de los casos. Ha habido en otras épocas un margen considerable para la substitución de importaciones. Esa etapa ya ha pasado y ahora cuesta mucho extraer gotas

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iniciativa privada latinoamericana que, ya sea que produzca para el mercado interno o la exportación; hay muchos casos en que convendría la asociación con firmas extranjeras con la posibilidad previamente pactada de adquirir después de cierto tiempo el control de la empresa en manos latinoamericanas como se ha sugerido más de una vez. No es esta la oportunidad de exponer las razones de peso que me inducen a pensar que es de primordial importancia dar a la iniciativa latinoamericana los medios para ir venciendo su inferioridad financiera y tecnológica. Creo que es la única forma de llegar a esas nuevas fórmulas de convivencia que antes mencionaba. No basta ver lo inmediato y circunstancial, sino también encarar el futuro con un gran sentido de racionalidad y previsión. Ello concierne tanto a consideraciones económicas como a preocupaciones de orden político.

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probar en este volumen lo que se ha hecho por ejemplo en operaciones de infraestructura. La propia creación del INTAL por el Banco Interamericano es otra prueba notoria de esta preocupación. Pero evitemos mal entendidos. Si el Banco ha entrado en ello se debe a que los gobiernos latinoamericanos, especialmente en la Conferencia de Presidentes de Punta del Este, han definido categóricamente su posición favorable a la gradual formación de un Mercado Común Latinoamericano. Es cierto que la ejecución de esta idea se está haciendo con lentitud y no está exenta de serios tropiezos, pero creo que es necesario que se mantenga viva la llama y el Banco es una de las instituciones que lo está haciendo con gran determinación.

Claro que el Banco no puede, en el campo de la práctica, ir más lejos que lo que los gobiernos/^{quieran llegar} por convicción o por consideraciones circunstanciales. Pero esto no significa en modo alguno que se dejen de lado ideas concretas cuando se

está convencido de que son de importancia vital para la América Latina. Estoy plenamente convencido que es deber fundamental de los funcionarios que tienen la responsabilidad de instituciones regionales o internacionales concernientes a la América Latina, de presentar continuamente todas las iniciativas que crean pertinentes para que las consideren los gobiernos, sin otro límite que su propio sentido de oportunidad y responsabilidad. Esto es a mi juicio indeclinable. Lo subrayo porque a veces se ha criticado al Banco y muy especialmente a su Presidente por haber tomado actitudes de esta naturaleza. No me toca a mi por cierto, el papel de defensor, porque además de la vieja amistad con Felipe Herrera, carecerá a mi juicio del valor de la imparcialidad pues he tomado también esas actitudes en la CEPAL y en UNCTAD. Por eso apelo a las opiniones de los que están lejos y entre ellas, la de un ^{distinguido} economista/que al de la India establecer un paralelo entre el BID y el banco de desarrollo de Asia ha dicho lo siguiente:

actividades productoras de bienes, sino que ha ido a los llamados servicios, o sea, a un grupo muy heterogéneo de actividades en que esa fuerza de trabajo, cuando no ha quedado desocupada, ha sido absorbida en forma espuria y no genuina. Ha ido a engrosar innecesariamente los cuadros de la administración y de los servicios públicos, del comercio, especialmente del pequeño comercio y ha proliferado en una serie de actividades de muy escasos ingresos, como el comercio callejero y muchas otras tareas continuas o esporádicas de muy escasos ingresos. Este fenómeno impresionante de la población marginal de los tugurios latinoamericanos es una manifiesta consecuencia de esta falta de absorción productiva de la mano de obra redundante. Quiero anticipar aquí algunas de las cifras de mi estudio. Las más significativas en mi opinión son las siguientes: en los dos últimos decenios el crecimiento de la fuerza total de trabajo en la

América Latina ha sido de 37.7 millones de personas, de los cuales el % fue absorbido por la agricultura, el % por la industria y demás actividades productoras de bienes fuera de la agricultura, y el % restante por aquellos servicios. Ninguna prueba más clara de esta deformación que ha sufrido la distribución de la fuerza de trabajo. Es natural que en el curso del desarrollo económico la fuerza de trabajo en los servicios tiene que crecer, pero no en la forma en que está creciendo anualmente en la América Latina. Los servicios que están creciendo no son precisamente los que caracterizan las etapas superiores del desarrollo, sino los que exhiben claras manifestaciones de subdesarrollo. Y esto es lo que hay que corregir a toda costa en los próximos años.

Para evitar esta deformación en la fuerza de trabajo, sería necesario pasar en unos 10 años del ritmo de desarrollo

medio de aproximadamente 5% en los decenios anteriores a un 8% a fines de este decenio que se inicia y continuar con este ritmo en el siguiente decenio. Hay situaciones muy dispares en la América Latina, que también considero en mi estudio, pero que no correspondería tratar en esta introducción. Pues bien, si se cumpliera este objetivo, que no es nada fácil, se podría ir corrigiendo gradualmente este fenómeno. Se estima que en estos próximos dos decenios, el crecimiento de la fuerza de trabajo en la América Latina será 74.2 millones, o sea, 2 veces más que en los dos decenios anteriores. De esos 74.2 millones de crecimiento en la fuerza de trabajo, el 13.3% quedaría en la agricultura, el 40.1% iría a la industria y demás actividades productoras de bienes y el 46.6% restante a los servicios.

Pero no nos hagamos la ilusión de que la agricultura va a poder retener gente con más intensidad que en el pasado.

Solamente podría ello ocurrir si no aumentara su producto medio por hombre más que en el pasado, pero es esencial aumentarlo para lograr la integración social de las masas campesinas que, en general han quedado a la zaga del desarrollo económico.

Ahora bien, en el pasado con una tasa de 5% en término medio, ha sido muy agudo el fenómeno de estrangulamiento exterior de la economía latinoamericana porque las exportaciones no han crecido suficientemente y porque no se ha avanzado firmemente en el comercio entre países latinoamericanos, además de la carga muy pesada de los servicios de la deuda exterior. Se reconoce ahora que habrá que hacer un esfuerzo formidable para desarrollar nuevas exportaciones, especialmente las exportaciones industriales. Pero, por mucho esfuerzo que se haga no será posible a mi juicio llegar a ese ritmo de desarrollo de 8% solamente con exportaciones nuevas a los grandes centros industriales. Habrá que explotar el

gran mercado recíproco de los países latinoamericanos;
no se trata solamente de intercambiar bienes de consumo,
como se ha venido haciendo en gran parte hasta ahora;
lo fundamental está en intercambiar aquellos bienes
intermedios y de capital que decía antes y que no pueden
producirse económicamente en el estrecho marco de las
fronteras nacionales, aun en los países de mayor población
de la América Latina. Y hay que reconocer que ~~en este~~
~~punto~~ en la zona de libre comercio no se ha llegado
todavía a ningún acuerdo significativo de integración
industrial. *En el momento actual no se ha llegado a ningún acuerdo significativo de integración industrial.*

Es cierto que con frecuencia en nuestros países se
dice que hay que llegar primero a la integración social-
interna, y después a la integración exterior. Qué grave
error se comete al hacer esta afirmación, puesto que para la
integración interna es necesario acelerar el ritmo de desarrollo.

lo cual no podrá conseguir sin marchar resueltamente hacia la integración de las grandes industrias dinámicas de la América Latina.

En consecuencia, integración social interna e integración exterior, son objetivos que tienen que atacarse simultáneamente.

En este sentido es digna de encomio la iniciativa de crear el Grupo Andino. Sumados los países Andinos, entre los cuales Venezuela no está aún infortunadamente, se tendrá un producto total que si bien aliviará el estrangulamiento exterior, no podrá prescindir del resto de la América Latina y de los grandes centros industriales para corregirlo completamente. Afortunadamente, existe la convicción de que este grupo, además de fortalecerse hacia adentro, deberá tratar de articularse en toda forma posible con la AIAIC, a la cual tendrá también que articularse con el Mercado Común Centroamericano

que no podrá tampoco resolver aisladamente sus problemas.

El desahogo que necesita industrialmente El Salvador, por ejemplo, no podrá lograrse dentro del ~~marco estrecho~~ ^{ambito limitado} de un

arreglo centroamericano: tendrá que hacerse dentro de un

complejo latinoamericano. También es alentador lo que están

haciendo los países del Caribe, y es de esperar que el

desenvolvimiento de esta feliz iniciativa de aproximación

económica pueda irse articulando también dentro de un marco

más amplio y general.

Tiene pues el Banco que prepararse cada vez más,

como lo está haciendo, para una tarea de importancia

decisiva ~~para~~ ^{para} el futuro de la América Latina. Siga Don

Felipe Herrera - este es mi deseo más ferviente - en su obra

de persuasión latinoamericana. Es claro que esto lo pone

en el campo político en su sentido más lato de la palabra,

pero una institución de esta naturaleza no cumpliría sus responsabilidades si no tratara de orientar las grandes concepciones de la política de desarrollo económico latinoamericano. Este es un viejo tema para mí. En el plano diferente en que me ha tocado y me toca en cierto modo seguir actuando, muchas veces se me dijo que carecía de la imparcialidad que corresponde a un funcionario internacional porque estaba preconizando medidas en favor de los países en desarrollo.

Mi respuesta era muy simple, si se ha creado la CEPAL o la UNCTAD es precisamente para ayudar a resolver los problemas de estos países y no para defender el orden de cosas existentes;

Tod es eminentemente el caso del Banco.

Quienes no lanzan nuevas ideas son parciales porque con su pasividad o su indiferencia contribuyen a perpetuar ese orden

de cosas existentes que divide cada vez más al mundo entre la opulencia y el desasosiego. Por eso he trazado estas líneas con una convicción, que lejos de decaer, se hace más profunda con los años.

A cada



EXHIBITION IN
STRUCTURAL REQUIRE-
MENTS FOR DEVELOPMENT, 1970



INCOME DISTRIBUTION IN LATIN AMERICA:
STRUCTURAL REQUIREMENTS FOR DEVELOPMENT

Raul Prebisch

[Concentration of land ownership, and industrialization in highly protected markets, have produced inequitable income distribution and are barriers to economic growth. Improvement in both areas calls for structural changes and a drive to increase savings so that growth rates can be accelerated. NOTE: Portions bearing on income distribution are extracted here from a larger report, the major presentation of which appears on pp. 99-124 below.]

Disparities in income distribution date back for centuries in Latin America, and privilege is deeply rooted in the region's history. During the phase of outward-looking development which preceded the world depression of the 1930s, no solution to the problem was forthcoming; on the contrary, increases in income which development brought in its train, and which were substantial in many countries, were concentrated in the few hands that already held land and wealth. Since then, the effects of the process have undeniably been more widely spread out; although it is also true that new patterns of concentration of income have emerged. Those at the top of the social pyramid have conspicuously prospered; the urban middle strata, too, have increased in size and have raised their level of living, although less than might have been the case, and far from enough to satisfy their growing consumption aspirations. But the benefits of development have hardly touched the broad masses relegated to the lower income strata. The percentage of the population represented by the latter groups may possibly have diminished, although precise data are lacking. They still constitute about 60 percent of Latin America's total pop-

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ulation, although the proportions vary from one country to another. They would seem to have decreased in relative terms; but at the same time the gap between the lower and upper strata has widened.

The broad masses of Latin America's rural population, formerly cut off by illiteracy, are swiftly becoming receptive to radio and television, which bring them nearer and nearer to the beguiling mirage of city life. Beguiling at first, only to prove later on a hotbed of tormenting frustration: the frustration bred of social marginality in the larger towns. It is not just a matter of consumption aspirations; these masses are awakening to consciousness of their long-forgotten dignity as human beings, of their pathetic relegation to ways of life long abandoned by developed countries. Their social integration^{is} of primary importance. It is a question of fair distribution. Let there be no misunderstanding, however: redistribution measures alone will not suffice. The income distribution pattern is defective, and could undoubtedly be ameliorated to some extent under existing conditions. But there will be no substantial and lasting improvement unless the rate of development is speeded up.

The agrarian structure. The structural obstacles to acceleration in economic development are of great significance. They weaken the incentives to technical progress, and deprive the economy of the degree of social mobility that is demanded by such progress, as well as by considerations of equitable income distribution. It is well known that the concentration of land ownership and the proliferation of minifundia in Latin America have, over the generations, inhibited the introduction of improved techniques and the efficient use of land, and have also been a major cause of social disparities. Moreover, even where improved technology has managed to penetrate into these outmoded land tenure systems--as has happened in export-oriented activities and is now happening in agriculture for domestic consumption--it has generally not been able to break them down, but has rather encouraged a tendency for small and medium-sized units to join together to form larger holdings. While the advantages of this process in terms of productive efficiency cannot be disregarded, its aggravating effects on concentration of ownership and on social disparities are equally impossible to deny.

Technical progress through mechanization or through new farm practices that raise yields per unit of land increases the product per agricultural worker. This does not mean, however, that there is a corresponding rise in the income of the masses working on the land. On the contrary, if labor is abundant and land ownership is concentrated in a few hands, the gains deriving from more advanced techniques, in so far as they are not absorbed by entrepreneurial profits, will tend to be incorporated into the rent of the land and thus increase its

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value. Furthermore, the rapid growth of the labor force makes it much easier for the landowner to arrogate to himself the gains accruing from technical progress. And the more this happens, the harder it becomes for the rural masses to obtain access to the larger amount of land they would need to be able to share in these benefits. Thus the pressure of the active population on the land increases, minifundia are divided up into ever-smaller plots, and the number of landless peasants grows. Even without technical progress, the rent of the land tends to rise when agricultural demand is brisk. And it also rises--to a very marked extent--as a result of the means of communication and other infrastructural works constructed by the state with resources whose origin is not usually rural property.

For all these reasons, the increase in the product per worker in agriculture--which has certainly taken place--has not led to a corresponding increase in the income of the rural masses, although in some countries movements to organize rural wage-earners, minimum wage regimes and social security systems are bringing about certain changes. Nonetheless, there is no reason to assume that matters will improve to any significant extent until the agrarian structure is changed so as to give land to the rural worker who has none at all and to increase the holdings of those who have some, to the extent permitted by population pressures. This would ensure the rural masses a fairer share in the benefits of technical progress, provided that non-agricultural activities make productive use of the redundant manpower in agriculture and that the indispensable improvements are introduced in marketing methods. Otherwise, social disparities will continue to increase.

Old and new structures. The system of land tenure exerted a dominant influence on the social structure of Latin America during the period of outward-looking development before the 1930s depression. Industrial development gained great impetus as a result of the depression, and superimposed itself on this structure, to which it adapted itself to some extent but which it did not radically transform. It did not--as happened in other areas--necessitate a redistribution of the land, for as a general rule easily accessible land was available for the expansion of agricultural production. Nor was any need felt until recently to open up the vast potential market of the underprivileged masses and extend the social range of demand, because an industrial development process based on import substitution found a market already in existence that grew in step with urban growth. This industrial development has not changed the traditional structure of Latin America's foreign trade, which is still oriented towards the major industrial centers. Primary commodities continue to be exported and industrial goods imported in return, although the pattern is less rigid than it used to be; only the composition of such imports is changing.

Industrial development is taking place in watertight national compartments, under the strong protection of high tariff barriers and of



restrictions and prohibitions that eliminate external competition and hamper the assimilation of technological progress and the efficient use of the factors of production. Import substitution is steadily progressing within these industrial microcosms, as the ratio of the capacity to import (i.e., export earnings plus net financial inflows) to the overall product of the economy gradually decreases. Industrialization on these lines is inefficient and costly for the all-too-well-known reasons: markets are small and the spur of competition is lacking. The process bears within itself the seeds of its own loss of dynamism, since industrial development takes place within a closed circuit of costs and prices which, because it has no contact with the world market, discourages exports of manufactures; and these are really essential, for industry needs to stretch outwards in order to develop inwards in depth. By now the loss of dynamism has become apparent in a number of countries.

Structural changes in Latin America's agriculture, industry and foreign trade are of decisive importance: without them, it will not be possible either to give the economic system the requisite dynamic strength or to make it meaningful from the standpoint of social equity. This question of social equity has to do not only with the way in which income is distributed, but also with the actual sources of income in the prevailing social structure. If a large part of the income of the upper strata derives from privilege, from their dominant position in the system, the incentive to technical progress is weakened. The traditional case in point is the appropriation of land rents, both in the rural areas, as described earlier, and also in the cities, as a result of development itself and of the high rate of population growth. Privilege also exists in industry when excessive protectionism makes disproportionate profits possible, despite the high costs of production, and when restrictions on competition or the backwardness of the domestic marketing system allows higher incomes to be obtained than would otherwise have been the case. Participation in the power structure, too, usually carries with it privileges of this kind. In such cases, there is no strict relation between the income of individual persons and their contribution to the production process in its broadest sense. Consequently, in addition to stimulating the growth of income, the structural changes that pave the way for development will also gradually change the sources of income and thus increase the incentives to technical progress.

Social mobility has a very important part to play here. It is both a requirement for and a consequence of development, which it likewise tends to accelerate. Development requires that jobs be filled as far as possible by those most suited for them to prevent the waste of potential talents. In Latin American societies, with their special structures, a number of factors limit mobility: some are structural, such as the concentration of land ownership and of income in general;



the weakness of incentives to improve industry, resulting from over-protection; industry's limited capacity to absorb manpower, with the consequent spurious absorption of labor in services, etc. All this means that the rate at which new jobs are created at the medium and high levels is relatively slow, and thus reduces the possibilities of social advancement. Furthermore, the extremely unequal distribution of income limits access to education even at the primary level for many groups, and makes it difficult at the secondary and higher levels, with all the waste of human talent that this entails. Education and the development of skills at all technical levels are potential factors of social mobility. If this potential is to be realized, economic activity must have a keen sense of the need to increase productivity through technical progress. Thus, there is a close linkage between technology and social mobility. Unless the pace of development is stepped up, occupational opportunities will be too scarce for mobility to become effective. Not only will the effort expended on training be wasted, but further cause for resentment or frustration will be added to the motives already activating or troubling the younger generations in Latin America. And there will be yet more reason for Latin American professionals to leave their own countries at a considerable cost to the region.

Some changes have occurred in Latin America as development proceeded. The traditional groups of landowners and merchants that characterized the period of outward-looking growth have been joined by new elements, their numbers varying from country to country, with industrialists accounting for a steadily increasing proportion. The middle strata are considerably strengthening their position: they have become larger and more diversified, and, through high-level technical specialists and officials, are increasing their influence on the public administration. Thanks to their enhanced trade-union and political power, many groups of workers are acquiring an ability to defend their interests and aspirations. And in a number of Latin American countries labor leaders are beginning to form part of the power structure itself. But these changes are insufficient to permit the pace of development needed to absorb the redundant manpower or satisfy the growing aspirations of the people involved.

The Power Structure: Immediatism and Foresight

The linkage between the economic and social structure and the political power structure is very close. The two form a complex whole, whose different but mutually interdependent components can be separated only in the abstract. Notwithstanding all the changes that have occurred, a special urban constellation has gradually evolved, in which the politically inarticulate and unorganized lower strata are not making the weight of their numbers fully felt--except at intervals, on particular occasions--in the struggle for income redistribution, a struggle



that is being exacerbated as the dynamism of the economy falls increasingly short of what is required. For if industry, construction and mining absorb a too small and decreasing proportion of the increment in the urban (i.e., non-agricultural) labor force, as has been generally true since 1950, and the volume of manpower in services is growing out of all proportion, to say nothing of unemployment, the imbalance thus created leads to ever-mounting tension.

It is politically and also socially understandable that this tension should be relieved through measures to redistribute income by means of mandatory wage increases or public spending. The steady expansion of the groups participating to some degree in the power structure, and the growing calls upon the state to satisfy social welfare aspirations, give rise to a complex set of commitments that, inter alia, conduce to "immediatism" in respect of income redistribution. However genuine its underlying concern for social equity, and however much it may do to alleviate social tension in the short term, this redistributive immediatism does not solve the basic problems. Neither does a repressive approach.

As the lower strata in the cities gradually become aware of their power, they will carry greater weight in the income struggle; and if they are joined by the rural masses, tension will inevitably tauten to a point at which it seriously jeopardizes the operation of a system which, moreover, is far from efficient. But if representatives of the lower strata managed in one way or another to become part of the power structure, there is no guarantee that their combative vigor would not also lead to immediatism, and again the basic problem would be bypassed. Immediatism cannot be assigned to any particular point in the political spectrum, for short-term solutions are sought not only by the staunch defenders of the status quo but also by those who are at odds with it, and who find such expedients an easy substitute for radical changes to which there are powerful obstacles. The net result is that the ills inherent in the existing structure are intensified.

Immediate measures must be merely the first step in tackling the basic problem. This is certainly not an easy approach, but it is perfectly feasible. Basic solutions, however, do not emanate spontaneously from the conflict of interests and aspirations; they require an enlightened and long-range view of the situation that can be achieved only through thoughtful analysis. It can be clearly shown that if the distortions in the structure of employment are eliminated, and the distribution of income is made more equitable, there will be much greater scope for industry and agriculture to expand; and the services sector, freed by this corrective process from its heavy burden of redundant manpower, will be able to participate actively in the benefits of accelerated development. But this is only a future prospect, and if nothing at all is offered in the immediate present, it will be difficult if not impossible to win acceptance for a continuing development discipline.



Immediatism has frequently prevailed over foresight. The latter has certainly not been a dominant feature in the present stage of Latin American development, although there have been government leaders who possessed it and in some countries this has had lasting consequences. However, the problems which arose at the beginning of the present stage of development did not appear to demand such a high degree of foresight. Industrial development is a case in point; given the wide margin initially available for import substitution, simple measures, with immediate economic and social effects, sufficed to spur on the industrialization process. In agriculture, the availability of accessible land made it possible to expand production with no great difficulty, and population growth was not then as rapid as at present. But now that this relatively easy stage has been completed, immediate expedients must inevitably be combined with longer-range measures that admit of no makeshift procedures, not only because of the nature of the problems involved, but also because our knowledge of them is greater today.

Capital Formation and Income Distribution

If it is accepted that any lasting improvement in income distribution must take place within the environment of a more rapid increase in the gross domestic product (GDP), then a key requirement is increased saving and investment. From 1950 to 1968 the percentage of investment in GDP decreased in all but two countries of Latin America. At present no spontaneous forces exist that can raise the investment coefficient. Yet the rate of capital formation must be appreciably stepped up in order to generate a growth rate adequate to meet the population's soaring growth rate and increasing consumption aspirations and the steady rise in the capital/worker ratio which more advanced techniques generally entail.

Let us consider this problem in relation to our projections of the growth rate in GDP which would make possible absorption of redundant labor [discussed more fully in pp. below]. The total investment coefficient would have to be raised from 18.3 percent GDP in 1966-68 to 26.5 percent in 1980 in order to attain a rate of development of 8 percent by the latter year. Given some reasonable assumptions as to the gross inflow of foreign capital (see below), the coefficient of domestic investment would have to be increased from 14.5 to 24 percent. To facilitate the exposition of the problem, conjectural estimates by income strata are presented in Table 1. These figures must be taken as very rough estimates of orders of magnitude, and the wide inter-country disparities must be remembered. The highest income groups, stratum IV, constitute a relatively small proportion of the Latin American population and absorb a substantial share of total income. Understandably enough, it is the members of these groups that pay the highest taxes and show the highest rate of private saving. Taxes account for 25 percent of their income and 18 percent is saved; the remaining 57 percent is spent on consumption.



Table 1: Latin America: Conjectural Estimates
of Income Distribution and Use
1960

Income Stratum	Proportion of Population (Percentages)	Proportion of Personal Income	Average Monthly Income per Household (Dollars)	Use of Personal Income (Percentages)		
				Consumption	Taxation	Saving
I	40	9	35	90	10	-
II	20	10	82	80	20	-
III	35	50	228	77	20	3
IV	5	31	1,000	57	25	18

SOURCE: ECLA/Institute, El estrangulamiento externo y la escasez de ahorro en el desarrollo de América Latina. Análisis de los problemas y algunas de las soluciones (Santiago, March 1970).

One of the keynotes of this report is equitable income distribution. The social integration of the masses relegated to the lower income strata is an imperative necessity. Accordingly, the projections envisage an acceleration of the rate of increase of their personal income to the same rate as the overall per capita growth, i.e., 3.9 percent annually. The present level of consumption among strata I and II is so low that to restrict its expansion is unthinkable, at any rate in the early years of the period considered. The additional savings effort would therefore be incumbent upon the higher strata.

If the whole burden of the additional savings effort postulated were to be shouldered by stratum IV, its per capita consumption would have to be reduced--through increased saving and heavier taxation--by 0.8 percent yearly during the first of the two decades covered by the projection. Thus, in view of what these two items represent today, the proportion of expenditure on consumption in this social group would be cut down from 57 to 36 percent of average income per household. This highest stratum is far from homogeneous. Its expenditure on consumption probably averages about 570 dollars a month per household: in a group within this stratum that constitutes not more than 2 percent of the region's population the corresponding figure must certainly be appreciably higher, and no doubt the capacity of this group to increase the present savings proportion exceeds that of the remainder of the stratum.

Other possibilities must be explored. The middle income groups (stratum III) have been increasing their consumption at an annual rate of 2.3 percent per household. According to our hypothesis, average consumption per household could expand faster, owing to the postulated growth of average income at 3.9 percent. For example, it might increase at an average annual rate of 2.7 percent and still leave a considerable margin for saving, either directly or indirectly through taxation; this implies that taxation plus private saving would in-



crease from 23 to 32 percent for this stratum. And in that case, what savings effort would the highest stratum have to make?

The answer is as follows: although in the early 1970s the expansion of consumption per household in these groups would have to be restricted, over the whole decade their consumption could increase at the significant average annual rate of 1.7 percent; taxation plus savings would rise from 43 to 54 percent for stratum IV (rather than to 64 percent as suggested above).

The foregoing figures are of course conjectural, and these comments should not be interpreted as proposals. Nevertheless, they do indicate an appropriate course to follow in the study of the various specific situations in Latin America. One conclusion can safely be drawn: if in the early years of a development strategy an expansionist policy is pursued whereby the product can be increased fairly quickly, it should be possible to make the additional savings effort--provided it is also accepted that in order to give so powerful an impetus to the Latin American economy a reasonable degree of discipline in the capital formation process is essential.

It is absolutely essential to adopt energetic and persevering internal measures to promote a steady rise in the coefficient of domestic investment. This is unquestionably the most important and also the most difficult task relating to the acceleration of development. The Latin American economy is not saving enough to speed up its development as rapidly as is needed. Land is inefficiently used; the same is true of capital goods; and redundant manpower is still left in the rural areas, while the rest has needlessly gone to swell the ranks of the urban services sector. The economy is at a deadlock: it is not saving what it should because it is wasting its production potential, and that potential is being wasted because the economy is not saving more. Latin America must break out of this vicious circle. And that will be impossible without an initial "big push" to set the machinery of accelerationⁱⁿ motion and an unfamiliar level of discipline to keep it moving.

If the vicious circle were broken, and the expansionist forces of the economy were able to realize their potential so that new investment opportunities were created, how far would a rise in the savings coefficient be spontaneously brought about? Presumably the mere fact that the product rose rapidly during the initial phase of the transition period would suffice in itself to increase marginal savings, as usually happens. But the effort needed to reach the requisite coefficient would be so great that it could hardly be made unless additional saving were powerfully and deliberately stimulated. The question is how incentives to private investment and discouragement of non-essential consumption could be combined with tax and other fiscal measures that would tap a sufficient proportion of the additional income generated to hasten the process of capital formation.

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Latin America has an interesting stock of experience in the encouragement of saving and private investment which must be turned to account; but the scale of the effort required is so great that the imagination naturally looks for out-of-the-ordinary ways of reaching the goal in view. How can firms and enterprises be induced to invest a bigger proportion of their profits? Would tax measures to encourage investment and discourage the distribution of profits be enough? Would it not incite to over-investment in labor-saving equipment, as seems to have happened in some cases in Latin America? This calls for more careful study. So does the following question: in view of the exigent demands of the transition period, might not limits be set to the distribution of profits so that they could be used for investment, either in the same firm or enterprise or in others, or in public or private savings institutions? This deserves some thought, since it would allow production incentives to be reconciled with the need for capital formation and the necessity of restricting the expansion of consumption during so difficult a period.

The creation of basically Latin American multinational enterprises in the regional integration process, in which the Inter-American Development Bank (IDB) would play a promotional role, could add an important new area for investment. If these enterprises were not to be exposed to the temptations associated with monopolies, however, it would be indispensable that their establishment go hand in hand with commitments to reduce external tariffs by gradual degrees, so they could become competitive in the world market. The source of profit must be efficiency, not protection; this of course is equally applicable to national enterprises.

Consideration should also be given to other expedients with regard to saving in the middle and even some of the lower income strata. These means might include the creation of capital markets and the more widespread use of instruments for tapping savings--such as adjustable bonds--which have already been successfully tried out in Latin America, in cases where inflation had seriously weakened the propensity to save. Would it not also be possible to interest the staff of firms and enterprises in the idea of investing part of the increase in their real income in shares or bonds issued by their own or other firms? Here again new incentives and devices would have to be considered. In addition, lower income groups could be drawn into the savings effort, mainly through low-cost housing incentives.

Increased capital formation in all the social strata should depend not only on encouraging saving and investment, but also on the discouragement of certain forms of consumption. In Latin America, where

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there are so many unsatisfied investment requirements, incitements to consumption have continued to proliferate in wide variety. They are provided partly by advertising and the attractive images presented in the mass communication media, and partly by the constantly increasing consumer credit facilities that enable the higher and middle income groups to use a significant proportion of the community's savings potential for expenditure of this type. Taxation is an appropriate instrument for the purpose of restraining this process, but it is not the only one.

With regard to taxes as an instrument of capital formation, the taxation picture in Latin America is far from uniform. There are some countries in which tax pressures are unquestionably severe. In others a margin of tax potential is still available, and in others again--though these are fewer--the tax burden is moderate. And this last group includes some very interesting cases in which the state has managed to mobilize increasing resources by means of savings certificates. The progress made in tax organization and administration in several countries during recent years is deserving of mention. But tax evasion, although less widespread than before, continues on a considerable scale, and this, apart from its intrinsic effects on state resources, is a factor making for inequity. Acceleration of the growth rate of the product combined with tax adjustments would enable the state's financial resources to be appreciably increased. But this is only one side of the picture; the other is expenditure and investment.

The state should invest on a large scale in economic and social infrastructure, both because of the requirements implicit in the social integration of the underprivileged masses, and because of the need to lay broad foundations for the expansion of economic activity. The state has been compelled, however, by the political impact of low incomes and limited employment opportunities to expand its current expenditures in order to absorb redundant manpower, and this has been prejudicial to investment in infrastructure and social expenditure. Similar pressures to increase non-investment spending arise for the subsidizing of public service enterprises, and for the expansion of the social security systems with their high administrative costs. If the lack of the required degree of economic dynamism were gradually made good, the state would then be able to regulate such current expenditure more satisfactorily. It could not, however, shirk the development discipline of which we have spoken. It would have to give this discipline expression in a clearly defined program of expenditure and investment, based on an order of priorities consonant with the national development strategy.

Resort to taxation as an instrument of capital formation does not necessarily imply that the state will widen the radius of its direct economic activities; instead, the resources thus obtained might be

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channelled into private enterprise, through suitable institutional machinery. Although the increase in savings and capital formation is a high priority task throughout Latin America, it must be undertaken by each country in accordance with its own conditions. In all cases an out-of-the-ordinary effort and discipline will be needed to mobilize resources, and governments will of necessity be deeply involved in mounting and guiding the effort and maintaining the discipline; but no particular form of state action is offered as a panacea or general prescription.

State Action and the Market Mechanism

Although state action is still a highly controversial issue in Latin America, it is now acknowledged to be an essential for economic stability. In this respect, an important change took place in the developed countries as a result of the great world depression--and in the developing countries too. Deliberate actions were taken to influence the forces of the economy in order to bring about first recovery, and then development without serious fluctuations. Today all this seems quite natural and beyond dispute, but it was not so in those days of ardent doctrinal controversy. It is also beyond question today that if the economic system is left to its own devices it does not promote equitable income distribution; even large and affluent countries are discovering that huge sectors of their own populations are underprivileged. Despite these changes in ideas on the role of the state in the advanced countries, in Latin America such matters are not always approached with clear-sighted objectivity. In addition to the very understandable opposition to changes in structures and attitudes, there is often some confusion about the role of the spontaneous forces of the economy. Efforts to act upon or influence these forces are confused with state interference in the market mechanism. But there is no basic incompatibility here; rather, the proper functioning of the market mechanism depends in large measure on the efficacy of the structural changes made.

The market mechanism is based upon a prevailing economic and social structure and responds to its needs. It can neither be held responsible for the consequences of the structure, nor be supposed capable of changing it. It must not be expected to do more than it actually can. If the economic and social structure preserves a very unequal distribution of income, then the market simply reflects good or bad consumer preferences; and in accordance with these preferences, it channels the use of investment resources, thus giving a particular configuration to the production apparatus. If this configuration does not coincide with the interests of the society as a whole or the needs of development, the blame must be laid not on the market mechanism, but on the underlying structure and the income distribution inherent in it. What is essential is for consumers to be able to manifest their preferences

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through the market mechanism, and for activities serving consumers to be able to respond to these preferences under the stimulus of the economic incentive and of competition.

One truth must be recognized: consumer preferences are influenced by forms of advertising which, in the Latin American countries, are promoting the systematic dissemination of consumption patterns that militate against capital formation. Where restrictions have been imposed on imports of non-essential goods, domestic investment has been encouraged to produce the self-same goods despite the shortage of capital. Nevertheless, the market mechanism continues to be of great value because it operates in a completely impersonal way. However much the size of disposable income and certain forms of consumption may be influenced by the state, it still leaves consumers with a wide range of choice. Under the market mechanism, responsibilities are diffused and decisions scattered throughout all the various activities of the economy. Concentrating decision-making in the hands of a single supreme authority does not give the flexibility and efficiency required in the increasingly intricate complex of economic life, something which even the socialist countries of Eastern Europe are coming to recognize.

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CHANGE AND DEVELOPMENT:
LATIN AMERICA'S GREAT TASK

Raul Prebisch

[Latin America's postwar economic growth has been too slow to give productive employment to its fast growing populations and meet their burgeoning aspirations. Detailed projections defining the growth rate needed for employment and its many interrelated requirements in external trade, regional integration, capital formation, international cooperation, etc., show the magnitude of the tasks involved and the effort that must be applied.]

In Latin America the development process has been taking place in complete disregard of the population explosion. Only a part of the economically active population is productively absorbed. A very high proportion constitutes redundant manpower in the rural areas, and the migrants from the rural areas who ceaselessly pour into the bigger towns merely shift the scene of their redundancy. In their new environment, they needlessly swell the motley ranks of the services sector, in which a substantial proportion of the natural increase in the urban labor force itself is also skirmishing for jobs. The result is a spurious rather than a genuine absorption of manpower, if not unemployment pure and simple. This phenomenon reflects the Latin American economy's lack of the required degree of dynamism. Its rate of development has been too slow to meet the peremptory demands deriving from the population explosion, and a large amount of human potential is wasted in one way or another, to the detriment of economic growth, equitable income distribution, and social harmony.

Another part of Dr. Prebisch's
report is extracted on pp. 38-50.

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The extraordinary rise in the population growth rate is a relatively recent phenomenon in Latin America and--except in the lengthy period of mass immigration into the United States--is something that did not occur to the same extent during the development of what are now the industrialized countries. The rate began to rise at the end of the 1930s and gathered appreciable momentum as scientific and technological progress gradually lowered the death rate without there being a parallel decline in the birth rate. During the last five years of the 1930s the demographic growth rate was 1.9 percent, i.e., the population doubled every 37 years. Now, at the beginning of the 1970s, the rate has risen to 2.9 percent, which means that the population doubles every 25 years. These are average figures only; some countries, such as Mexico, have annual demographic growth rates of more than 3.4 percent; while Argentina and Uruguay are at the other end of the scale with rates of 1.5 and 1.2 percent, respectively.

The serious consequences of this phenomenon have caused controversy and debate. The population explosion made itself felt some time ago (1935-40) when the number of dependents per income earner began to rise, and it affected both household and public spending, inasmuch as an ever-increasing amount of social investment was required to cover housing, health and education needs. These still have been met only partly. However, it was only later, in the 1950s and 1960s, that its effects on the labor force and the difficulty of absorbing labor into productive employment were steadily aggravated, until now they have come to constitute a basic obstacle to Latin American development.

Distortion in the structure of the labor force. As always in the course of development, irrespective of the economic and social system, agriculture lacks the capacity to retain the whole of the natural increment in the agricultural labor force. Before the 1930s approximately 63 percent of Latin America's total labor force was engaged in agriculture. At present, the corresponding estimate is 41 percent, with wide variations between countries. This annual rate of decline in agriculture's share in the total labor force has been just slightly slower than the corresponding percentage change in countries such as the United States and Sweden at an earlier period, though faster than in Italy and France. The difference between the European and Latin American experience lies in what happened to the non-agricultural labor force.

If we look at this situation in terms of growth rates, the agricultural labor force grew at an average annual rate of only 1.5 percent during the period 1950-65, while the comparable figure for the total labor force was 2.6 percent. The average annual rate of increase in the non-agricultural labor force, including the unemployed, was 3.5 percent between 1950 and 1965. How has this increment been distributed?



Here we come to the important point, for a real distortion has occurred. Given Latin America's current stage of development, employment should increase more rapidly in industry, construction and mining (we shall call this the industry group) than in services. But this has not happened, except in Mexico where the proportion of the non-agricultural labor force employed in the industry group has risen, and in Argentina where it has remained constant at a relatively high level. For Latin America as a whole, annual growth in the industry group was 2.8 percent and in services 3.8 percent. The proportion of the non-agricultural labor force in the industry group has fallen from 35 percent in 1950 to 31.8 percent in 1965, and slightly less than 30 percent at present according to estimates for 1970, while the proportion in services has risen correspondingly.

The term services covers a wide variety of activities, which comprise principally energy, transport and other basic services, commerce and finance, public administration and skilled personal services that require some degree of technical training. The proportion of the labor force employed in services normally tends to grow as development proceeds, judging from what has happened in the industrialized countries. The distortion lies in the scale on which this has occurred in Latin America; the ranks of those employed in such activities have been greatly swollen by redundant manpower that could be eliminated without any loss in efficiency. Public administration and public utilities, for example, typically employ more staff than they should. Redundancy, of course, is not confined to the normally labor-absorbing activities in the range of services; it occurs chiefly in those activities which in the normal course of development should be labor-expelling, and which comprise a variety of personal services that require little or no technical skill, together with such activities as street vending. These activities are usually irregular, intermittent, and very poorly paid. Those engaged in them are for the most part the marginal population in the strict sense, namely people who have broken their links with rural life but have not yet managed to become an integral part of the ordinary life of the cities. They eke out an impoverished existence, in ever-increasing numbers, in the shanty towns characteristic of the large urban agglomerations in Latin America. Redundancy does not necessarily mean unemployment, although the unemployed are growing, especially in certain countries. Since there are no reliable data, the unemployed have been included here under the catchall head of services; it is roughly estimated that the proportion of unemployed in the services sector has risen from 21 percent in 1950 to 24 percent at present.

If the year when 42 percent of the labor force was engaged in agriculture is taken as a basis of comparison, there is a marked contrast between the 30 percent of the non-agricultural labor force employed in the industry group in Latin America and the corresponding proportions in other countries: e.g., United States 48; Sweden 60; Italy 52; France 57 percent. Technology has played a part here. Generally



speaking, the capital goods used by Latin American industry are imported from or similar to those now used in the highly-developed countries, and are much more labor-saving than were those used in the United States and other industrialized countries at the end of the 19th and the beginning of the 20th centuries.

It is of interest to compare Mexico, the only Latin American country where the share of the industry group in the non-agricultural work force increased, with Brazil. Both have had vigorous growth rates in gross domestic product (GDP) and in population (unlike Argentina, where industrialization came earlier but postwar GDP and population grew slowly). Brazil's total labor force has grown slightly more slowly than Mexico's. Since Mexico has retained a higher proportion of its manpower in agriculture than Brazil, the pressure on its non-agricultural activities to absorb labor has been less. Yet Brazil has not managed to increase the share of the industry group in the labor force at anything like the same rate as Mexico. The reason for this very sizable difference is not because the dynamic impetus of the industry group has been weaker in Brazil than in Mexico; in Brazil the gross product of the industry group increased between 1950-65 at an average annual rate of 6.7 percent, more rapidly than in Mexico where the corresponding rate was 6.3 percent. This was mainly the result of the spectacular rise in the product per worker in the industry group by an average of 4.7 percent annually--an extraordinarily high figure for Latin America--compared with Mexico's more modest 2.5 percent. This difference in the growth of productivity per worker in Brazil and Mexico may largely explain why Brazil's industry group has not had the same capacity to absorb labor as Mexico's. While it is true that Brazil's average growth rate in GDP (6 percent) was slightly less than Mexico's (6.3 percent), this relatively small difference is not enough to account for such a big disparity in the growth rates of labor in the industry group. Given the rapidity of the increase in the product per worker in its industry group, Brazil would have needed a considerably higher overall growth rate than Mexico's in order to ensure that the proportion of labor in the industry group did not fall. But since this was not the case, the redundant manpower leaving agriculture in Brazil for the most part simply transferred its redundancy to the service sector.

Absorption of labor in industry. Industry has not successfully fulfilled its labor-absorbing function because of the inadequate pace at which the economy as a whole has developed, and also because of internal difficulties. A distinction must be drawn here between factory-type and artisan-type industry. Taking the average for the region, employment in factory-type industry increased at 3.6 percent a year in 1950-65, a more rapid pace than the total labor force. However, since employment in artisan-type industry grew by barely 1.9 percent, the rate at which labor was absorbed into industry as a whole was only 2.8 percent, i.e., almost the same as the rate at which the total labor force expanded.



The proportion of industrial labor engaged in artisan-type activities fell from 51 percent in 1950 to 45 percent in 1965. This did much to raise the average product per worker in industry, which is estimated to be ten times higher in factory-type than in artisan-type industry. Hence, a substantial part of the average annual rise of 3.1 percent in the industrial product per worker resulted from this transfer.

Manufacturing industry in Latin America could have appreciably improved its productivity if it had been able to overcome all the obstacles in its way, and the average annual increase of 3.1 percent might have been much bigger. Two factors stand in the way: the small size of the markets and the weakness of competition. The significance of market size varies with each country: in the countries which have achieved most in terms of industrial development, the market is of adequate size for a large number of industries producing consumer goods, but not for many of the intermediate and capital goods. The smaller the country, the more severely will the size of its market affect its industries, including those producing consumer goods. Even where the domestic market might be large enough, the lack of external competition discourages efforts to increase productivity, just as the prevailing land tenure system discourages improvements in land use. Capital is not turned to good account in industry: generally there is a great deal of idle capacity, and not enough is done to promote workers' efficiency. Nor are there any strong incentives to improve technical skills.

It is recognized that protection is usually carried to excess in the Latin American countries. To be sure, it has helped to build up a measure of managerial skill and to develop industries which would have been hardly likely to spring up on their own, but this initial phase has already been virtually completed in many countries. Experts are calling for a gradual decrease in the protection afforded to industry in order to introduce the stimulus of competition, but no powerful forces are supporting measures of this kind. Entrepreneurs, salaried employees and wage-earners all seem to have tacitly agreed to maintain an excessively high level of protection. This is a very serious matter, since industrial costs are much too high, and if the position remains unchanged it will be difficult to export manufactures.

Although its costs are too high, the import substitution process has generally led to a net increase in real income. This has been possible because redundant labor in agriculture and in other sectors with low productivity has been transferred to the import substitution industries. The result has generally been a sizable increase in the real income generated by industrial development. However, as the import substitution process gradually moves into capital-intensive industries which entail highly complex techniques and absorb less labor, or ^{into those} which come up against the barrier of a small market, the favorable effects of industrial development decrease, and the rate of absorption of manpower



slackens. And if this goes hand in hand with excessively high costs in import-saving industries, it is easy to understand why the net increment in real income drops appreciably or may even turn into a negative figure.

External Factors Hampering Growth Rates

In our view, the new type of development needed in Latin America cannot be based solely on import substitution, but must entail a major effort to promote exports and, in particular, intra-regional exports. In all countries, albeit in varying degrees, the relatively slow growth of exports has been an obstruction to more rapid development, since exports form the major component of the capacity to import. The barrier has not been insuperable, since it has been overcome by curbing the growth of imports. Each country has availed itself of its opportunities to export and/or to reduce its import coefficient (i.e., imports as a percentage of GDP) in a different way. The picture is very complex; Latin American countries have been able to exert an influence on some of the factors involved, using the means available to them; but they have not been able to influence others, which depend for the most part on decisions beyond their control.

For Latin America as a whole, the purchasing power of exports rose at an average annual rate of 2.7 percent over the period 1950-68. The terms-of-trade effect fluctuated continually throughout the period, but on balance it was clearly unfavorable. Thus, while the volume of exports expanded annually by some 4.5 percent, the purchasing power of exports grew at a rate of only 2.7 percent. Capacity to import increased at a rate of 3.2 percent if the net inflow of external financial resources is taken into account. However, over this period the gross product grew at an average annual rate of 5.2 percent, 2 percent more than the external resources available for imports. National efforts to reduce the import coefficient made it possible to overcome the limitation on developmental growth set by this moderate growth rate of external resources.

As the overall figures mask very different situations, the countries have been divided into the two main groups appearing in Table 1, according to the movement of their import coefficient, which has such an important bearing on the tempo of development. The first group includes those countries in which the import coefficient decreased: Argentina, Brazil, Colombia, Mexico, Uruguay and Venezuela, accounting for 83.5 percent of the region's product and 78.2 percent of its population. The second group comprises the remaining Latin American countries and in most of them the import coefficient increased. As a general rule, imports in Latin America tend to grow more rapidly than the product, i.e., the import coefficient tends to rise as in group two. If external resources are not sufficient to permit imports to expand at such a pace, one of

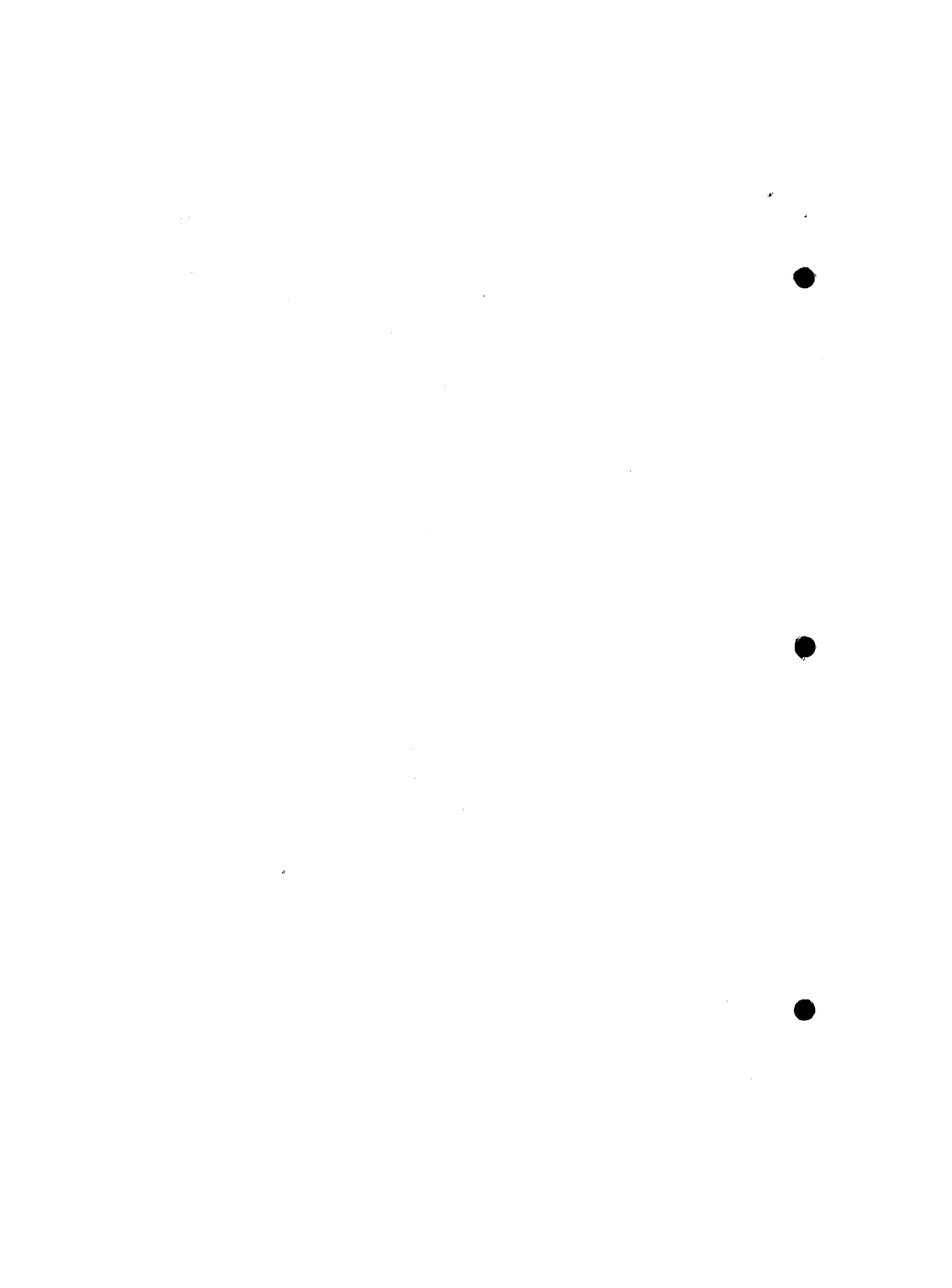


Table 1: Latin America: Cumulative Average Annual Growth Rates
in the Gross Domestic Product, and in
Components of External Resources, 1950-68
(Percentages)

	Gross Domestic Product	Exports Volume	Purchasing Power	Effects of Net Financial Flows	Total External Resources ^{a/}	GDP Growth Minus Import Growth
1. <u>Latin America</u>	5.2	4.5	2.7	0.5	3.2	2.0
2. <u>Countries in which the import coefficient decreased</u>	<u>5.4</u>	<u>4.1</u>	<u>1.8</u>	<u>0.2</u>	<u>2.0</u>	<u>3.3</u>
Argentina	3.1	3.8	2.9	-0.9	2.0	1.2
Brazil	6.1	3.2	0.9	0.2	1.1	5.0
Colombia	4.7	3.5	1.3	1.1	2.4	2.3
Mexico	6.3	4.4	3.3	0.9	4.2	2.2
Uruguay	1.2	--- ^{b/}	-0.8	-0.5	-1.3	2.5
Venezuela	6.3	5.6	1.5	0	1.5	4.8
3. <u>Countries in which the import coefficient did not decrease</u>	<u>4.6</u>	<u>5.7</u>	<u>5.4</u>	<u>1.3</u>	<u>6.7</u>	<u>-2.1</u>
Bolivia	2.0	0.3	3.7	1.5	5.2	-3.1
Chile	4.2	3.5	4.8	1.2	6.0	-1.8
Costa Rica	6.7	6.5	4.5	3.0	7.5	-0.8
Dominican Republic	4.5	3.4	2.7	*3.3	6.0	-1.5
Ecuador	4.7	6.1	4.1	2.2	6.3	-1.7
El Salvador	5.6	7.4	5.5	2.1	7.6	-2.0
Guatemala	4.5	8.2	5.2	1.0	6.2	-1.7
Honduras	4.1	5.0	4.5	2.2	6.7	-2.6
Nicaragua	6.0	8.7	8.5	2.1	10.6	-4.7
Panama	6.4	6.9	6.3	0.8	7.1	-0.7
Paraguay	3.5	3.9	2.2	2.7	4.9	-1.4
Peru	5.6	8.1	8.0	-0.4	7.6	-1.9

SOURCE: ECLA, on the basis of official statistics.

a/ Equivalent to actual imports.

b/ Negligible.



Table 1:

two things happens: either the product increases more slowly, or the import coefficient is reduced so that the product can grow at the same rate or faster. Much of the reduction in the first group of countries was effected through the replacement of imports by domestic production of the same goods; in other cases, however, certain imports were restricted or banned and demand was diverted towards other domestic goods and services. This is also substitution, but of a different kind.

The disparities between the two groups are really significant. In the first group, the index for the gross product rises increasingly far above the index for external resources, while the reverse is true for the second group; the product falls farther and farther below external resources. In the first group of countries the product increased at an



annual rate of some 5.4 percent, while external resources grew by barely 2 percent. In contrast, the external resources of the second group expanded by 6.7 percent yearly--clearly a relatively high rate--while their product rose by barely 4.6 percent.

There are other contrasts between the two groups; the components of external resources also behaved very differently. For example, in the first group the deterioration in the terms of trade had a very serious effect: while the volume of exports rose at an annual rate of 4.1 percent, their purchasing power increased at a rate of only 1.8 percent. In the second group of countries too the terms-of-trade effect was unfavorable, but to a far lesser extent: the volume of exports grew at an annual rate of 5.7 percent and their purchasing power at a rate of 5.4 percent. In the second group, the trends of financial resources were also more favorable. In the first group, if the net inflow of external financial resources is added to the purchasing power of exports--which rose by 1.8 percent--, total external resources will be seen to have expanded at a rate of barely 2 percent. In the second group, on the other hand, total external resources increased at a rate of 6.7 percent, i.e., more rapidly than the purchasing power of exports, which rose at a rate of 5.4 percent. Thus, in the first group the volume of exports grew more slowly, the decline in the purchasing power of exports was more marked, and the net inflow of external financial resources was much smaller; and yet the overall growth rate is higher in this group.

Several different explanations are possible. Generally speaking, reductions of the import coefficient have not stemmed from a long-term policy designed to push economic development beyond the limits set by the growth of external resources. The import coefficient is not normally reduced as a farsighted measure when exports are booming but during slumps, when exports drop or falter, and countries find themselves constrained to take steps to restrict imports in order to correct external imbalances. It is hardly surprising, then, that the relatively satisfactory growth rate of export earnings and other external resources in the second group of countries has in a sense weakened the incentive to import substitution. Moreover, a question to be asked is how far import substitution can be carried in countries, such as those in the second group, which have relatively small markets and where consumption of manufactures--as in most of the Latin American countries--is largely confined to the upper and middle income strata. Lastly, import substitution, and the growth rate in general, also depend to a large extent on the supply of natural resources and the rate of capital formation. Here again, despite the greater inflow of external financial resources, the rate of capital formation has been somewhat lower in the second group of countries. [Discussion of individual countries omitted.]



External Resources and Investment

We come now to a very controversial issue: exactly what the inflow of external financial resources has meant to Latin America. Foreign funds, private and official, have been invested in infrastructure, in energy, in agricultural improvements and industrial plant, and also in health and education. But the results have not been what they should have been in terms of development, due to policies and conditions that were unfavorable at both the international and domestic levels.

At the international level certain contradictions are manifest. On the one hand, the burden of service payments, amortization and transfers has grown steadily until it reached 4.2 percent of GDP in 1965-68. On the other hand, Latin American trade policies have not been adequate to stimulate export expansion as a means of covering these costs. Few countries have taken positive steps to promote exports, and some of the measures adopted have had unfavorable effects. Equally serious is the fact that very little headway has been made in concerting the necessary industrial integration agreements for production within the region of those goods which tend to be imported in greatly increasing volume as the rate of development climbs. Furthermore, throughout the period under review the purchasing power of exports was seriously affected in all but two countries by deterioration in the terms of trade.

At the internal level, generally speaking, a greater effort could have been made to raise the domestic investment coefficient; consumption has frequently overstepped the bounds within which it should have been contained in order to ensure that the outflows of resources to pay for imported consumer goods did not interfere with investment. There has been a steady decline in the ratio of domestic resources available for investment to the total product, which fell from 17.5 percent in 1950 to 14.5 percent in the period 1965-68. Only Mexico and Argentina were unaffected by the downward trend; in all other countries examined the decrease was very marked. The contrast is sharper when seen as growth rates in per capita terms: while the growth rate of per capita consumption was 2.1 percent, domestic investment resources expanded at a rate of only 1.2 percent, i.e., much more slowly than the 2 percent rate in average per capita product. This steady decline in the coefficient of domestic investment resources cannot be attributed mainly to external factors; it is more the result of what happens at the internal level. Nevertheless, if external capital inflows were greater, and service payments smaller, resources for investment would be increased.

The ratio of the gross inflow of foreign capital to the gross domestic product rose rapidly during the initial years of the period up to 1957-59 when it reached 4 percent of GDP; it then began to decline gradually, although later it recovered some of the ground lost. As the gross in-



flow of capital rose, outgoings in respect of amortization and transfers increased much more rapidly. Hence the net inflow of capital was substantially reduced, amounting throughout the period to an average of 1.6 percent of GDP. What is more, the volume of remittances of profits and interest abroad remained at a high level. And if these sums--plus amortization and transfers--are deducted, the net inflow of external financial resources shrinks to a very small proportion of the product. Most serious of all is that this proportion, after rising up to 1957-59, then fell sharply to a minus figure. On average, the net inflow of resources was a minus figure for the period, representing -0.4 percent of GDP.

The question of foreign capital should be viewed from the standpoint of the balance of payments in a broad context. It would be easy to cite a number of cases in which foreign capital has had a favorable impact in this respect; but there are others in which its influence has been negative. Among the latter, the most important consist in takeovers by foreign interests of enterprises which, besides being in national hands, use technologies that are already well known or easily accessible. What happens in such cases is that the profits which formerly remained in the country are transferred abroad, and the burden of remittances is increased. Furthermore, as the takeover usually brings with it an increase in efficiency, so profits are bigger. It may be justifiable in development strategy for such profits to be large if they represent not only a return on the capital used but also payment for a technology which a country does not yet have at its disposal and which it needs for development purposes. I use the word technology to cover not only production techniques but also the organization of the enterprise and knowledge of external markets. From this standpoint, private foreign investment in certain export activities may be very useful, as regards both extra-regional and intra-regional exports, especially of those goods for which demand grows rapidly with development and for which complex technologies are required that are not for the moment available. In such cases, the best course would be association of foreign companies with Latin American enterprise.

The Growth Rate Needed to Correct Occupational Distortions

It has been argued that Latin America's rate of economic development has not been high enough for the outflow of redundant manpower from agriculture to be absorbed at a satisfactory level of productivity, and at the same time to ensure a rapid rise in average per capita income throughout the economy. We will now try to ascertain the nature and intensity of the effort that will have to be put forth over a given period in order to cure the Latin American economy of so serious a weakness. The point of departure is the distortion in the employment of labor attributable to the economy's lack of the required degree of dynamism. The correction of this anomaly alone would have very signi-



ficant effects. The assumption first adopted was that during the corrective process the rate of increase of the product per worker both in agriculture and in the industry group would remain the same as in the past. In ten years, by merely getting rid of the distortion in the structure of employment, the rate of economic growth could be raised to 7 percent (hypothesis one). If, in addition, the rate of increase of the average product per worker were to be speeded up, this would enable a growth rate of 8 percent to be reached by the end of the 1970s (hypothesis two). Both hypotheses are used for methodical analysis of the problem; the second is the more important for analysis of policy implications.

We may begin by setting as a preliminary target the industry group's recovery of its 1950 share in the non-agricultural labor force, taking as given the current levels and growth of product and employment in the three major sectors. As capital formation proceeded and permitted the progressive absorption of the redundant labor force, the average annual growth rate of the aggregate product of the economy would gradually increase from the preceding 5.2 percent to 7 percent by the end of the 1970s, assuming growth rates of the product per worker in agriculture and in the industry group no higher than before. How would it be possible under such conditions to attain an average rate of 7 percent, signifying an average annual increase of 3.9 percent in the per capita product for the economy as a whole? In brief, the explanation is as follows: the overflow of redundant manpower from agriculture, instead of simply pouring into the services sector, would be drawn into the industry group, where the average product per worker is much higher than in agriculture or services. Moreover, as the considerable volume of redundant manpower now existing in the services sector was reduced, here too the product per worker would increase. Hence by the end of the 1970s the product per worker in all these non-agricultural activities would be 3.2 times as high as in agriculture. The switchover of manpower from activities in which the product per worker is low to others in which it is much higher suffices, therefore, to bring about this appreciable improvement in the growth of the economy as a whole.

If a 7 percent growth rate of the product were reached by the end of the first decade and maintained during the second, it would represent a considerable increase in demand in the various sectors of the economy. Agriculture, thanks to the expansion of production to satisfy this greater demand, would need to retain a larger labor force than in the past. In 1950-65, the agricultural labor force seems to have increased at an average annual rate of 1.5 percent. By the end of the 1970s this rate would have climbed to 2.7 percent; later, towards the end of the second decade, it would fall to 2.1 percent, inasmuch as with the rise in income levels the income-elasticity of demand for agricultural products would presumably decrease. This calculation is socially meaningful, since it shows that the rate of retention of workers in agriculture would be higher than before with the product per worker in that sector continuing to increase at the same rate as in the past. Would this be a desirable assumption, from the standpoint of the social integration of the rural masses? The average annual rate of increase of the product per worker in agriculture was not negligible



in the past (2.2 percent). But except in a few cases it does not seem to have brought about a correlative improvement in the income of the rural population. To that end, an indispensable requisite--apart from other measures--would be the reform of the land tenure system; this would be important enough in itself. But if the aim was to accelerate the social integration process, the former growth rate of the agricultural product per worker would have to be raised.

In reality, it would seem that agriculture could hardly make the vigorous production effort required for the satisfaction of the increased demand unless such an acceleration of the growth rate of the product per worker were achieved by means of more rational land use and improved techniques. It is therefore assumed, in our second hypothesis, that the rate in question will gradually rise from 2.2 percent to 4 percent by the end of the first decade, and will remain at that level during the 1980s. The more effort is made to step up the product per worker in this way, however, the less will be the labor-retaining capacity of agriculture, and the exodus from the agricultural sector will increase. The dilemma is obvious. Clearly, a smaller exodus of agricultural workers simplifies the problem of manpower absorption in the industry group, with significant but far from fully satisfactory results: agriculture will lag behind, just as before. The only way to accelerate its development is to raise the rate of increase of its product per worker.

If this were achieved, a much more intensive effort would have to be made to absorb manpower outside the agricultural sector than would be implied in reaching an average annual growth rate of 7 percent. Demand and employment in all the other sectors would have to expand considerably. And with respect to the industry group too, it is questionable whether such an expansion would be compatible with the assumption that there would be no change in the 3 percent rate of increase recorded for the productivity in this sector in the past. The upswing in demand, and possibly brisker competition, would encourage greater efforts to improve the average product per worker, which is accordingly assumed to increase by 4 percent per annum in the industry group as well. This is a somewhat arbitrary assumption, but it gives a clearer idea of the nature of the problem. If in both agriculture and in the industry group the average annual growth rate of the product per worker reached 4 percent by the end of the 1970s, the rate of development would gradually increase until by the end of the first decade it had risen to 8 percent, at which level it would remain during the second decade.

Both hypotheses would imply significant changes in the composition of demand. In the light of past experience in Latin America and that of the developed countries at a similar stage in their growth, demand for the goods produced by the industry group is liable to expand much faster than demand for agricultural products, with services midway be-



tween the two. These changes in demand, and the assumptions adopted with respect to the product per worker, account for the differing degrees of intensity with which manpower is absorbed outside agriculture. The combined implications of the two hypotheses for growth rates of manpower, product and productivity in the three major sectors are shown in Table 2.

Table 2: Latin America: Cumulative Annual Growth Rates of Aggregate Product, Product per Worker, and Labor Force in Agriculture, Industry and Services with Two Growth Hypotheses
(Percentages)

	Product		Per Worker		Labor Force	
	Aggregate					
Overall Growth Hypotheses ^{a/}	7%	8%	7%	8%	7%	8%
<u>Growth in Agriculture</u>						
1950-65	3.8		2.2		1.5	
1979/80	5.0	5.4	2.2	4.0	2.7	1.3
1989/90	4.4	4.7	2.2	4.0	2.1	0.7
<u>Growth in Industry Group^{b/}</u>						
1950-65	5.9		3.0		2.8	
1979/80	8.3	9.7	3.0	4.0	5.2	5.5
1989/90	8.3	9.7	3.0	4.0	5.2	5.5
<u>Growth in Services^{c/}</u>						
1950-65	5.3		1.4		3.8	
1979/80	6.7	7.6	4.3	4.3	2.3	3.2
1989/90	6.6	7.4	4.0	4.1	2.4	3.1

SOURCE: Latin American Institute for Economic and Social Planning.

^{a/} Hypotheses are that annual growth rates for gross domestic product will be 7% and 8% respectively by 1980 and through to 1990.

^{b/} Includes industry, construction and mining.

^{c/} Includes unemployed.

In agriculture the rate at which employment increases is higher than in the past on the 7 percent hypothesis; but it is lower on the 8 percent hypothesis, for although the expansion of production is greater its effects on employment are more than offset by those of the rise in the product per worker. In the industry group the past annual rate of labor absorption was barely 2.8 percent, hardly exceeding the total increase in the labor force. In the next two decades this rate would have to be substantially accelerated: on the 8 percent hypothesis the rate in question would rise to 5.5 percent, while it would reach a slightly



lower level (5.2 percent) if the rate of development were 7 percent. Of no less interest is the evolution of services. As noted earlier, a major portion of the redundant manpower that could not be absorbed in the industry group ended up in the services sector where its absorption was largely spurious; and overt unemployment was included under this head. Thus the labor force in services expanded at an annual rate of 3.8 percent in 1950-65 when the total labor force increased by only 2.6 percent. It is estimated that in the next two decades the average annual growth rate of the total labor force will be 3 percent, owing to the rate of increase of the population. With the 7 percent hypothesis, labor in the services sector would expand more slowly than the total labor force, at rates of 2.3 and 2.4 percent in the 1970s and 1980s respectively. Given the 8 percent hypothesis, on the other hand, it would increase faster than the total, at rates of 3.2 percent in the 1970s and 3.1 percent in the 1980s. What would happen is that instead of the redundancy's increasing as before, the more rapid growth of per capita income implied by the 8 percent rate would also speed up the expansion of those services in which employment tends to increase as development proceeds. Thus, the services sector would increase its labor force much less than its aggregate product, since it would gradually reabsorb its own redundant manpower including the unemployed into "genuine" (i.e., more productive) employment, and the average annual growth rate of the sectoral productivity, which used to be very low (1.4 percent), would exceed 4 percent in the 1970s and 1980s. Finally, in connection with the initial point of reference, i.e., the restoration of the share of the industry group in the non-agricultural labor force to its 1950 level of 35 percent: this would be approached by 1980 under the 7 percent growth hypothesis, and with the 8 percent hypothesis it would be reached in the late 1980s.

Significance of the projections. Our estimates relate to Latin America as a whole, and they mask considerable inter-country differences. It is essential for each country to formulate its own projections: enough progress has been made in the relevant techniques for the task to be undertaken, and as results are achieved, it will be possible to arrive at new and more realistic approximations for Latin America as a whole. Such exercises are not prompted by mere theoretical curiosity as to the possible course of development; they are of great practical interest. Without them, it would be impossible to define major features of the development strategy by which planning activities are to be guided. If the basic premise here is a hypothetical rate of development of 8 percent per annum, it is not because this rate is considered preferable to any other, but because it would mean that the economy's lack of dynamism, measured in concrete terms, could be made good within a reasonable space of time. No forecasts are offered as to whether the requisite conditions for dynamic growth will or will not be fulfilled. A different but very important aim is pursued: to show that their fulfillment is a sine qua non for achieving the rate



of development which will bring the objectives under discussion within reach. Projections are a factor of persuasion in the formulation of a development strategy and policy, besides shedding light on the requirements implicit in a specific rate of growth.

Except in a few cases, these problems have not yet been the object of enough attention in Latin America, nor have statistics been improved sufficiently for them to be studied in depth. In the last two decades great progress has been made in statistical and econometric techniques in Latin America, and those trained in them handle them with astonishing skill, but statistics themselves show no corresponding improvement. They are just as defective as before, and there is some risk that the very precision of the calculation process may make us lose sight of the innate flaws in the raw material. Nor has much headway been made at the international level with regard to the problems under review. The Indicative World Plan of the United Nations Food and Agriculture Organization (FAO) takes no account of how the possible development of agricultural production and the introduction of more advanced techniques may affect the retention of manpower in the agricultural sector. Neither does this question seem to have been considered as yet in studies on the Second Development Decade. The relatively recent effort of the International Labor Office (ILO) to study employment problems in selected countries is a very timely move.

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If the average annual rate of development for Latin America is to be raised to 8 percent in the course of a decade, the effort made will have to be exceptional in its nature, and on an exceptional scale. This does not mean that great difficulties have not had to be faced in the past, but those that will have to be overcome now are much greater. The region had to strive hard to recover from the decline in its export trade, and did so mainly through import substitution. Import substitution with an internal market, however, is not the same thing as exporting manufactured goods to markets that will have to be painstakingly opened up. Equally difficult will be the problem of capital formation; the region will have to embark upon a far more intensive mobilization of internal resources. And the very conception of Latin American development has not yet properly assimilated a vital fact: the population explosion. The implications of demographic growth create an imperative need to seek new ways of influencing the forces of development.

Requirements in Particular Sectors

Agriculture. Whereas in 1950-65 the annual average rate of increase of agricultural production was 3.8 percent, the 8 percent hypothesis would imply that the average over the 1970s and 1980s would be 4.8 per-



cent. How could the agricultural sector meet so exigent a requirement? Perhaps in no other field is the development economist so liable to be involuntarily caught up in dangerous generalizations such as those relating to agrarian reform, the technological revolution--"the green revolution"--, the need to improve diet, and other matters of unquestionable importance. The perfecting of econometric exercises will not help us much until more progress is made towards a thorough knowledge of the agricultural situation through new research that will gradually fill the present wide gap between macroeconomic estimates and a number of microanalyses of specific problems. It is urgently necessary for agricultural experts and development economists to join forces in pressing on from the generalized approach to systematic factual analysis.

How far will the agricultural sector be able to satisfy the accelerated increase in internal demand by bringing new land under cultivation? It is often said that there are still vast tracts of virgin ground in Latin America; much talk is heard of tropical agriculture and its immense potentialities. But how much progress has been made in research on ecology and on methods of exploiting these potentialities? It is common knowledge that making new land accessible involves heavy investment in infrastructure, which has to be carefully weighed against other investment requirements. The stress laid on extending the frontier of agriculture is sometimes due to unwillingness to admit the need for changes in the land tenure system. There can be no question that more efficient land use and more productive employment of agricultural labor, apart from its social significance, would be economically sounder than opening up new land at the cost of substantial investment in infrastructure.

The situation varies from one country to another. As the possibilities for more efficient utilization of existing and easily accessible resources are gradually exhausted, the alternative to the opening-up of new land by investment in infrastructure is the expansion of yields by the introduction of new techniques. The latter also calls for investment in technological research and training, as well as in production of fertilizers. In practice, mechanization and the techniques that improve unit yields are creating a marked duality in the agricultural sector of some Latin American countries. If demand becomes much brisker than in the past, the modernization process is likely to gain powerful momentum. In the long run, it will not be possible to achieve or maintain a high rate of development unless agriculture is modernized. But if modernization does in fact make steady progress, this duality may be aggravated: the large-scale agricultural entrepreneur will employ relatively little manpower, and in traditional farming redundancy will continue to increase. This is not a prophecy: it is a fait accompli in certain countries--in Mexico, for example, where under-absorption of labor in the new agriculture exists side by side with the absorption of more and more manpower in traditional farming. It is true that the



land reform has liberated the agricultural worker from an outdated social system, but it has not been able to provide more land than there always was. The new techniques are also finding their way into the small farms, but the result is additional redundancy. Only the attainment of a higher rate of development can gradually relieve this situation until a reasonable balance can be struck between human resources and the land.

Industry. How far will industry be able to cope with the increase in demand? As in agriculture, the boom in demand is likely to be accompanied by a higher growth rate of the product per worker than in the past. In the first place, there is considerable idle capacity. Keeping machinery permanently in operation through the increase of work shifts would allow the absorption of manpower to be stepped up appreciably, especially if obstacles on the labor side, which make it difficult to adopt this system at present, could be removed. Next, the enlargement of domestic markets would permit specialization in production and more economic plant sizes, with consequent improvement in productivity. Furthermore, as industrial output would expand much faster than in the past, the labor force in artisan-type industry could be more quickly absorbed, and the average product per worker would then be increased ipso facto. Lastly, external competition within the framework of inter-Latin American trade may constitute an important factor in the expansion of productivity. Much emphasis has been placed on this in the present report. Of course, competition must be introduced by gradual degrees, for industry must be given time to adapt itself to the new conditions. But when this process of adaptation evolves alongside the expansion of demand, less difficulty is experienced than when demand increases at a sluggish pace.

The integration of key industries in the Latin American region cannot be deferred for long, since it is a step of primary importance if a higher growth rate is to be achieved. Any considerable increase in investment requirements will have to be met largely through the production of capital goods within Latin America.

Services. In many countries surplus manpower is a cause of concern, especially in the public services which are obliged to employ people for whom there is no room in the industry group. Merely getting rid of redundant staff and shutting one's eyes to the consequences, turning disguised into overt unemployment or into other forms of redundancy, would be no solution at all. The same might be said of the marketing of agricultural commodities and of retail trade. They follow outdated patterns which still persist--though less than before.

With accelerated development, as goods production rises, the basic services, trade and transport will be able to absorb their own redundant labor and increase their product per worker. These are labor-



expelling activities too--especially the immense range of unskilled jobs--income levels will also improve as the proportion of the labor force that used to find its way into these occupations gradually declines, and structural unemployment may be reduced. But its evolution will be slow, since the transfer of redundant manpower from agriculture to the services sector has been going on for two decades.

Foreign Trade Requirements

The first and most essential requirement of an 8 percent growth rate relates to imports. Acceleration of the growth rate of the product brings with it significant changes in the composition of aggregate demand in the economy, which influence import requirements. According to estimates prepared jointly by ECLA and the Institute, an 8 percent growth rate in GDP will require an 8.8 percent rate of increase in imports. A higher growth rate means a higher rate of investment, and capital goods still have to be imported on a substantial scale. This poses a major problem: how can the region afford an 8.8 percent growth rate of demand for imports by the end of the current decade?

The question will be briefly analyzed using carefully-prepared projections summarized in Table 3. A first possibility is the expansion of existing types of exports, calculated at 4.9 percent on the basis of current trends in exports and an estimate of the prospects for their development. Secondly, the assumption is adopted that the net inflow of external financing would cover 0.4 percent in the import growth rate. Total external resources accruing from these sources would represent 5.3 percent of the rate in question; the portion remaining to be covered would be 3.5 percent. How would it be possible to make up this difference? There are no alternatives but to promote the intensive development of industrial exports to the rest of the world, which might add 0.5 percent to the growth of external resources; and to pursue import substitution much more energetically than before, from which a contribution of 3.0 percent might be expected. In my own view, given existing conditions in Latin America, this substitution policy would have to be resolutely founded on regional and subregional integration of basic industries. These figures in no way represent a forecast, or even targets; their purpose is to give an idea of the various directions in which efforts should be made and of their order of magnitude. If some of these efforts are not as vigorous as they should be, others will have to be intensified in compensation, if a rate of development that will remedy the economy's lack of the required dynamism is to be attained. For example, if exports fail to expand as indicated above, it will be essential to step up the import substitution process; and if that proves overwhelmingly difficult, the only recourse would be to obtain a larger net inflow of external financing.

The average annual growth rate of total exports outside the region is assumed to be 5.4 percent, an estimate of rates that might be attain-



Table 3: Latin America: Means of Covering the Potential Demand for Imports Corresponding to an 8 Percent Growth Rate of the Product at the End of the Current Decade

	<u>Percentages</u>
1. Annual growth rate of the demand for imports that would have to be satisfied	8.8
2. Means of covering this demand	
- Expansion of traditional and non-industrial exports	4.9
- New industrial export lines outside Latin America	0.5
- Import Substitution	3.0
On a national basis	0.8
On a regional basis, by inter-American trade	2.2
- Net inflow of external financial resources	0.4

SOURCE: Latin American Institute for Economic and Social Planning.

able, as far as can be judged from currently available data. Traditional primary exports are included under this head, and another assumption adopted is that in addition to the increase resulting from the growth of world demand for these commodities, trade in some of them would expand considerably by virtue of certain programs that are underway. Cases in point are copper in Chile and Peru, tin and petroleum in Bolivia, and possible new agricultural export lines--e.g., tropical products, such as are being developed in some Latin American countries. Another example is the effort to promote tourism.

In recent years, exports of manufactured goods to the rest of the world have increased at a rate of 9.2 percent. This reflects the promising industrial export drive started some years ago by several of the Latin American countries. But an even more vigorous effort would have to be made if appreciably higher rates were to be attained. What rates? Australia, Finland, Spain and Yugoslavia have been successful in this direction, and the composition of their industrial exports has been studied. On the assumption that in each of the groups of goods analyzed Latin America could make an effort similar to the action taken by these four countries, it is estimated that the region could expand its industrial exports at an annual rate of about 15 percent. Any greater increase could not reasonably be projected for the coming decade.

Combining the growth rate of 9.2 percent in industrial exports to the rest of the world with ^{of} that intra-regional exports, which increased



at an annual rate of 25.5 percent, the aggregate growth rate of industrial exports between 1961 and 1967 was 12.4 percent. The composition of intra-regional exports of manufactures differs substantially from that of Latin America's exports to the rest of the world. The latter are generally characterized by simpler processing and slower growth rates, e.g., food items--canned meat, fruit and vegetables--and petroleum products. In contrast, goods produced by industries in which more advanced techniques are used and the proportion of industrial value added is higher are traded mainly within Latin America. On an average, more than two-thirds of the products of the metal-transforming industries are intended for the region's markets, and in some cases almost 100 percent. The fact that the promising expansion which has taken place has been confined to very few goods and largely to inter-Latin American trade is suggestive of the prospects that would be opened up if the number of products were increased and an endeavor were made to seek advantageous outlets in the rest of the world. The development of these manufactures would have an increasingly powerful impact on the internal industrial structure in Latin American countries as well. Should the assumptions presented in Table 3 be fulfilled, the share of industrial exports in Latin America's total external sales would rise from its present level of about 9 percent to some 17 percent in one decade, and, if the same rate of growth were kept up, to approximately 40 percent in two decades. This would lead to the metamorphosis of an outdated structure of foreign trade. The region would gain a steadily increasing share in the more dynamic international trade flows and shake off its dependence upon the fluctuating markets for primary commodities.

It will be essential for all the countries of the region to adopt a number of measures such as have already been very successfully applied by some of them: for example, the abrogation of a number of taxes that increase the burden of industrial costs. Promotional action is needed, ranging from technical and financial assistance to increase productivity to market studies and export credits. Industrial competition must be progressively encouraged to secure increases in productivity and improvements in quality in order to compete in world markets. The role of private foreign investment, whether through the transfer of technology or through knowledge of external markets, may be of great importance for industrial exports, especially sales to the rest of the world. The policy to be pursued should be to encourage such investment while ensuring that, except in special cases, it is effected in combination with domestic enterprise.

The hypotheses presented above demonstrate the need for Latin American countries to use the recently-created machinery to obtain a progressive relaxation of restrictions hindering the entry of their goods into the United States, and for this machinery to be extended to other industrial centers. To this end, the region should continue to join forces



with the other developing countries in the campaign being conducted through UNCTAD at the world level. The same might be said of the pursuit of general and non-discriminatory preferential treatment for industrial imports in the tariffs of the developed countries. This would be a valuable incentive, but by no means sufficient in itself; preferences would simply afford opportunities, and it would be up to the Latin American countries to take advantage of them. In light of my experience in UNCTAD, I think the Latin American countries could carry much greater weight in the determination of trade issues if they showed themselves resolved on their own part to give vigorous impetus to their reciprocal trade. They have not done so hitherto; they have urged the industrial centers to adopt a trade policy favorable to Latin America's exports, but they are far from having displayed the same zeal in the cause of inter-Latin American trade.

Regional cooperation. Import substitution on a regional basis means that each country, instead of substituting domestic production for a wide range of goods imported from the rest of the world, would import some of these items from other Latin American countries, to which it would export its own manufactures in return. Private enterprise, especially in the industries based on foreign investment, has up to now moved ahead of the governments of the region in this respect. In alluding to the regional market, I have in mind no special form of such a market but simply a joint effort made by a number of the Latin American countries--not necessarily all of them--to relieve the external sector bottleneck. The ideal formula would be for all of Latin America to be drawn in as soon as possible, but this does not detract from the value of more limited arrangements, provided that the parties to them regard what they are doing as a stage on the road towards the regional common market.

This applies particularly to the Andean Group. According to preliminary studies made by ECLA and the Institute at the request of the Planning Offices of the countries signing the Cartagena Agreement, an average annual rate of development of 6.5 percent between now and 1985 would imply a potential demand for imports expanding at a rate of 9.2 percent, whereas the relevant projection places the annual growth rate of the purchasing power of traditional exports at 3.6 percent. A first approximate estimate of substitution possibilities within the Andean Group suggests that the aforesaid rate of 9.2 percent might be reduced to 6.5 percent. A wide margin (6.5 minus 3.6 percent) would thus remain to be covered by achieving a more rapid rate of increase for exports both to the rest of the world and to Latin American countries. The higher level of industrial efficiency attained in the Andean Group would presumably be a major factor in stepping up the exports in question. One specific experiment in joint action at the subregional level already exists in the shape of the Central American Common Market, and the rapid growth of inter-Central American trade has signified an intensive import substitution process.

outside
the Group



To return to the projections relating to Latin America as a whole: it is assumed that the contribution of import substitution efforts of a purely national character would cover 0.8 percent of the growth rate of demand for imports (based on past trends), and that the remaining 2.2 percent would have to be coped with by means of regional import substitution. It would be interesting to see what this process would mean for the import coefficient of Latin America as a whole, which is currently 11.5 percent; if the substitution process were not carried farther in the coming decade it would rise to 14.2 percent. The value of this hypothetical estimate--in the writer's view it could not be fulfilled--lies in giving an idea of the magnitude of the substitution process that is required. Meanwhile, if imports from the rest of the world were replaced by domestic production as envisaged in Table 3, the coefficient would be reduced from 14.2 to 10.2 percent. If this coefficient is viewed in relation to the imports of those Latin American countries which have reached the most advanced stage in the substitution process--in particular, Brazil--it does not seem exceptionally low; but if it is compared with those of industrialized countries elsewhere it turns out to be lower than many of them. It is higher than the coefficient for the U.S., equivalent to that of Japan or France, and lower than that in England, Germany, Canada, Italy, Holland or Finland.

External Financial Resources Required

I consider that, due to shortcomings both in international cooperation and in the development measures taken by the Latin American countries, the foreign capital received has not succeeded in fulfilling two primary developmental objectives: 1) to promote the mobilization of domestic investment resources until they suffice for the maintenance of a satisfactory rate of growth; and 2) to contribute to the progressive alleviation and ultimate elimination of the external sector bottleneck in the economy. To be sure, the period of transition from an inadequate to an adequate rate of development is bound to be difficult, for the rate must be adequate to ensure not only the productive employment of manpower but also the attainment of these two objectives. It is by no means essential that both should be attained at the same time.

With regard to the point at which domestic saving suffices for the maintenance of an appropriate rate of growth: a country cannot continue borrowing from abroad indefinitely. Adequate domestic investment resources must be a primary objective. Accordingly, as a given country gradually approaches this goal, a time will come when the net inflow of foreign capital, after attaining a maximum, begins to diminish. Meanwhile, the amount represented by payments of interest and profits naturally continues to increase. And in time these service payments first come to equal the net inflow of new capital and later to exceed



it; thus a net outflow of funds takes place. Such is the logical evolution of the process, but this evolution has not taken place in Latin America. The net inflow of funds from abroad has progressively diminished, and in many cases the stage of a net outflow of resources has been reached, long before the essential changes have been effected in the structure of foreign trade, and also long before the capacity to generate domestic saving has become adequate. Herein lies the basic flaw. The stage of remitting funds abroad in excess of the net capital received is of course inevitable; it is bound to come sooner or later. The only trouble is that the Latin American countries have gradually approached and some have actually reached it abnormally far ahead of the proper time. According to our hypothesis (which is not based on complacent assumptions with regard to domestic effort--quite the contrary) the Latin American economy as a whole would attain sufficient maturity to cope with the effects of the logical evolution described only in the 1980s where savings are concerned, and later still in respect of external financial resources--always provided that the postulated foreign trade effort is made to good effect and that a reasonable international cooperation policy is applied.

What could be considered a reasonable financial cooperation policy? Reasonable on both sides: on the Latin American side, where it should be accompanied by stringent measures to ensure the progressive increase of the domestic saving coefficient, as well as efficacious foreign trade measures; and on the international side, where it is assumed that by 1975 the net transfer of capital would reach the target of 1 percent of the gross product of the industrialized countries as recommended by the United Nations and adopted up to a point in the Pearson Report. Latin America's share in the net transfers of capital, as recommended by UNCTAD, is 15 percent (its past share was larger, at times well over 20 percent). If the target indicated were reached in the year suggested, and if approximately the same proportion were maintained thereafter, the net inflow of foreign capital would make a significant contribution to meeting the requirements implied in our hypothesis.

Let us now consider the terms of this reasonable policy. If the burden of financial remittances--profits and interest, amortization and debt repayment--were eased in the manner about to be described, it would not be necessary to obtain a larger gross inflow of foreign capital than in 1966-68. Accordingly, as a benchmark, an amount slightly smaller than the average for that three year period is postulated; and it is assumed that this quantity would gradually increase in accordance with the assumptions mentioned above, namely, that by 1975 the 1 percent target for net transfers of capital would be reached, and that 15 percent of these transfers would fall to the share of Latin America. If these assumptions are fulfilled, the proportion of Latin America's gross product represented by the gross inflow of capital will gradually decrease. In 1966-68 this proportion was 3.8 percent, but the product

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has continued to increase; for our present purposes, it is assumed to be initially 3 percent of the product. If internal measures were duly taken to raise the savings coefficient, this proportion would not be maintained, but would gradually decrease. According to our hypothesis, the growth rate of the gross product in Latin America as a whole will rise to 8 percent in 1980, whereas the estimate of transfers of capital from the developed countries is based on the assumption that they will continue to increase their gross product as in the period 1957-67, i.e., at the slower annual rate of 4.5 percent.

Outgoings for amortization and debt repayment have been really very heavy, and an additional drain has been the flight of domestic capital abroad, totalling sums which cannot be reliably estimated. It is thus of primary importance to stretch out the amortization period, adjusting it to the capacity for external payments. Not long ago President Nixon stressed the necessity of easing the load; as a result, the Inter-American Committee on the Alliance for Progress (CIAP) has been asked to present specific proposals which are now under study. In the meantime, estimates based on two recent reports are used here. The Pearson report recommends cutting down annual rates of interest on official loans to not more than 2 percent, which implies heavily subsidizing the rates of interest in question; while another (unpublished) report considers it reasonable that service payments on the external debt outstanding should be reduced to 10 percent, of which 6 percent would correspond to interest and 4 percent to amortization payments. The estimates given here present these two alternatives for the rates of interest--2 percent (alternative A) and 6 percent (alternative B)--and an amortization rate of 4 percent in both cases. Combining these various assumptions, net capital inflow would initially constitute 1.77 percent of product, rising to 2.09 percent in 1975 and declining gradually thereafter. The net inflow of financial resources would: rise to positive values, with a 1975 peak of 0.4 percent of product, under alternative A; remain negative under alternative B, but not exceed 0.5 percent of product.

The alleviation of the external bottleneck will also call for clearly defined and continuing cooperation on the part of international credit institutions, in addition to the technical assistance needed. The International Bank for Reconstruction and Development (IBRD) and the Inter-American Development Bank (IDB) are called upon to play an important part in financing the projects concerned, whether they relate to the promotion of exports to the rest of the world or to regional or subregional import substitution. The IBRD group, by virtue of its wide experience and its important links with the industrialized countries, could give vigorous support to projects concerning exports to the rest of the world. On the other hand, IDB, because of its experience in the countries of the region and its close contact with their economic and political situations, should play a stronger part in the promotion and financing of subregional and regional import substitution projects.



If the moment were politically opportune, and the governments felt it to be so, one of the most important examples of this pooling of effort might be the formulation of an integration program for the iron and steel industry. Latin America has already learned to produce iron and steel; the industry is almost entirely in national hands. All that is lacking is to make it economic through the expansion of markets and the rational distribution of production. Preliminary studies have shown that integration could result in a saving of investment and a reduction of costs in this industry so fundamental to the manufacture of capital goods. None of the countries currently producing iron and steel would have to cease doing so; they would simply manufacture a different range of products on much more economically sound and rational bases. Apart from its economic significance, starting the integration process with this industry would be of unquestionable political importance; it would afford a shining example of what a purely Latin American multinational enterprise could be.

[NOTE: for discussion of capital formation requirements for the 8 percent annual growth projection, see pp. above.]

The Technique and Political Art of Development

The effort entailed in giving the economy the requisite additional dynamism will be very great and very complex. Can such an effort possibly be made in Latin America? And, at the same time, will it be possible to induce the industrialized countries to adopt a clear-sighted policy of international cooperation?

The world would have made very little headway if the triumph of an idea had been fought for only when the probabilities of success were great. Conviction is what matters, and it is with deep-rooted conviction that I write these pages. They are a summons to rationality and foresight. They are addressed to the holders of a whole range of opinions. To those who do not want change, in order to show them that it will come in any event--since the Latin American economy cannot go as it is, with its seriously inadequate dynamism--and to open their eyes to the supreme importance of the political and social cost of failing to bring the changes about in time. To others, who are convinced of the need for these changes, in order to discuss with them the inexorable demands of hard fact and to look calmly and objectively at the political assumptions underlying the various methods of influencing economic forces. And to those who want to destroy in order to rebuild on new and radically different lines, so that their model can be considered in relation to those inescapable terms imposed by reality itself, and to certain imperative demands of the present state of world affairs.

We should not allow the turmoil of politics and ideological controversy to trouble us too much, because in Latin America there is a

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substantial fund of common sense, and in this patrimony the masses too have their share. I am certain that a clear, honest and persistent presentation of the great problem of development can clear the way for new ideas — ideas which will enable each of the social groups to understand that the discipline asked of it will not be in vain. I do not think it fanciful to suppose that a large measure of agreement can be reached on basic points in a development strategy, especially on those which cannot be side-stepped if the necessity of accelerating development is universally recognized. In any case, a vast field of major differences would still remain, chiefly in connection with the ways and means of distributing the burden of capital formation entailed by development. It would be well worth while even to reach agreement on the need for this capital formation and on the proportions it should attain.

And also insight into the present and its immediate needs. A strategy which shelved these questions would not be politically viable. It is a great temptation to establish targets for ten years hence and demonstrate their feasibility with the logic that will then be valid, not with the logic of today, and today's pressing demands. Hence this report emphasizes the necessity of starting this strategy with an expansionist policy which, while taking into account the immediate needs that will not brook delay, will at the same time initiate the far-reaching measures which will gradually bear fruit in the course of the decade. This decade that has already begun. Time will not solve problems of its own accord but, on the contrary, steadily makes them worse; this is what has been happening in Latin America. If wait we must, let us not wait too long.

[Excerpted from Change and Development: Latin America's Great Task: Report Submitted to the Inter-American Development Bank. New York: Praeger Publishers, Inc., 1971, pp. 3-4, 23, 29-32, 36-37, 42-59, 76-77, 81-92, 97-122, 136-137 and 143-144. Copyright © 1971 by Praeger Publishers, Inc. Reprinted with Permission.]





Transformación y desarrollo

La gran tarea de América Latina

INFORME PRESENTADO AL BANCO INTERAMERICANO
DE DESARROLLO

por

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FONDO DE CULTURA ECONOMICA
MÉXICO

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MAS ALLA DEL SISTEMA ECONOMICO

1. LA EFERESCENCIA LATINOAMERICANA

INCONFORMISMO y negación son notas dominantes en el desasosiego juvenil que avanza en la América Latina. Sería erróneo atribuir únicamente estas actitudes a la influencia de ideologías, en cuanto no son generalmente de ellas de donde surgen los acontecimientos. Las ideologías suelen prender, arraigarse y prosperar allí donde éstos son propicios y se debordan porque no se ha sabido encanuzarlos previamente. En tal caso las ideologías refuerzan la significación de los hechos y adquieren gran importancia en el contenido del cambio.

Me inclino a interpretar así esa efervescencia que anima a algunos hombres de las nuevas generaciones latinoamericanas. Al no sentirse interpretados por el sistema económico y social, lo repudian con vehemencia. Hay sin duda en todo esto un fenómeno de contagio universal, al que no son ajenas las técnicas de comunicación de masas. Contribuyen poderosamente esas técnicas a crear un cierto sentido de unidad emotiva que traspasa las fronteras. Y los sucesos infortunados o felices que mueven el corazón humano, los impulsos del sentimiento colectivo, van adquiriendo así una significación verdaderamente planetaria.

Sin embargo, sería un grave error interpretar esa agitación juvenil como un simple movimiento reflejo de lo que acontece en otras partes. Salvo de modo superficial y anecdótico, no habría contagio si todo marchara bien. Pero dista mucho de marchar bien la América Latina. Estamos en presencia de un fenómeno genuino de nuestra realidad. Lo más que la oleada emotiva de tierras ajenas pudo haber hecho es ayudar a que aflore con cierta violencia, imitativa si se quiere, lo que ya existía o se estaba preparando en la misma extraña social. Pero tampoco cabría negar —al menos en los momentos álgidos— la fuerza del contagio en uno y otro sentido. No todo va del centro a la periferia. Ciertos acontecimientos que commueven a esta última se proyectan también hacia el mundo desarrollado y agitan su conciencia y sentido moral. Tal es la unidad emotiva que se va formando en el mundo contemporáneo.

En este fenómeno se destacan en los países latinoamericanos ciertos elementos dinámicos de gran importancia. Trátase de hombres que,

sin ser muchos en número, suelen imprimir un sello característico a su generación. Brotan en todos los estratos sociales. Son hombres de imaginación y sentido creador, dotados de gran paguacidad y persistencia de propósitos, capaces de aceptar riesgos y afrontar responsabilidades. Si el sistema económico funciona con vigor y un alto grado de movilidad social, esos elementos dinámicos se abren paso hasta tomar en sus manos responsabilidades dirigidas en los múltiples aspectos de la vida de la comunidad: en la vida política y sindical, en el movimiento científico y literario, en la actividad productiva, en las profesiones, en fin en todos los órdenes de la vida colectiva. El sistema los absorbe, y ellos a su vez le imprimen mayor impulso.

Cuando el sistema no es capaz de absorberlos, porque el insuficiente ritmo de desarrollo estorba la movilidad social, se estrecha el horizonte vital de esos elementos dinámicos. Sobrevienen entonces actitudes de crítica demolidora que, si bien acrecan inicialmente sólo a una minoría, pueden dar impulso decisivo a transformaciones históricas. Transformaciones en que la exacción incontentada de los momentos iniciales podría debilitar la racionalidad y el vigor objetivo necesarios para la ineludible construcción.

Sin embargo, es necesario precaverse del error de ver en la precariedad absorbente del sistema la raíz única de esta exaltación de los ánimos de las nuevas generaciones. Sería desconocer la importancia que en ciertos momentos pueden adquirir otras motivaciones y así lo demuestran experiencias recientes en países desarrollados. Hay en verdad algo más hondo que ese enfrentamiento de frustración personal. No sólo eso, sino que ya antes de ese enfrentamiento con la vida práctica, la inequidad social hiede la imaginación juvenil y comienza a impugnarse el orden de cosas existente, el tipo de sociedad en que se vive y los valores fundamentales que le son inherentes. Actitudes todas ellas que la insuficiencia dinámica contribuye después a impulsar y a fortalecer.

Como quiera que fuere, contrasta con ello la pasividad de las masas rurales, pasividad que se altera de tiempo en tiempo con actos esporádicos de rebeldía que no siempre coinciden con la magnitud de ese problema de inequidad social. Pocas veces se han dado en la América Latina movimientos espontáneos conducidos por hombres proveenientes de aquéllas. Casi podría decirse que la sublevación agraria mexicana en el segundo decenio de este siglo constituye un episodio aislado. El fenómeno ha sido más bien la apelación a las masas por grupos dirigentes para obtener su apoyo circunstancial en sus conflictos de intereses y aspiraciones.



Pero hay también en esto cambios importantes. Las técnicas de comunicación de masas están despertando y avivando la conciencia de los sectores rurales. La historia no se repite necesariamente. Las condiciones de hoy son muy diferentes de las del pasado. Mas aún, nótese cierto cambio de actitudes cuya significación no habría que menospreciar. Instituciones que hasta hace poco tiempo habían constituido sólido apoyo al orden de cosas existente están presentando ahora claras manifestaciones de rebeldía. Los grandes contrastes sociales y otros males notorios del sistema tal como está funcionando, despiertan gran preocupación en la Iglesia e incluso ha llegado a discutirse en su seno el empleo de la violencia. Los mismos ejércitos no han podido sustraerse al examen crítico de la realidad; quienes creen contar con ellos para oponerse a las grandes transformaciones, acaso estén combatiendo por una falsa perspectiva del momento histórico que vive la América Latina.

Estas actitudes de inconformismo podrían tener consecuencias saludables si provocaran un nuevo planteamiento veraz y objetivo de los problemas de nuestra realidad. Planteamiento guiado por un afán de autenticidad incompatible con la adopción incondicional de lo que afuera se hace y se piensa.

La crítica de las sociedades industriales, de su tecnología y de sus valores es también característica de la efervescencia latinoamericana. Está bien, si con ello se aspira a proyectar una imagen propia y sin adulteraciones imitativas. Pero —como ha sucedido muchas veces en la experiencia intelectual de estos países— la seducción de ajena controversia perturba la comprensión de lo nuestro, impide ver la realidad circundante y entrar a fondo en su significación.

Esta aspiración de autenticidad, que estaba latente de mucho tiempo atrás, comienza a concretarse hace unos dos decenios en un empeño original de interpretación, de búsqueda, pertinaz de soluciones concordantes con la realidad económica latinoamericana. Fueron temas de afirmación polémica. Surgieron desde entonces nuevas ideas que todavía no han llegado a plasmarse en un verdadero sistema. Porque un sistema de ideas no sabría abarcar solamente lo económico, sino también lo social y político, como que se trata de diferentes aspectos de una misma realidad.

El pensamiento que ha venido elaborándose tiene que examinarse con gran sentido crítico, ahondarlo, extenderlo a esos nuevos aspectos con objetividad y rigor científico. En fin, hace falta un sistema de ideas en continua revisión, para mantener fecunda su vitalidad y escapar al riesgo de cristalización dogmática. No sólo hay que saber lo que está pasando en la América Latina. También es necesario definir:

a dónde se quiere llegar, qué tipo de sociedad se tiene como meta, cuáles han de ser los valores que la sustentarán. He aquí un campo de fundamental importancia que apenas estamos comenzando a desbrozar.

En aquella actitud crítica de las nuevas generaciones latinoamericanas — y dentro de su peculiar contexto de repulsa al orden de cosas existente — se pregunta muchas veces si, al transferirse a nuestros países la tecnología de los grandes centros industriales, no tenderán a reproducirse sus mismas formas de existencia, sus actitudes vitales y sus valores fundamentales.

¿Es que todo ello es inherente a la tecnología? ¿Es que hay un determinismo incoercible en el desarrollo económico, impuesto por el incesante avance de la ciencia y de la técnica? Puede parecer extraño que en este trabajo, en que se manifiesta honda preocupación por el curso presente del desarrollo latinoamericano, se recoja una pregunta de esta naturaleza en sus últimas páginas. No se trata de un asunto extemporáneo. El dar validez dinámica al sistema económico es sólo parte de una empresa mucho más vasta. Sin duda alguna lo económico es de carácter fundamental; conseguir un alto grado de bienestar mensurable para las masas constituye un objetivo que se impone combatir con celeridad. Pero es también un medio de alcanzar otros fines trascendentes que tienen que ser definidos, y que, si bien no dirimen del juego del sistema económico, ese juego podría verse afectado por completo.

2. AMBIVALENCIA DE LA TECNOLOGÍA

¿En qué consiste pues el papel de la tecnología? Hace algún tiempo se daba un mito muy difundido: que el hombre se había vuelto esclavo de la máquina. Mito de más corta duración que otros mitos perdurables. En verdad, la máquina ha liberado al hombre de una carga millonaria de trabajo agobiador. La utopía de la liberación humana podría también volverse realidad en tierras latinoamericanas. Con el avance prodigioso de la tecnología, producir bienes, transportarlos y venderlos irá requiriendo una proporción cada vez menor de tiempo en las actividades del hombre. Y cuando mayor fuere la eficiencia productiva, tanto más será el margen de tiempo que pueda consagrarse a otras tareas fuera de la órbita estricta de la economía.

¿Qué otras actividades? Esta sencilla pregunta encierra la clave del futuro. La tecnología no podrá darle una respuesta, porque es ambivalente: puede servir para bien o para mal. Todo depende del hombre, de su aptitud para enderezarla hacia el bien, y evitar ese mal que



está adquiriendo ya dimensiones inquietantes. Porque el hombre, que ha sabido crear esa tecnología estupefanda, no se decide aún a poner la misma energía y la misma imaginación en emplearla para construir una sociedad mejor.

Se había ahora del mundo de los computadores y de la subordinación fatal a la computadora, como antes se discurría sobre los esclavos de la máquina. La computadora no piensa, ciertamente, pero permite dar precisión y extender a límites inconcebibles la racionalidad humana. Es un instrumento potente de acumulación y combinación de datos en tareas pragmáticas que no podrían ejecutarse con el propio cerebro sin el empleo de un caudal enorme de energía mental. Y es también instrumento de nuevas aventuras del intelecto en la ciencia y en la técnica, en las que se abren sin cesar fronteras insospechadas. Pero la computadora puede ser asimismo agente de opresión, si su memoria fantástica se emplea, por ejemplo, para registrar indeliblemente todos los hechos de la vida de relación del hombre, todos sus errores y debilidades, sin la esperanza de olvido, sin la promesa alentadora de renovación vital.

Arbitralmente es también la computadora, como lo son la radio y la televisión. Y muy serio el problema que plantea todo esto, y al que desde luego no escapa la América Latina. El televisor está entrando con rapidez en los hogares e influyendo poderosamente en la imagen de la sociedad latinoamericana, la imagen de hoy y de mañana. Es un fenómeno nuevo, de impredecibles consecuencias en el sentido de la vida. Los padres habían tratado siempre de moldear al niño en los primeros años de su formación consciente; ahora tienen —acaso sin quererlo— que compartir esta responsabilidad con la televisión, que tiende a sobreponerse fatalmente a ellos.

Pero no sólo está en juego el esfuerzo formativo de los padres, sino también el de la escuela. ¡Preocúpese el Estado de mejorar los textos escolares! Tiempo en gran parte perdido, pues la televisión se encarga de dar al niño otra visión de la existencia en que las consideraciones éticas y estéticas ceden frecuentemente a lo trivial o grotesco, y en que lo más noble y positivo de su personalidad queda expuesto al engaño y la violencia.

No atañe esto sólo a la niñez, sino a todas las edades. Hay que despertar la atención del mayor número de televidentes, sin parar mientes en la legitimidad de los medios para conseguir el fin eminentemente utilitario que suele guiar este instrumento de comunicación de masas. El valor comercial de la empresa, su eficacia en la publicidad, se miden por el número de televidentes, cualesquiera que sea la forma de atraerlos. Se malogra y desnaturaliza un instrumento de tan formi-

dable potencia en la educación, la cultura y la exaltación de grandes valores humanos.

Estas y otras manifestaciones de la tecnología no sólo configuran su propia arbitrariedad, sino la del desarrollo económico que con ella viene aparejado. Cualquier cosa es concebible en su insensibilidad. Pueden servir a la búsqueda de la excelencia del hombre o a menos-cabar su personalidad, provocando la erosión de su espíritu.

3. EL SISTEMA ECONÓMICO Y LOS VALORES TRANSCENDENTES

Aquí está la gran incógnita. El bienestar material del hombre, de la gran masa de hombres, se está volviendo asequible en la América Latina. Es el bienestar montuoso. Hay otros valores inmensurables, que se sienten aunque no puedan cuantificarse. Son los valores que atañen a la plenitud de la vida. ¿Podrá lograrse esa plenitud de vida con el solo desarrollo económico?

Históricamente, muy pocos hombres han podido tenerla. El cultivo de la personalidad, el ejercicio de su aptitud de crítica y su capacidad creadora, la elaboración y el goce de la cultura han sido privilegio de unos pocos. Como también ha sido de muy pocos la existencia firme en el instancial. Si todo ello ha podido darse, ha sido merced al trabajo duro y prolongado de los muchos. Las posibilidades de vida plena se están dilatando ahora en forma antes inconcebible. Y ello se está consiguiendo por primera vez en la historia sin tener que recurrir al sacrificio, a la explotación de otros hombres. Es la explotación de la tecnología la que está actualizando en juego. Es la aptitud para dominar las fuerzas que desencadena y aprovechar las enormes posibilidades humanas que brinda en forma incansante. Explotación de la tecnología por el hombre y no subordinación de éste a la tecnología.

Evitar esa subordinación es algo que escapa a decisiones económicas. No se espere de la economía lo que no podría, ni debiera ofrecer. Pídesele eficacia, por lo que significa para el bienestar mensurable y por aquel margen creciente de tiempo que deja a las otras actividades humanas. Pero nada más. La actividad económica no podría desbordar hacia ellas, ni llevar allí el incentivo material que le imprime movimiento.

Aunque vayan íntimamente vinculados, no se confunda el incentivo económico con la competencia. El ámbito de ésta es muy extenso. Llámasele competencia, emulación o sentido del propio mejoramiento: aguija la perseverancia del esfuerzo en todas las manifestaciones del



espíritu humano. No debiera penetrar en ellas el interés material. Son otros los móviles que tienen que prevalecer si se ha de evitar su degradación. Hasta el mismo deporte se pervierte si domina el incentivo económico. Todo esto es de suprema importancia y trasciende naturalmente del ámbito de la economía.

4. DIVERSAS FORMAS DE CONCENTRACIÓN DEL PODER

En el ámbito de la economía la competencia se guía por ese incentivo económico mientras no cambien fundamentalmente móviles de profunda raíz sobre humana. No hay otra alternativa si se quiere evitar la concentración del poder de decisión en pocos hombres. Incluso en los sistemas socialistas se está recurriendo cada vez más a la competencia, al incentivo económico y al mecanismo del mercado para acrecentar la eficiencia en la producción y en el consumo, sin que se advierta en ello incompatibilidad alguna con la tenencia colectiva de los medios de producción. No es sólo cuestión de eficiencia. Estas reformas van más allá en su significación, pues al extender el campo de la iniciativa a un gran número de personas, al dispersar en ellas una responsabilidad que antes estaba concentrada, se desenvuelve un sentido de autonomía que podría ir minando seriamente la concentración del poder político. Esta concentración del poder político fue en su tiempo una exigencia doctrinaria y se impuso para cambiar radicalmente el sistema y la estructura del poder que le estaba aparejada.

Se concibe que en la realidad latinoamericana esa concentración del poder político sea más bien consecuencia de los hechos mismos que la imposición de una ideología. Podría ser la secuencia lógica de una pertinaz oposición a transformaciones estructurales incluíbles. Más aún, el esfuerzo considerable y prolongado que se requiere para dar validez dinámica al sistema-económico podría llevar también a la concentración del poder político. Librados los países latinoamericanos a sus propios y exclusivos medios en la difícil transición hacia una nueva fase del desarrollo, se acentuaría la posibilidad de que trivieran que recurrir a medidas compulsivas incompatibles con el juego de los partidos políticos.

Las masas populares, a las que notoriamente no ha llegado el desarrollo, han quedado a la zaga en la evolución política de los países latinoamericanos. La integración social y política de esas masas es exigencia perentoria, y también por eso mismo se impone dar validez dinámica al sistema económico. ¿Podrá cumplirse este objetivo sin un

retroceso perdurable en esa larga y azarosa evolución de la política latinoamericana?

Como quiera que el pensamiento se aventure en esta exploración del futuro—acaso de un futuro no muy lejano si los acontecimientos siguen a la deriva—no cabe ignorar la significación política de ciertas formas diferentes de concentración del poder que, en vez de realzar transformaciones se proponen más bien impedir las. Hay una prolongada experiencia histórica acerca de ello en la América Latina.

De todos modos, no puede olvidarse que la concentración del poder, cualquiera que sea su origen, su finalidad y su grado de intensidad, dispone ahora de un instrumento formidable que no ha tenido en otros tiempos: las técnicas de comunicación de masas.

Estas técnicas abren amplias posibilidades a unos cuantos hombres de influir intensamente, aunque de un modo a veces imperceptible, sobre la mente de los más y sobre sus mismas actitudes vitales. Y ello tiene considerable significación.

Tal es el intrincado plexo de relaciones mutuas entre los distintos elementos de la realidad. No sabría discurrirse sobre la transformación o el cambio radical de un sistema económico sin hacer explícitos y presentar claramente estos supuestos políticos de primordial importancia.

5. LA BÚSQUDA DE UN PENSAMIENTO AUTÓNOMO

Tampoco podría ignorarse esta exigencia en la búsqueda de un pensamiento auténtico. No se trata de un simple prurito de originalidad, sino de una exigencia inscapable de los mismos fenómenos. Se ha señalado ya que la trasposición de la tecnología elaborada en los grandes centros industriales a países que no están preparados para recibirla plantea problemas que aquéllos no tuvieron, al menos en las dimensiones impresionantes con que ahora se presentan.

Ante todo, las innovaciones tecnológicas se fueron introduciendo a medida que se acumulaba el capital en el desarrollo de aquellos centros; en tanto que en los países latinoamericanos tiene que asimilarse una técnica ya elaborada, sin que exista con suficiente amplitud esa acumulación previa de capital.

En seguida, el consumo de los centros industriales se fue desenvolviendo a la par que crecía y se diversificaba la producción; en cambio, en los países latinoamericanos la aspiración a consumir se manifiesta con gran antelación a la disponibilidad de medios productivos.

Finalmente, las transformaciones psicológicas que el desarrollo ha traído consigo contribuyeron en los centros a que la tasa de natalidad



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acompañase a poca distancia el descenso gradual de la tasa de mortalidad; mientras tanto en los países en desarrollo —y muy especialmente en la América Latina—, los adelantos científicos y tecnológicos han hecho disminuir marcadamente la tasa de mortalidad, sin que el insuficiente ritmo de desarrollo pudiera traer aquellos cambios psicológicos que modifican las aptitudes familiares en punto a la natalidad. El esfuerzo de desarrollo se encuentra así afectado en la América Latina por el ritmo extraordinario de crecimiento de la población.

Más aún, los obstáculos estructurales parecerían tener distinta significación. De acuerdo con una de las tesis fundamentales de Marx, en el desarrollo histórico de la economía, los cambios en la técnica productiva impusieron la transformación de la estructura social, política e institucional, así como las actitudes y las ideologías.¹ Primero la evolución de la técnica; después estas transformaciones. Por el contrario, en los países en desarrollo se requiere introducir primero transformaciones estructurales internas para que aquella técnica ya elaborada pueda asimilarse y fructificar, y realizar además los cambios necesarios en sus relaciones con los centros industriales a fin de lograr plenamente los frutos del desarrollo.

No cabe pues interpretar los fenómenos del desarrollo latinoamericano valiéndose en forma incondicional de teorías que corresponden a una realidad histórica diferente. Pero no es ésta la única razón que debiera llevar a la búsqueda de un pensamiento original de donde puedan surgir formas propias de obra sobre el curso de los acontecimientos.

En efecto, los mismos países avanzados están afrontando serios problemas que la tecnología ha traído aparejados, sin que todavía hayan podido encontrar fórmulas adecuadas para resolverlos. Tal ha sido la celeridad de las innovaciones en un plazo relativamente breve, si se compara con la cadencia del siglo XIX. La monstruosa congestión de las grandes ciudades, con la contaminación del aire, tan grave como la de ríos y mares; las tensiones inquietantes que aparecen en la convivencia social; las consecuencias adversas de la técnica sobre la misma personalidad humana; problemas angustiosos, todos éstos, que se están presentando también —y a veces en forma aguda— en los países latinoamericanos: surgen estos y otros problemas con anticipación al desarrollo económico y lo complican de un modo que no hubiera podido concebirse cuando se desarrollaban los centros industriales.

Y se complican también por su entrelazamiento con los fenómenos políticos, que se desarrollaron gradualmente con el andar del tiempo

¹ Lo que se designa como superestructura en el lenguaje de Marx.

en los países desarrollados —tanto en sí mismos como en el grado de participación popular— y en donde las fórmulas no siempre son susceptibles de acomodarse a la realidad económica y social de los países latinoamericanos y a sus exigencias de desarrollo.

Se impone pues la necesidad de buscar un camino propio. Es imperativo superar ciertas manifestaciones de dependencia intelectual. De ningún modo podría prescindirse de la experiencia ajena, del pensamiento que en otras partes se ha elaborado y se sigue elaborando. Lo auténtico y original no significa insensata actitud de suficiencia. Pero hay que examinar lo que se piensa afuera con gran sentido crítico y con un espíritu selectivo que —escapando al remedo artificioso— permita extraer de la experiencia universal lo que tuviere de positivo y aprovechable.

Así, con la observación de lo propio y lo ajeno, podrá llegarse a elaborar un sistema de ideas que abarque los diferentes aspectos de la realidad y permita obrar sobre ella racionalmente. Ahora más que nunca se pondrá a prueba la aptitud creadora del intelecto latinoamericano y su capacidad para traducirla en acción perdurable.

5. EL INTERÉS COMÚN DE LOS PAÍSES LATINOAMERICANOS

Esa acción perdurable habría de orientarse por un claro sentido del interés común de los países latinoamericanos, interés común que induce naturalmente a imaginar su futura unidad. Esta gran visión no debiera desviar el esfuerzo de lo que hoy esasequible e impostergable. Gran visión ha sido siempre ese sentido de unidad. Momentos muy rotundos también suele aflorar de un modo circunstancial y episódico: ciento cincuenta años de alocuencia sentimental y volátil, de angustioso divorcio entre conmovedora retórica y realidad pertinaz.

No han sabido los países latinoamericanos cooperar sistemáticamente entre ellos. Están aprendiendo a hacerlo ahora; están comprendiendo cada vez más la necesidad de esa cooperación no sólo para enfrentar juiciosamente al mundo desarrollado, que dista mucho aún de abarcar la verdadera significación de lo que aquí está pasando, sino también para entrar de modo resuelto en ciertas formas de acción común en la órbita latinoamericana, inspiradas primordialmente en el desenvolvimiento de la propia iniciativa y de las fuerzas creadoras de cada país.

No es sólo un asunto económico. Conciernen a las diversas manifestaciones de la actividad humana que requieren sobrepasar el espacio



racional, por promisor que éste sea. El gran espacio económico es desde luego un objetivo esencial en esta cooperación, aunque no sea condición suficiente en la dinámica del desarrollo. No es el único campo en que la estrechez del espacio comprime la expansión de fuerzas vitales.

La aptitud creadora de la América Latina no podrá ejercitarse plenamente en el microcosmos de la vida nacional. Se necesita también un gran espacio para la actividad científica, para superar nuestra inferioridad tecnológica y aprovechar talentos que ahora se desperdician. Si hay cerebros privilegiados que tienden a sobrepasar estrechos confines, ofrézcaseles el ancho suelo de toda la América Latina.

El espacio cultural se encuentra asimismo muy fragmentado, a pesar de raíces comunes que son profundas. No hay comunicación suficiente. El espíritu de cada hombre de letras, de cada artista de mérito, podrá proyectarse mejor en un ámbito latinoamericano y adquirir más vigor y fecundidad en un proceso de estímulo recíproco de la aptitud creadora. Y esto, por sobre su significado intrínseco, podrá dar a la elaboración cultural de América Latina aquel grado de cohesión y reciedumbre que es indispensable para sobreponerse a la desconcertante penetración de ciertos elementos exógenos que tienden a propagarse, no tanto por el valor cultural que representa, como por los medios técnicos y financieros de que disponen para prevalecer. No se trata de superioridad del poder creador, sino de superioridad del poder difusor. Otra consecuencia más de los avances científicos y tecnológicos que hay que enfrentar con claros objetivos.

El satélite de comunicaciones es también ambivalente. Podrá servir para asimilar lo bueno e irradiar también lo nuestro hacia afuera, si estamos articulados, o para subordinar los valores latinoamericanos a otros muy discutibles o francamente perniciosos para la elaboración auténtica de nuestra cultura, si en este campo —como en el de la economía— sigue sintiéndose ese goce íntimo de encogimiento nacional, ese peculiar complejo de renuencia a cooperar francamente.

Es también de suprema importancia la cooperación latinoamericana en el plano internacional. Sin ella no podrán transformarse ciertas manifestaciones de dependencia en genuinas relaciones de recíproco interés y de largo alcance. Dispersos, los países latinoamericanos pierden gravitación política y fuerza persuasiva. De ahí la significación de Oecua. Tiene que ir más allá de un documento afortunado cuyos efectos ya se discernen: más allá en el tiempo y en la órbita geográfica. El tiempo exige tenacidad y persistencia de propósitos. Y los intereses comunes de los países latinoamericanos —y un día deberán

volver a usar juntos todos ellos — aconsejan ampliar la brega a otras regiones del mundo.

Hay que tener objetivos bien definidos en el contexto de una política de estímulo internacional al desarrollo latinoamericano. Si por política se entiende un conjunto bien concertado de medidas, no ha habido tal política de cooperación. Medidas sí, pero insuficientes, inconexas e intermitentes, sin plan ni concierto. La cooperación internacional es algo muy diferente.

7. LA POLÍTICA DE COOPERACIÓN INTERNACIONAL

Digámoslo sin reticencias. A los países desarrollados, y muy especialmente a los Estados Unidos, les corresponde determinar si tienen o no interés fundamental y permanente en la América Latina; si les es o no indiferente el curso de su desarrollo económico y de su evolución política. Si llegan en este examen a una conclusión positiva, se impone en forma ineludible un esfuerzo sistemático y de largo alcance en que la amplitud de los medios responda racionalmente a la dimensión de los fines que han de perseguirse. Esto es lo que ha faltado. Así como en la América Latina ha prevalecido el inmediatismo, en la actitud de los grandes Países ha dominado el interés circunstancial sobre consideraciones de vasto alcance.

Conviene encarar el problema con cierta perspectiva. Los países desarrollados no han sido ni son omnipotentes ni omniscientes. Tradidas experiencias, han tenido que ir aprendiendo a obrar deliberadamente sobre las fuerzas de su economía y su vida social. La racionalidad y previsión no han sido dones primigenios. Han tenido que adquirirlos laboriosamente. El estupendo desarrollo histórico de los Estados Unidos pareció confirmar la virtud del juego libre y espontáneo de las fuerzas de la economía, sólo guiadas por aquella mano invisible de los clásicos.

Sin embargo, la gran depresión de los años treinta impuso la necesidad de enfrentar esas fuerzas y tratar de modificar su curso, hasta lograr en ello una aptitud notable. Notable en el plano interno, pero no todavía en el plano de la economía internacional. Mas aún, se descubre ahora que en el plano interno, a pesar de la opulencia, han quedado rezagados vastos sectores de la población; y ya no repugnan medidas deliberadas para corregir esta situación. También se comprende actualmente, como ya se señaló, que la congestión de las grandes ciudades, los trastornos de toda índole que ello trae aparejado, y aquellos fenómenos de contaminación y deterioro del medio ambiente, escapen al mecanismo de precios, por eficaz que éste sea en la órbita



estricta de la economía corriente. Y en el plano internacional ha sido manifiesta la falta de racionalidad y previsión. De nada sirvieron claras advertencias en el sentido de que el mecanismo monetario internacional adolecía de fallas muy peligrosas. Fue necesaria una crisis, que pudo haber adquirido graves proporciones, para que se dieran los primeros pasos—muy significativos por cierto—en la organización de un verdadero sistema monetario internacional.

No es extraño pues que no hayan podido plasmarse en la práctica nuevas formas de cooperación que sustituyan a un tipo de relaciones pretéritas que el creciente sentido de autonomía vuelve inaceptables para los países latinoamericanos. No bastan para explicarlo el imediatismo y la resistencia de ciertos intereses. También hay aquí falta de racionalidad y de sentido de previsión. No es que haya faltado gran visión en las relaciones con la América Latina; pero esa gran visión de unos pocos no ha podido fructificar en la comprensión y el escepticismo de los muchos. Ni ha podido prevalecer sobre el negativismo que suele caracterizar a la burocracia desarrollada. En los países latinoamericanos la burocracia, por su misma ineficiencia, no ha logrado aún aquella cohesión interna que la protege—como a aquella otra—de los embates de la imaginación y las ideas nuevas y audaces. Nos vesita así difícil comprender la inmensidad del obstáculo al cambio que representan ciertas actitudes invertidas en los países avanzados.

Si se ha de cambiar estas actitudes, no queda otro camino que el de la acción común de los países latinoamericanos y el ejercicio severante de su aptitud persuasiva. La persuasión para que la preverleza lo inmediato sobre una visión de largo alcance. No habrá nada sólido si—escapando a lo momentáneo y transitorio—no se busca una fundamental coincidencia de intereses no sólo de hoy, sino sobre todo de mañana, de un mañana que se prolongue en la perspectiva del tiempo. Hay que penetrarlo desde ahora con nuevas ideas.

8. LA PERSUASIÓN INDISPENSABLE

Nuevas ideas se están abriendo paso. Hubo desconcierto en el tercer mundo cuando la América Latina y otras regiones en desarrollo no lograron, sino en mínima parte, las medidas de cooperación que surgieron en el seno de la UNCTAD. Hoy, poco tiempo después—y ya se mencionó en la Introducción de este informe—personalidades eminentes del Hemisferio Norte, recogen sin excepción todas las proposiciones más importantes, las mejoran y las hacen suyas.

Hay otros ejemplos de acción persuasiva. Las principales ideas de la Carta de Punta del Este surgieron primero en la América Latina y encontraron enormes resistencias. La persuasión y los acontecimientos fueron disolviendo estas resistencias en el campo internacional. Pero se cometió el grave error político de presentar esto internamente como un plan maestro de los Estados Unidos para la América Latina. Después, ideas fundamentales que en gran parte siguen en pie, fueron desnaturalizadas o no se han traducido aún, sino en cierta medida, en la esfera de las decisiones políticas.

Plantea esto un gran interrogante, para quienes en la América Latina y afuera observan con honda preocupación el sentido de lo que está ocurriendo.

Comparto esta preocupación, pero sin dejarme dominar por una visión apocalíptica. Tiene la América Latina un gran impulso vital que, en una forma o en otra, terminará por sobrepasar los obstáculos que se oponen a su desenvolvimiento. No será posible contener por la fuerza las transformaciones del sistema. Recomendación muy comprensible la de dotar a las instituciones armadas—ejército y policía—de los países latinoamericanos de los medios técnicos que requieren. Podrá reprimirse momentáneamente la subversión, si la continuación del curso presente de los acontecimientos provoca reacciones de este tipo. Pero no podrán evitarse las transformaciones de los problemas que después surjan. Aún aún, es impredecible cómo se ampliaría esa fuerza: acaso se emplee para realizar esas transformaciones. Y es impredecible también el signo y la inspiración que las guíe. Pero sí es predecible su costo político y social.

Como será también grande el costo político y social de transformaciones que, si no se introducen con racionalidad y previsión, vendrán tal vez sin ellas. En tal caso será asimismo necesaria la racionalidad para volver a construir. Aquí está la honda significación política de la cooperación internacional en el difícil período de transición hacia una nueva fase del desarrollo. Si se inspira en consideraciones de largo alcance, basadas en una esclarecida concepción de intereses fundamentales, podrá contribuir a que este costo sea tolerable y no obligue a retroceder en la evolución política, en la marcha difícil y tantas veces interrumpida hacia la consolidación de derechos humanos primordiales para los que ya gozan de ellos, y hacia su extensión a las grandes masas privadas de su real significado.

La América Latina necesita persuadir a otros. Pero necesita también persuadirse a sí misma. Le queda escaso tiempo en la búsqueda de su propio camino, oscurecido por el juego pertinaz de intereses y la confusión ideológica. No se trata de encontrar una fórmula afor-



tunada y esperar que lo demás venga por añadidura. No es una fórmula lo que en realidad se requiere. Es un proceso guiado por una gran persistencia de propósitos. Hay que encontrar ese camino y seguirlo con audacia reflexiva, con la emoción que impulsa audazmente a las grandes acciones, y con esa racionalidad y previsión sin la cual no sería posible transformar el irrealismo de hoy en la realidad de mañana.



DARTMOUTH WOODS REVISED
A VIEW FROM THE DEVELOP-
ING WORLD - 1969





Raul Prebisch

A VIEW FROM
THE DEVELOPING WORLD

I want to deal with the Bretton Woods institutions from the point of view of developing countries. I do not intend to review the past evolution of those institutions, but rather will concentrate my attention on some important possible improvements in their future functioning, especially as regards Special Drawing Rights, a new supplementary financing scheme, and the financing of international buffer stocks.

The recent reform establishing the SDRs in the IMF is of paramount importance. A short while ago, when this reform was still a matter of great controversy, a group of experts appointed by the UNCTAD secretariat upon the request of member governments dealt with this subject from the viewpoint of developing countries. The experts recommended that part of the new international monetary resources created by this reform should be transferred to developing countries through the channels of existing multinational financial agencies. At that time the UNCTAD secretariat was advised not to push this matter of a 'link' very strongly, in order not to add new difficulties to those interfering with the progress of the idea of international monetary reform. But now the situation is different. The Articles of Agreement of the Fund have been amended for establishing the Special Drawing Rights, and it seems that the opportunity has arrived for giving due consideration to that idea of linking the creation of new resources with financial transfers to developing countries.

Meanwhile, this idea has been taking strides forward. Indeed, shortly after the report of the UNCTAD experts, another group appointed by the Inter-American Committee for the Alliance for Progress strongly supported the

same idea. The Perkins Report, submitted to President Johnson, also recommended its acceptance. And last but not least the Reuss Subcommittee on International Exchange and Payments of the United States Congress held hearings on this matter.

That does not mean that the idea of a link does not encounter serious objections. Let me deal briefly with two of them. The first concerns the danger of creating an excessive amount of new resources, under the pressure of the enormous needs of developing countries for developmental financing. The amount of the SDR creation should respond strictly to monetary considerations and not to financial needs of developing countries, however desirable may be the full satisfaction of these needs. Undoubtedly the IMF will determine the proper criteria to avoid any excessive creation of SDR resources, and the fact that important developed countries have a clear voting majority in the IMF should be sufficient guarantee that the new system would be properly managed in this respect.

The second objection is of another character. It is argued that the measures advocated in favour of developing countries through the link will not be a mere monetary operation but a transfer of real resources to them from developed countries. And this transfer will not respond to the decision of individual developed countries but rather to the decision of an international authority — that is to say, the IMF. Let us examine this argument.

This type of international transfer of real resources is not new. It has existed historically. Gold-producing countries have always benefited from a transfer of real resources supplied to them in the form of goods and services by other countries in exchange for the new gold produced. In the present case essentially the same thing would happen with the difference that countries exporting goods and services would not receive gold but the equivalent of gold. But instead of requiring labour to produce them, they would not cost anything.

It is true that under the gold standard the production of new gold does not respond to decisions by any international authority but rather to market forces. However, it cannot be denied that the decision to maintain a fixed price for gold by governments has a considerable impact on these forces. It would be preferable to have a clear decision of the IMF in response to the monetary needs of the world rather than to events as arbitrary as the production of new gold.

In the light of what has just been said, the ideal solution to this problem of improving the world's monetary mechanism would have been the creation of

new resources by the IMF and their full transfer to developing countries through the channels of existing financial agencies. This would parallel the way in which the gold standard functioned in this respect. Countries willing to get these new resources, in order to increase their monetary reserves, would have to compete for them in the world market by exporting goods and services to capture the new SDRs. So in this fashion the accumulation of reserves would depend on the export competitiveness of countries trading within a multilateral framework. But the formula that has been adopted is different. New monetary resources are distributed to member governments of the IMF in an automatic fashion, according to pre-established proportions. Some critics have expressed their concern that countries with balance-of-payments deficits would not take sufficiently strong internal measures to correct the external disequilibrium precisely because of the new resources internationally provided for them. We cannot deny that there is a certain weight to this argument and this risk could have been avoided if, instead of the automatic distribution of new monetary resources, the original pattern of the gold standard had been followed in the international monetary reform. If this had been the case, countries with balance-of-payments deficits would be forced to take measures to correct their situation and improve the competitiveness of their exports in order to obtain part of the new international monetary resources.

However, the new system could evolve gradually to this ideal. It is true that the new resources as such cannot be transferred to developing countries except by further modifying the recent amendments to IMF Articles of Agreement, which may prove to be a serious difficulty for the time being. But a parallel agreement could be established whereby developed countries receiving new monetary resources would channel an equivalent of them, in their own currencies, for financial assistance to developing countries. That does not mean that the equivalent of the full amount of new SDRs should be transferred in this way. It would not be realistic to expect this to take place while the present monetary imbalance persists. This is clearly a matter for the future. Therefore it may be more realistic to start with a proportionate transfer of these resources — say 50 per cent at the outset — and to increase this proportion gradually when the situation improves, with a view to arriving at the full transfer in the future.

Some concern has been expressed as to the real meaning of the link to developing countries in terms of providing them with net additional resources. Indeed, it may be possible that developed countries now contri-

buting to the external financing of developing countries might decrease the present flow of their resources, thereby neutralizing the benefit accruing to developing countries. This could happen if developed countries had not accepted at UNCTAD II in New Delhi (1968) the commitment to supply to developing countries an annual amount of net financial resources equivalent to 1 per cent of their gross national product. The mobilization of new monetary resources through the link, as just explained, could contribute in an important way to the fulfilment of this commitment in the near future.

From another angle it may be said that the transfer of these new resources to developing countries through existing channels need not necessarily follow the existing pattern of lending. What I have in mind is the possibility of improving this pattern in the light of experience, introducing into the world financial mechanism the financing of international buffer stocks and supplementary financing. Developing countries have shown a great interest in these two matters at UNCTAD discussions.

When Lord Keynes dealt with his proposal for international monetary reform before Bretton Woods, he conceived the creation of a mechanism for the financing of international buffer stocks. The reasons for this are well known: an effectively functioning international buffer-stock scheme introduces an important element of regularity into the workings of a commodity market by stabilizing world prices within some preagreed range without disturbing the long-term commodity market trend. But nothing as yet has been done internationally to help finance such buffer stock schemes. In this case, as well as in the case of GATT, the problems of developed countries have always had a high order of priority while those of developing countries were considered as residual, if not ignored. However, there is now a clear change of attitude, and both the Bank and the Fund are in the process of considering this problem in response to the Rio resolution (1967) of their respective boards of governors.

It is obvious that this particular problem cannot be solved by a mechanical transfer of resources for the financing of international buffer stocks. On the contrary, this operation should be geared to a sound commodity market stabilization programme, such as the programme prepared for cocoa in UNCTAD which eliminates the risk of losses.

It is well known that there are many commodities that cannot be subject to programmes of stabilization. Furthermore, even in the case of stabilization programmes, there is always a certain margin for fluctuation of prices

and of export earnings. All this means that, in order to attenuate the external vulnerability of developing countries, there is a clear need for supplying them with new financial resources when there is a serious decrease in their external income that brings with it a corresponding contraction of internal economic activity. This is the purpose of a supplementary financing plan presented to UNCTAD by the staff of the World Bank in response to the British/Swedish resolution approved at UNCTAD I (1964). The objective of this supplementary financing scheme is to protect the economic development plan of a country from serious disruptions caused by unexpected short-falls in their export proceeds. In my view this scheme is a very sound one, notwithstanding some technical aspects that could and should be improved. However, after a long discussion preceding UNCTAD II, no substantial progress has been made, except for adherence to the idea in principle. Sharp differences as to the best way of translating it into concrete form still exist, but behind these differences one can frequently detect the reluctance of important countries to commit additional financial resources while the present difficulties of those countries persist. It may be hoped that the acceptance of the link between the Special Drawing Rights of the IMF and the transfer of resources to developing countries may make practical agreement on this matter less difficult. Technical difficulties should not prove insurmountable. The World Bank has accumulated great experience in dealing with developing countries and some latitude should be given to it, whether directly or through a subsidiary, for the flexible management of this supplementary financing scheme.

It is obvious that this scheme presupposes the existence of an economic development plan, or at least a public investment programme, in developing countries. But this should not be construed as a requirement of supplementary financing. The need for planning responds to other important considerations as well: namely, to have clear economic and social objectives on the one hand and proper means of achieving these objectives on the other, following a discipline of development. Unfortunately, in this matter there are still some contradictions interfering with the idea of planning. There is, generally, a strong reluctance by international suppliers of funds to commit resources in advance for (say) a period of four or five years or for the entire duration of the plan. I refer to a commitment in principle, subject, of course, to the fulfilment of the main policy lines of the plan and the presentation of specific objectives. This reluctance is a very serious obstacle. Countries, in addition to their own reasons for planning, should have a clear external in-

centive. A reasonable assurance of sufficient external financial resources is needed to complement the mobilization of their own resources.

I have, as you will see, pointed out that supplementary financing and international buffer stock schemes are essentially complementary in that they both contribute, though in different ways, to attenuating the problems experienced by developing countries in adjusting their economies to unforeseen vicissitudes in export earnings. To the extent that export earnings fall short of planned targets, to that same extent the implementation of development programmes would be jeopardized. How then to ensure the external integrity of a sound domestic development plan? It would be an act of inestimable importance and great international statesmanship if the Bretton Woods institutions could associate their prestige and resources in responding to that question. Note then the organic interrelationship that could be conceived if the SDR 'link' could help the developmental requirements of the Third World, whether through strengthening supplementary financing or buffer stock schemes, or directly in the form of financial assistance to national plans.

GERALD K. HELLEINER / COMMENTARY

Most essential in any discussion of the issues raised by Mr Prebisch is the need, first, to distinguish between short-term possibilities and longer-term objectives — where we want to be in 1980 or 1990. The questions to which Mr Prebisch has addressed himself are, I think, second-best short-term possibilities. I had hoped that he would find time to say a bit more about matters relating to direct aid transfer which remains the first-best policy and the longer-term objective in the development area.

But let us look at some of these second-best possibilities. Mr Prebisch has put the case for three: aid-linked SDRs, supplementary financing, and buffer stocks. I agree with him on the need for all three of these if there is no other way of transferring resources and if these are possible. I would rather, however, have resources transferred directly, if that is also possible, through a *multilateral international institution like the World Bank*. Direct multilateral aid is the long-term best objective. In the absence of alternatives, however, we must, of course, work with what we can.

As far as the SDRs are concerned, I share Dr Prebisch's disappointment that the IMF, in its haste to race to the front of the international parade again in the whole liquidity question, felt it necessary to choose a compromise solution which was, admittedly, much better than the solution which would otherwise have materialized through the independent actions of the Group of Ten but which still falls far short of the best solution as far as the Third World is concerned. His explanation of the objections which prevented acceptance of the scheme for transferring resources into the developing world at the same time in which world liquidity is being increased, however, is incomplete. It was not simply that the developed world was unwilling to transfer its resources or that it feared such a transfer would lead to inflationary pressures on a world scale, so much as three other objections to the scheme which stood in its way.

First, the scheme would have involved the surrender of national control over aid distribution; this, although probably of positive world social value, was considered to be undesirable by major 'donor' governments.

Second, too easy access to increased foreign exchange reserves might hinder the imposition of economic discipline and the introduction of suitable (longer-term) strategies and development policies. I am not sure that I believe this myself but others do, and it is not an illegitimate point. The fact that there are at least ten 'steady' borrowers from the IMF in the underdeveloped world suggests that there may well be effects of this sort. I am not sure I would not favour closing our eyes to the ten steady borrowers. Let us have twenty if there is no other way of transferring resources! (Such IMF loans, though intended to ease short-term difficulties, are in practice low-interest programme loans.) The possible weakening of discipline is a point, however, that has to be answered, not only in the context of the SDR scheme but in that of all aid schemes. The provision of more reserves for aid *may* simply postpone necessary adjustments in internal policies.

Third, there is the real possibility that the provision of resources through the SDRs would not have resulted in any increase in transfers to the Third World. I do not share Dr Prebisch's touching faith in the importance of the 1 per cent of GNP aid commitment negotiated in New Delhi in 1968. There was another 1 per cent commitment at the beginning of this 'Development Decade' and, as we all know, the percentage of national income devoted to aid during this decade actually fell. I doubt whether the existence of the 1 per cent commitment guarantees, as he suggests, that increased aid provided through SDRs allocated in one way or another to the developing world would not be offset by diminished aid elsewhere.

These common reservations about the use of SDRs for development do not alter my own view that this remains a good, if not the best, approach to transferring resources for development; it is certainly much superior to the once proposed commodity standard. It is also superior, I think, to commodity agreements. It is undoubtedly superior to the International Coffee Agreement which is an odd system of resource transfer — both inequitable and probably inefficient. The distribution of real resources through the distribution of SDRs is likely to be more equitable than that achieved through any commodity scheme. Having said all that, I think that it is too soon, or too late and too soon, to discuss the use of SDRs for development except in terms of longer-term objectives because of the short-term difficulties in producing another amendment to the IMF, because SDRs are not yet actually working, and because there remains a great deal of doubt as to whether the 85 per cent vote required for activation will materialize.* A short-term possibility, however, might be for the IMF, World Bank, and IDA to exercise leadership at the time the SDRs actually come into use. Strong moral suasion could be exerted at that time upon member countries to expand national aid programmes, either through replenishment of IDA or through increased bilateral schemes. That is the time to make the case for aid if the World Bank Group and everyone else concerned with aid is ever going to make it. Perhaps that is the most we can hope for at the present.

The other two proposals discussed by Mr Prebisch, supplementary financing and buffer stock schemes, are more clearly second-best, or even third-best approaches. (If one is already considering SDRs as second-best, one would have to put the former two one notch down.) Supplementary financing is subject to the same objections as I have outlined with respect to the use of SDRs for development. Moreover, it does seem to reward bad forecasting and to offer the possibility of improper 'game-playing' on the part of economic planners. In any case, it is not going to assist those with a downward trend in their commodity prices if it is accurately forecast. It is not necessarily going to assist those with good planning or good policies either. Let me finish, however, by saying that if we have nothing else, it is much better than nothing.

Buffer stocks present the same set of problems and invite the same sorts of objections. Stabilization, which Dr Prebisch suggests is the intention of buffer stock schemes, is not, of course, the major problem. Support is the prob-

* Editors' note: Since the time of writing, a three-year planned allocation of SDRs was approved.

lem — *increased* prices, not stabilized ones. Even if stabilization were the intention of buffer stock schemes, it would be more efficient to stabilize through the provision of increased access to credit. It is simply cheaper that way. If our national policy makers do not permit increased credit or increased resource flows in any other way, however, by all means let us have some aid 'sleight of hand' through buffer stock schemes, and let us, if necessary, describe them as 'stabilization' arrangements. Other 'disguised aid' devices, may, however, prove quicker to implement and/or more effective. Recent World Bank studies, for instance, showed that the transfer of about one-fifth of the duties at present collected on tropical beverages at entry to developed-country markets would constitute quite a large addition to the aid flow into the developing countries. (One-fifth transfer would create twice the effect on export earnings as would total elimination of these duties.) If one is prepared to work on buffer stock sorts of aid schemes, one must open the door to many other aid proposals. It may be that schemes for collection of taxes on an international level earmarked for aid, for instance, are as fruitful a line to push as buffer stocks.

I do want to make my position clear. I want these second- and third-best approaches if there is nothing else. But why can't we try to think a little bit more about the role of the World Bank Group, other aid bodies, and the possibility of increasing resource flows through more direct channels? Is it more difficult for us now to raise direct-aid contributions or to devise new tricks to provide aid-in-disguise? We are expending an awful lot of effort trying to devise all sorts of second- and third- and fourth-best schemes. They make a lot of work for economists, but they are *so* inefficient. How much easier it would be simply to raise the contributions to the 'community chest.' If it is apparently not so 'easy,' let us address ourselves first to measures which might make it so. The real annual aid transfer (the untied grant equivalent) is at present probably only something like 3 billion US dollars, at most, by the time you discount official data in the various necessary ways. The World Bank has said that the absorptive capacity is much larger than the aid funds that are at present being offered and I am prepared to take their word for it. But even if it were not, the absorptive capacity for social investment, sewers, and that sort of thing, and the absorptive capacity for consumption is surely fairly close to infinite.

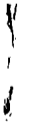
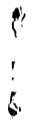
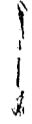
Now that so many econometric studies seem to be showing that capital, sheer capital, is not all that important in the global development process, perhaps the emphasis I am giving to resource flows may seem inappropriate. I

do not really think so. There is, however, another area which I think merits a great deal more attention. This has to do with stimulation of technical change or productivity growth, which, according to the evidence, apparently *is* causing growth and which I believe is or could be stimulated through increased aid effort. The determinants of technical change are not clearly established, but we know enough to be aware that research activities, sheer knowledge, and advance in the field of education has had a great deal to do with it. The most dramatic breakthrough in the development front in the last few years has been the development of new varieties of seeds (maize, rice and wheat), and this development was achieved with very small inputs. It was achieved by concentrated foundation research efforts. I have no doubt that there are all manner of similar sorts of potentially high yielding but fairly risky investment activities, many of which will have important productivity raising effects, which could and ought to be financed by the World Bank and/or other types of development institutions. It is how to stimulate and finance these sorts of smaller, experimental, risky investments in the research sphere, and how to disseminate the results, which I think is most required. (When such activities are financed, incidentally, I see no reason why they should be financed by loans, IDA loans or any other kinds of loans. IDA loans in any case are 80 to 85 per cent concessionary. You might as well give the money and have done with it.)

There are many other issues in this whole area that I think could be discussed here but let me simply make one last point. Particularly at a time when within the developing world itself there is increased interest in the need for decentralization in decision-making and financial authority, I think there is room for much more thought about the possibility of decentralization of aid administration and, in particular, of World Bank Group activities. More authority for people on the spot, for local offices to distribute funds (perhaps up to stipulated limits) on local projects, local experimental schemes, research activities, and so on without constant reference to the head office except perhaps for larger schemes, could be very productive. This might get a whole lot of potentially high-yielding activities quickly off the ground. Another area in which decentralized decision-making might be useful is in the middle ground between project loans and so-called country programme loans. Aid can surely be granted for some broad purpose within a particular country with much more flexibility available to the recipient than has been customary as to its use. One could, for instance, provide flexible support for efforts relating to a single crop, or, a single area, perhaps to a single sector

such a s agriculture. Aid allocations, in which the details of the expenditures are left to the local level, have not received sufficient experimentation.

My overall feeling is that the World Bank Group which is at present, for better or for worse, the only hope for concentrated international attention to the development problem, simply does not have the necessary influence or prestige. I think we could devote a great deal more attention and thought to ways in which we might develop this group so that by 1985-90 we are closer to a first-best sort of world with a strong multilateral aid distributing body with branches around the world empowered to make quick flexible responses to immediate research and investment possibilities. While on the way to this objective, by all means let us continue to tinker with all these interesting exercises in the fields of supplementary financing, buffer stocks, commodity schemes, preferential access for manufactured products, and many more.



ILPES
Santiago
1 July 1969

BRETTON WOODS REVISITED: A VIEW FROM
THE DEVELOPING WORLD

Dr. Raul Prebisch

In this paper I will deal with the Bretton Woods institutions from the point of view of developing countries. I do not intend to review the past evolution of those institutions, but rather will concentrate my attention on some important possible improvements in their future functioning, especially as regards Special Drawing Rights, a new Supplementary Financing scheme, and the financing of international buffer stocks.

I

The recent reform establishing the SDR's in the IMF is of paramount importance. A short while ago, when this reform was still a matter of great controversy, a group of experts appointed by the UNCTAD secretariat upon the request of member governments dealt with this subject from the viewpoint of developing countries. The experts recommended that part of the new international monetary resources created by this reform should be transferred to developing countries through the channels of existing multinational financial institutions. At that time the UNCTAD secretariat was advised not to push this matter of a "link" very strongly, in order not to add new difficulties to those interfering with the progress of the idea of international monetary reform. But now the situation is different. The Articles of Agreement of the Fund have been amended for establishing the Special Drawing Rights, and it seems that the opportunity has arrived for giving due consideration to that idea of linking the creation of new resources with financial transfers to developing countries.

Meanwhile, this idea has been taking strides forward. Indeed, shortly after the report of the UNCTAD experts, another group appointed by the Inter-American Committee for the Alliance for Progress strongly supported the same idea. The Perkins Report, submitted to President Johnson,

/also recommended

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THE JOINT CHIEFS OF STAFF
 JOINT CHIEFS OF STAFF
 WASHINGTON, D. C.

Mr. Paul Frazier

Dear Mr. Frazier:

I am pleased to have your letter of 10 October 1954 regarding the matter mentioned therein. The Joint Chiefs of Staff are currently reviewing the recommendations contained therein and will advise you of their conclusions in due course.

I am sure that you will understand the need for careful review of this matter, particularly in view of the importance of the information involved.

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In your letter of 10 October 1954, you referred to the matter mentioned therein and stated that you had been advised that the Joint Chiefs of Staff were currently reviewing the recommendations contained therein.

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Very truly yours,

[Illegible Signature]

also recommended its acceptance. And last but not least the Reuss Subcommittee on International Exchange and Payments of the United States Congress is now having hearings on this matter.

That does not mean that the idea of a link does not encounter serious objections. Let me deal briefly with two of them. The first concerns the danger of creating an excessive amount of new resources, under the pressure of the enormous needs of developing countries for developmental financing. The amount of the SDR creation should respond strictly to monetary considerations and not to financial needs of developing countries, however desirable may be the full satisfaction of these needs. Undoubtedly the IMF will determine the proper criteria to avoid any excessive creation of SDR resources, and the fact that important developed countries have a clear voting majority in the IMF should be sufficient guarantee that the new system would be properly managed in this respect.

The second objection is of another character. It is argued that the measures advocated in favour of developing countries through the link will not be a mere monetary operation but a transfer of real resources to them from developed countries. And this transfer will not respond to the decision of individual developed countries but rather to the decision of an international authority --that is to say-- the IMF. Let us examine this argument.

This type of international transfer of real resources is not new. It has existed historically. Gold producing countries have always benefited from a transfer of real resources supplied to them in the form of goods and services by other countries in exchange for the new gold produced. In the present case essentially the same thing would happen with the difference that countries exporting goods and services would not receive gold but the equivalent of gold. But instead of requiring labour to produce them, they would not cost anything.

It is true that under the gold standard the production of new gold does not respond to decisions by any international authority but rather to market forces. On the other hand it cannot be denied that the decision

/to maintain

to maintain a fixed price for gold by governments has a considerable impact on these forces. It would be preferable to have a clear decision of the IMF in response to the monetary needs of the world rather than to events as arbitrary as the production of new gold.

In the light of what has just been said, the ideal solution to this problem of improving the world's monetary mechanism would have been the creation of new resources by the IMF and their full transfer to developing countries through the channels of existing financial institutions. This would parallel the way in which the gold standard functioned in this respect. Countries willing to get these new resources, in order to increase their monetary reserves, would have to compete for them in the world market by exporting goods and services to capture the new SDR's. So in this fashion the accumulation of reserves would depend on the export competitiveness of countries trading within a multilateral framework. But the formula that has been adopted is different. New monetary resources are distributed to member governments of the IMF in an automatic fashion, according to pre-established proportions. Some critics have expressed their concern that countries with balance of payments deficits would not take sufficiently strong internal measures to correct the external disequilibrium precisely because of the new resources internationally provided for them. We cannot deny that there is a certain weight to this argument and this risk could have been avoided if, instead of the automatic distribution of new monetary resources, the original pattern of the gold standard had been followed in the international monetary reform. If this had been the case, countries with balance-of-payments deficit would be forced to take measures to correct their situation and improve the competitiveness of their exports in order to obtain part of the new international monetary resources.

However, the new system could evolve gradually to this ideal. It is true that the new resources as such cannot be transferred to developing countries except by further modifying the recent amendments to IMF Articles of Agreement, which may prove to be a serious difficulty for the time being. But a parallel agreement could be established whereby developed

/countries receiving

countries receiving new monetary resources would channel an equivalent of them, in their own currencies, for financial assistance to developing countries. That does not mean that the equivalent of the full amount of new SDR's should be transferred in this way. It would not be realistic to expect this to take place while the present monetary imbalance persists. This is clearly a matter for the future. Therefore it may be more realistic to start with a proportionate transfer of these resources --say 50 per cent at the outset-- and to increase this proportion gradually when the situation improves, with a view to arriving at the full transfer in the future.

Some concern has been expressed as to the real meaning of the link to developing countries in terms of providing them with net additional resources. Indeed, it may be possible that developed countries now contributing to the external financing of developing countries might decrease the present flow of their resources, thereby neutralizing the benefit accruing to developing countries due to the new system. This could happen if developed countries had not accepted at UNCTAD II in New Delhi (1968) the commitment to supply to developing countries an annual amount of net financial resources equivalent to one per cent of their gross national product. The mobilization of new monetary resources through the link, as just explained, could contribute in an important way to the fulfilment of this commitment in the near future.

From another angle it may be said that the transfer of these new resources to developing countries through existing channels need not necessarily follow the existing pattern of lending. What I have in mind is the possibility of improving this pattern in the light of experience, introducing into the world financial mechanism the financing of international buffer stocks and supplementary financing. Developing countries have shown a great interest in these two matters at UNCTAD discussions.

The first part of the document is a letter from the
 Director of the Bureau of the Census to the
 Director of the Bureau of Economic Analysis. The
 letter is dated 10/10/50 and is numbered 100-100000-100000.
 The subject of the letter is the proposed
 revision of the National Income and Product
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II

When Lord Keynes dealt with his proposal for international monetary reform before Bretton Woods, he conceived the creation of a mechanism for the financing of international buffer stocks. The reasons for this are well known: an effectively functioning international buffer stock scheme introduces an important element of regularity into the workings of a commodity market by stabilizing world prices within some preagreed range without disturbing the long-term commodity market trend. But nothing as yet has been done internationally to help finance such buffer stock schemes. In this case, as well as in the case of GATT, the problems of developed countries have always had a high order of priority while those of developing countries were considered as residual, if not ignored. However, there is now a clear change of attitude, and both the Bank and the Fund are now in process of considering this problem in response to the Rio resolution (1967) of their respective Boards of Governors.

It is obvious that this particular problem cannot be solved by a mechanical transfer of resources for the financing of international buffer stocks. On the contrary, this operation should be geared to a sound commodity market stabilization programme such as the programme prepared for cocoa in UNCTAD. This programme eliminates the risk of losses.

It is well known that there are many commodities that cannot be subject to programmes of stabilization. Furthermore, even in the case of stabilization programmes, there is always a certain margin for fluctuation of prices and of export earnings. All this means that, in order to attenuate the external vulnerability of developing countries, there is a clear need for supplying them with new financial resources when there is a serious decrease in their external income that brings with it a corresponding contraction of internal economic activity. This is the purpose of a supplementary financing plan presented to UNCTAD by the staff of the World Bank in response to the British/Swedish resolution approved at UNCTAD I (1964). The objective of this supplementary

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financing scheme is to protect the economic development plan of a country from serious disruptions caused by unexpected short-falls in their export proceeds. In my view this scheme is a very sound one, notwithstanding some technical aspects that could and should be improved. However, after a long discussion preceding UNCTAD II, no substantial progress has been made, except for adherence to the idea in principle. Sharp differences as to the best way of translating it into concrete form still exist, but behind these differences one can frequently detect the reluctance of important countries to commit additional financial resources while the present difficulties of those countries persist. It may be hoped that the acceptance of the link between the Special Drawing Rights of the IMF, and the transfer of resources to developing countries, may make practical agreement on this matter less difficult. Technical difficulties should not prove insurmountable. The World Bank has accumulated great experience in dealing with developing countries and some latitude should be given to it, whether directly or through a subsidiary, for the flexible management of this supplementary financing scheme.

It is obvious that this scheme presupposes the existence of an economic development plan, or at least a public investment programme, in developing countries. But this should not be construed as a requirement of supplementary financing. The need for planning responds to other important considerations as well: namely to have clear economic and social objectives on the one hand and proper means of achieving these objectives on the other, following a discipline of development. Unfortunately, in this matter there are still some contradictions interfering with the idea of planning. There is, generally, a strong reluctance by international suppliers of funds to commit resources in advance for (say) a period of four or five years or for the entire duration of the plan. I refer to a commitment in principle, subject, of course, to the fulfilment of the main policy lines of the plan and the presentation of specific objectives. This reluctance is a very serious obstacle.

/Countries, in

Countries, in addition to their own reasons for planning, should have a clear external incentive. A reasonable assurance of sufficient external financial resources is needed to complement the mobilization of their own resources.

III

I have, as you will see, pointed out that Supplementary Financing and international buffer stock schemes are essentially complementary in that they both contribute, though in different ways, to attenuating the problems experienced by developing countries in adjusting their economies to unforeseen vicissitudes in export earnings. To the extent that export earnings fall short of planned targets, then to that same extent the implementation of development programmes would be jeopardized. How then to ensure the external integrity of a sound domestic development plan? It would be an act of inestimable importance and great international statesmanship if the Bretton Woods institutions could associate their prestige and resources in responding to that question. Note then the organic interrelationship that could be conceived if the SDR "link" could help the developmental requirements of the Third World, whether through strengthening Supplementary Financing or buffer stock schemes, or directly in the form of financial assistance to national plans.

3 June 1969

over the period of the past few years, the number of people who have been
instructed in the use of the computer has increased. This is due to the fact
that the computer is now being used in a wide variety of fields.

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It is not surprising that the number of people who have been
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2.

JUN LATINOAMERICANO
JUNE 1969

LA MARCHA HACIA EL MERCADO COMUN LATINOAMERICANO

Por Raúl Prebisch

Publicado en La Nación, Buenos Aires, 13 y 14 de junio
de 1969

I.

1. Ni mecanismos supranacionales ni designios políticos

Al regresar a América Latina, después de 6 años de ausencia, apenas interrumpida por viajes fugaces, compruebo con preocupación lo que me parecía ver a la distancia: que se ha debilitado el interés por el mercado común latinoamericano. Es pues comprensible que en las semanas transcurridas me haya esforzado en averiguar y comprender las razones de este enfriamiento.

Mi preocupación es comprensible. La industrialización de todos los países latinoamericanos es exigencia ineludible de su desarrollo económico. Y no podrá cumplirse este proceso en grado suficiente para acelerar el ritmo de crecimiento, si no se acrecienta intensamente el intercambio entre ellos.

Tal fué el objetivo primordial del Tratado de Montevideo. La ALALC no es ciertamente un mercado común. Pero pone en manos de los gobiernos una serie de instrumentos que, manejados resueltamente, permitirían llegar a él en el curso del tiempo. Fué posteriormente a la firma del Tratado, en la reunión de Punta del Este (1967), cuando los presidentes latinoamericanos acordaron alcanzar plenamente esta meta final en 1985.

Desgraciadamente, a esta solemne declaración no siguieron las medidas concretas indispensables para plasmarla en realidad.

Son variados los obstáculos que se interponen. Unos de carácter político, otros de índole económica. Entre los primeros aparece el mito de la supranacionalidad. Es muy lamentable que este concepto haya surgido, pues no se requiere mecanismo supranacional de ninguna naturaleza para constituir el mercado común. Ni en las ideas originarias que surgieron de la CEPAL, ni en la concreción de estas ideas en Montevideo, se hace referencia alguna a la supranacionalidad. No deja de ser extraña la insistencia de objetar mecanismos supranacionales cuando ellos no existen sencillamente, ni son necesarios. Tanto en la marcha progresiva hacia el mercado común como en la organización final de éste, no cabe pensar que decisiones que afectan el desarrollo económico y social de cada país miembro tengan que subordinarse a la regla de la mayoría, en desmedro de la soberanía de país alguno. Todo tendrá que ser objeto de acuerdo, salvo aspectos de menor importancia en que, a la luz de la experiencia, los mismos gobiernos convengan en forma unánime establecer procedimientos que permitan actuar con flexibilidad y sin demoras.

Estas consideraciones me llevan a tratar otra objeción que suele también aflorar cuando se discute este asunto. Hay quienes, que, con un sentido visionario, sueñan con la unidad política de la América Latina. Desde los tiempos de Bolívar viene surgiendo intermitentemente esta idea. Cualesquiera que fueren su mérito y sus posibilidades de realización,

no tiene por qué confundirse con el concepto del mercado común. Tal como ha sido planteado este problema en la América Latina, el mercado común no tiene un designio político. Pero si alguna vez llegara a constituirse plenamente, no cabe duda que la estrecha cooperación latinoamericana en el campo económico podría constituir una base sólida para llegar a la unidad política, si los gobiernos así lo decidieran. Pero no hay por qué discutir desde ahora lo que correspondería en todo caso a futuras generaciones. Se concibe muy bien el funcionamiento eficaz del mercado común latinoamericano independientemente de todo concepto de unificación política.

2. Los acuerdos de complementación y la división internacional del trabajo

En todo esto es conveniente determinar claramente las dimensiones verdaderas del problema. El Tratado de Montevideo, conviene repetirlo, no es un tratado de mercado común; significa, simplemente, un arreglo por el cual los gobiernos miembros se acuerdan preferencias recíprocas para estimular su intercambio comercial. Sin embargo, conforme estas preferencias van extendiendo su ámbito y haciéndose más intensas, se podría llegar a un mercado común. En el plan originario surgido de la CEPAL se recomendaban dos etapas. En la primera de ellas se fijaba como objetivo, entre otros, reducir los aranceles entre los países miembros hasta llegar a un nivel moderado. Hecho esto, los gobiernos considerarían la conveniencia de detenerse allí o tomar nuevos compromisos que llevarían efectivamente hacia un mercado común. Creo que estas recomendaciones, inspiradas en la prudencia, tienen aún plena validez. El cumplir la primera etapa, aunque no se pasara a la segunda, tendría considerable significación para nuestros países.

Sin haberse fijado aún los objetivos de una primera etapa, hay que reconocer que se ha hecho un avance considerable en la aplicación del Tratado de Montevideo. Se ha negociado un número significativo de rebajas y se han iniciado, aunque modestamente por ahora, los acuerdos de complementación industrial. Es una reciente discusión con funcionarios de la Secretaría del Tratado, que por cierto me parecen trabajar con gran convicción y eficacia, se me dijo que había aun grandes posibilidades de continuar las negociaciones de tipo selectivo y que la experiencia recogida hasta ahora permitiría afrontar resueltamente acuerdos de complementación en las industrias básicas, especialmente en aquellas en que tendrá que avanzar ineludiblemente el proceso de sustitución de importaciones

Para mí, este punto es muy relevante. Bien se sabe que los países industrialmente más avanzados de la América Latina casi han agotado las posibilidades de sustitución de importaciones de bienes de consumo, y se han visto llevados a la implantación de industrias sustitutivas más complejas, como son las de bienes intermedios y bienes de capital. También es sabido que estas industrias requieren mercados mucho más vastos que los mercados nacionales y que la única forma de llegar a establecerlas y desenvolverlas en forma económica, esto es, a costos razonables y no exorbitantes, es la de los acuerdos de complementación que dividan racionalmente la producción entre los distintos países.

También aquí he encontrado frecuentes malentendidos acerca del alcance de este concepto de la división interlatinoamericana del trabajo. Algunos creen que esto significaría para la Argentina, por ejemplo, circunscribirse

a exportar productos primarios al mercado común y recibir en cambio bienes industriales. No sé de alguien que hubiera pensado seriamente un semejante absurdo. Con o sin mercado común, la Argentina, así como los otros países latinoamericanos, tiene que desenvolver vigorosamente su industria. No se trata de retroceder al esquema de intercambio del siglo XIX.

El problema de hoy es completamente diferente. Póngase como caso el de la siderurgia. Podrá haber países latinoamericanos que tengan mejor hierro o carbón; pero ello no constituiría impedimento a esta industria básica. Más aún, si la Argentina no tuviera estos recursos y fuera necesario importarlos podría tener una industria siderúrgica, económica y eficiente, basada en su gran consumo presente y sobre todo en su consumo potencial. Sin embargo, para lograr un alto grado de economicidad y de eficiencia, no cabría elaborar la vasta gama de productos sino especializarse en una serie de ellos, tanto para el consumo interno como para la exportación principalmente a países latinoamericanos, e importar otros productos provenientes de la industria siderúrgica de tales países. Todo ello tendría que ser objeto de un acuerdo de complementación o, si quiere llamársele, de integración.

Dicho sea de paso, tampoco creemos que sean irreconciliables las consideraciones de defensa nacional de cada país, con una sana política de desarrollo siderúrgico. Que se diga pues a los economistas qué es lo que, en virtud de estas consideraciones, se necesita producir ineludiblemente dentro de cada país y qué es lo que podría ser objeto de convenios de integración.

Mas de una vez se me ha dicho que ni la Argentina, ni ningún otro país latinoamericano aceptaría que estas formas de integración industrial le sean impuestas desde afuera. Para ser más preciso, que no corresponde a una institución financiera internacional decidir mediante sus operaciones de financiamiento qué es lo que un país ha de producir o abstenerse de producir. Esto es tan obvio que no merece discutirse. No es éste el papel de las instituciones de crédito internacional, por potentes que fueran. Corresponde exclusivamente a los gobiernos tomar libremente estas decisiones y sin presión alguna, de acuerdo con sus propios intereses. Y es sobre la base de estas decisiones que las instituciones de crédito internacional deben realizar sus propias operaciones de financiamiento, previo examen de los proyectos respectivos conforme se hace normalmente. El papel de las instituciones de crédito internacional es, ciertamente, de gran importancia. Pero sólo concierne a los gobiernos, en este y otros aspectos, tomar decisiones relativas a su desarrollo económico y social.

3. Primero, la integración interior, después la integración latinoamericana

Pero aquí nos encontramos también con otro argumento que suele esgrimirse con frecuencia en contra de la idea de integración. Integramonos primero dentro de cada país - se dice - y sólo una vez cumplido este objetivo, abórdese la integración económica latinoamericana.

Desde luego, la solución de este problema de la integración interior es de decisiva importancia para nuestros países. Cerca de 45 por ciento de la población en edad activa de la América Latina se encuentra trabajando con muy baja productividad y en precarias condiciones en las actividades

primarias. A ello se agrega el fenómeno inquietante de la población marginal que, habiendo dejado la constelación económica y social de los campos se concentra en las ciudades sin haber podido ser absorbida con satisfactoria productividad en los sectores modernos de la economía, esto es, sin integrarse en la constelación económica y social de aquellas. A esto hay que agregar la fuerza de trabajo que está crónicamente desocupada en proporciones que en algunos países son también muy serias, así como la población redundante incrustada en la administración pública y en otras actividades de la economía. Por cierto que estos fenómenos se presentan con mucho menos intensidad en la Argentina y en el Uruguay, pero existen sin duda y deben preocuparnos seriamente.

Por otro lado, se reconoce que la elevación del nivel de vida de las masas rurales sólo podrá conseguirse incorporando a la producción agrícola formas modernas de tecnología que acrecientan rápidamente la productividad por unidad de tierra y por hombre. Ello tenderá a acentuar la migración de gente de las actividades agrícolas. De todos modos, es indispensable afrontar este asunto y no se logrará resolverlo si no se acelera el ritmo de crecimiento económico de la América Latina. Este ritmo ha sido en término medio de aproximadamente 4.7 por ciento en lo que va de este decenio y no creo que una tasa inferior también, en término medio, a 7 por ciento, pueda evitar el agravamiento de esta inquietante situación. Conviene advertir que se trata de simples promedios. En el caso de la Argentina y el Uruguay, dado que la población crece con mucho menos intensidad que en el conjunto de América Latina, y que el fenómeno de la población redundante

es mucho menos intensa que en los demás países, no cabe dudas que una tasa algo inferior de crecimiento podría cumplir este papel dinámico.

Ahora bien, para acelerar la tasa de desarrollo es indispensable elevar también la tasa de crecimiento de las exportaciones y esto no podrá conseguirse sin un vigoroso aliento a las exportaciones industriales. Aquí está pues el punto decisivo. Estoy persuadido que, aún en la hipótesis más favorable de tratamiento de las exportaciones industriales latinoamericanas en los países desarrollados, ello no resolvería completamente este problema. Me parece pues indispensable desarrollar las exportaciones a otros países latinoamericanos; y si no se quiere caer en aquel esquema pretérito de intercambio prevaleciente en el siglo XIX, el país que logre dar gran vuelo a sus exportaciones tendrá también que admitir importaciones de productos industriales provenientes de los países latinoamericanos. Para cumplir este objetivo es indispensable dar impulso a la marcha hacia el mercado común, principalmente a través de los acuerdos de complementación o integración industrial en las actividades sustitutivas de importación.

La conclusión es muy clara. Para llegar a la integración interior incorporando las grandes masas de población redundante y marginal a la vida económica moderna de nuestros países, es indispensable acelerar la tasa de desarrollo, y para acelerar la tasa de desarrollo es ineludible cumplir ciertas medidas de integración latinoamericana. En consecuencia, la marcha hacia la integración latinoamericana no sólo no es incompatible con la integración interior de nuestros países, sino que es condición esencial para que este proceso se cumpla eficazmente.

4. Mercado interno y estrangulamiento exterior.

Este mismo argumento de la integración interior suele presentarse en otra forma. Así, a mi paso reciente por Brasil, cuando preguntara a algunos amigos por qué también allí se había enfriado la idea del mercado común, se me dijo que el Brasil tenía enormes posibilidades en su mercado interior, que podrían permitirle una gran expansión industrial sin necesidad de buscar la ampliación de ese mercado en los demás países latinoamericanos. Observé por mi parte que a fin de que ese mercado potencial se transformara en mercado real, sería indispensable acelerar su tasa de crecimiento dando fuerte impulso a sus exportaciones. En efecto, un día antes se me había expresado que una tasa de crecimiento entre 6 y 7 por ciento por año exigiría aumentar a una tasa equivalente las exportaciones. Sin embargo, no se espera que las exportaciones tradicionales crezcan a una tasa superior a 3 por ciento, de tal suerte que ese objetivo solamente podría cumplirse si las exportaciones industriales se desarrollaran con gran rapidez, lo cual no sería posible sin imprimir fuerte impulso a las exportaciones a otros países latinoamericanos. Dicho de otro modo, aún con el enorme mercado potencial del Brasil, el intercambio industrial con otros países latinoamericanos es de esencial importancia a fin de que ese gran país pueda vencer el fenómeno de estrangulamiento exterior que caracteriza en mayor o menor grado el desarrollo económico latinoamericano.

II

5. Eficiencia industrial y competencia exterior

El acento que he puesto en los acuerdos de complementación o integración industrial, sobre todo en el caso de las nuevas industrias sustitutivas de importaciones, no me hace perder de vista otro aspecto del problema de la industrialización de nuestros países. Por una serie de circunstancias harto sabidas la industrialización se ha desenvuelto al amparo de un proteccionismo exagerado que, si pudo justificarse en los primeros tiempos, ya no se justifica más. En esos tiempos iniciales, la protección fue un gran estímulo a la formación de nuevas industrias. Hoy es un factor que prolongado excesivamente desalienta la eficacia productiva, pues la industria se desenvuelve sin el poderoso acicate de la competencia exterior. No creo, desde luego, que sea posible pensar en esta etapa, salvo casos excepcionales, en la competencia de los grandes países industriales, pero sí en la competencia de otros países latinoamericanos.

Para conseguir este objetivo habría que emprender la rebaja gradual de los aranceles para los productos industriales provenientes de otros países hasta llegar a un nivel moderado que, agregado al costo del transporte, signifique una razonable protección. El plazo en que pudiera cumplirse esta política podría ser ciertamente holgado, 10, 12 ó 15 años, plazo suficiente para que las industrias vayan adaptándose sin sobresaltos a la nueva situación. No hay, a mi juicio, otra forma de inducir a los empresarios a mejorar su productividad, que con el desenvolvimiento de

este género de competencia. Lo están reconociendo así los mismos países socialistas.

Esta política tendría que llevarse a la práctica en condiciones de reciprocidad. Sería en efecto lamentable que un país procediera aisladamente a rebajar sus aranceles para los otros países latinoamericanos y no recibir de ellos un tratamiento similar, pues se crearía un desequilibrio de serias consecuencias. Es en virtud de esta consideración que debiera aprovecharse el mecanismo del Tratado de Montevideo para concertar esta política, con lo cual se daría más impulso a la marcha hacia el mercado común.

Sin embargo, debo manifestar sin reticencias que, a mi juicio, para vencer el estrangulamiento exterior de nuestras economías, un instrumento ineludible, cualquiera sea la política industrial de los países, que debiera emplearse sin demoras, es el de los acuerdos de complementación o integración, principalmente, como antes dije, en las nuevas industrias sustitutivas de importaciones, sin que ello signifique que no puedan ni deban concertarse acuerdos similares en las industrias sustitutivas que ya se han establecido y que operan con costos sumamente elevados en desmedro de la economía de nuestros países.

A los fines de esta política sería necesario dar asistencia técnica y financiera adecuada a las industrias respectivas a fin de ponerlas en condición de afrontar este proceso competitivo. Sin embargo, no hay que exagerar este aspecto, como lo demuestra la experiencia de otros países. El desenvolvimiento gradual de la competencia dentro del mercado común europeo no ha originado ninguno de los trastornos que antes se temían; lo

mismo podría decirse de la zona europea de libre comercio. Permitaseme relatar a este respecto lo que me ocurrió en **Finlandia**. Tuve el placer de visitar este país en los primeros tiempos de aquella zona, hace algo más de 10 años, como funcionario de la CEPAL, y volví allí, hace pocos meses, antes de dejar la Secretaría General de UNCTAD. En aquella época encontré gran preocupación acerca de los grandes trastornos que las importaciones provenientes de Suecia y Dinamarca, países mucho más avanzados industrialmente que Finlandia, tendrían sobre las industrias incipientes de este país. En mi visita reciente, me fue dado encontrar algunos de mis interlocutores de aquel entonces y preguntarles cuántas industrias habían sufrido o desaparecido a raíz de las rebajas arancelarias. Fue grande su sorpresa ante mi pregunta, pues ya habían superado aquellos viejos temores. No se había cerrado un solo establecimiento industrial, pues la rebaja gradual de aranceles llevó a los industriales a mejorar su eficiencia; ésto, no sólo les permitió resistir bien la competencia con los otros países miembros, sino también emprender nuevas exportaciones industriales hacia ellos.

Es importante subrayar esta última consideración. Para que nuestros países logren realizar crecientes exportaciones a los países desarrollados es indispensable que las industrias mejoren su eficiencia y productividad; y ello no se conseguirá, vuelvo a insistir, sin aquella política de reducción arancelaria. Mis amigos de la Secretaría de ALALC no creen que sea posible en estos momentos que los gobiernos miembros tomen compromisos de rebaja automática o programada de aranceles hasta llegar a un nivel moderado. Respeto mucho esta opinión basada en un conocimiento concreto de los hechos

de que yo no dispongo ahora, pero a pesar de ello pienso que no debiéramos dejar de lado la consideración de esta política por las razones que acabo de apuntar.

Acaso los países más desarrollados de la América Latina pudieran comenzar las rebajas aplicándolas a las importaciones provenientes de los países de menos desarrollo relativo y muy especialmente de aquellos países que no han podido extraer aún de la AIALC ventajas equivalentes a las que otros han logrado. Pero no basta la simple rebaja de aranceles. A fin de facilitar las importaciones se requiere una política activa dentro de la AIALC, esto es medidas de los países más desarrollados para estimular el establecimiento de industrias en los menos desarrollados a fin de que puedan aprovechar estas ventajas arancelarias. La cooperación de las instituciones de crédito internacional y, muy particularmente del Banco Interamericano, podría ser en todo esto de gran eficacia. No se olvide que Don Felipe Herrera, profundamente convencido como está de la necesidad de dar impulso a la marcha hacia el mercado común, suele llamar a esa institución el Banco de Integración.

6. La iniciativa privada extranjera y el fortalecimiento de la empresa latinoamericana

Estas consideraciones me llevan a considerar otros aspectos importantes de este vasto problema. En todos los países de la América Latina percibo ciertas aprensiones, que comparto plenamente, a saber que los acuerdos de complementación o integración industrial sean aprovechados principalmente por grandes empresas multinacionales de los países industriales y no por la empresa latinoamericana. Existe evidentemente este riesgo.

Con o sin el mercado común, los países latinoamericanos están cada vez más expuestos a que la inversión privada extranjera adquiera un papel cada vez más importante en su propio desarrollo. Hemos visto en todas partes en la América Latina que industrias ya existentes en manos de nacionales han pasado al control extranjero. Esto me parece muy serio, pues el desarrollo tiene que ser auténtico y para esta autenticidad es indispensable fortalecer la situación de la empresa nacional. La inversión privada extranjera tiene que ayudarnos a corregir progresivamente la evidente inferioridad tecnológica de nuestros empresarios y no perpetuar esta inferioridad. No se tomen estas consideraciones como expresión de antagonismo hacia la iniciativa privada extranjera. Nada de ello. Considero que esta inversión representa un elemento poderoso de transmisión de tecnologías que, por el momento, no nos son accesibles, tecnologías que están en impresionante evolución. Pero la inversión privada extranjera no tiene generalmente este papel en industrias ya existentes en manos nacionales o en industrias en que la tecnología es fácilmente accesible. Por lo demás, hay otras maneras de absorber tecnologías y de crear algunas formas propias de tecnología en la América Latina, sin que ello disminuya el papel importante que en este sentido tiene la inversión privada extranjera.

En esta materia, los países latinoamericanos tienen que trazar una política clara. Ante todo, cada país debiera determinar con precisión en qué campos de la economía requiere la inversión privada extranjera y en qué otros campos no la desea. A mi juicio, estas inversiones son de gran importancia en el desenvolvimiento de las exportaciones industriales, pues nos falta, entre otras, la tecnología de aprovechamiento de los mercados exteriores. También son importantes en cuanto a la sustitución de

importaciones de acuerdo con aquellos convenios de complementación o integración industrial. En otros términos, veo un papel muy importante de la inversión privada extranjera en contribuir a la eliminación del estrangulamiento exterior de nuestras economías.

¿Cómo conciliar este reconocimiento de la conveniencia de la iniciativa privada extranjera con la necesidad de fortalecer la empresa nacional de nuestros propios países? Aquí se plantea un problema de indudable significación. No hay razón alguna para pensar que tecnologías que hoy nos parecen difícilmente accesibles no puedan serlo con el andar del tiempo. En consecuencia, considero que debemos buscar formulas que faciliten esta asimilación rápida de la tecnología por nuestros países, sea por la vía privada o pública, según lo determinen los gobiernos.

Ello ha sido objeto de una serie de interesantísimos informes que el Presidente del CIAP, Dr. Carlos Sanz de Santamaría, solicitó a expertos latinoamericanos y extranjeros. He examinado estos informes, a pedido del propio Dr. Sanz de Santamaría, y comentado su contenido en un breve trabajo que acabo de presentarle en mi condición de Director General del Instituto de Planificación de las Naciones Unidas en Santiago de Chile, y que ha sido distribuido a los gobiernos miembros del Consejo Interamericano Económico y Social. Se discute allí las ventajas de las empresas mixtas entre latinoamericanos y extranjeros (joint ventures) y otra idea que me parece digna de atenta consideración.

Según esta idea, la empresa extranjera que quisiera actuar independientemente de estas combinaciones mixtas y en los campos en que se hubiera manifestado interés en recibirla, podría actuar así por un período convenido,

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COOPERATION FOR L.A.
DEVELOPMENT, MAY 1969



REFLECTIONS ON INTERNATIONAL COOPERATION
FOR LATIN AMERICAN DEVELOPMENT

Document prepared by Dr. Raúl Prebisch, Director General of
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REFLECTIONS ON INTERNATIONAL COOPERATION FOR
LATIN AMERICAN DEVELOPMENT

Raúl Prebisch

I. THE PACE OF LATIN AMERICAN GROWTH

1. The Charter of Punta del Este came into being in 1961. This outstanding document spelled out ideas and aspirations long and urgently expounded by the Latin American countries. For them, the Charter was an authentic expression of their own concept of economic and social development and a clear acknowledgement of the need for a policy of international cooperation in order to encourage this process and the drastic changes entailed.

During the ensuing years, the conviction that the fundamental objectives of that Charter are far from being fulfilled has been affirmed and extended, despite certain progress that is significant but limited in scope. This feeling predominates in the Latin American countries, and President Nixon recently pointed out that the cardinal purpose of the Charter, to accelerate the rate of Latin American development, has not been realized. He was also particularly concerned with the fact that, if prevailing trends should continue, the per capita income for Latin America by the end of this century would be 15 times less than that of the United States. It is currently seven times less.

I should like to call to the reader's attention the fact that points 14, 15 and 16, and points 39 through 48 which appear in Chapter V, "International Cooperation and Scientific and Technological Development", and to which I subscribe, have been contributed by Dr. Patricio Rojas, Chairman of the Executive Committee of the Inter-American Cultural Council.-- R.P.

2. There could be no more eloquent justification of the need for a new examination of international cooperation in development of the Latin American countries. These countries are conducting such a study, while the international organizations are promoting a new evaluation of the situation in the developing world. Regional agencies concerned with these problems are also undertaking such an examination. Bringing together their responsible officers in order to draw conclusions from their own experience guided by frank objectivity, they have agreed on points of decisive importance and acknowledged the urgent duty to issue certain conclusions at this time of such significance for Latin America.

3. The basic principles of the Charter are as valid today as they were in 1961. They responded to conditions in Latin America that have not changed in essence, though the problems have become more serious and complex. There is an urgent need to provide specific solutions. The measures for handling these problems also continue to be valid. No one questions the need for accelerating the pace of economic and social development and the further need, in order to attain this goal, for providing a strong incentive to foreign trade and promoting intensive mobilization of domestic investment resources with an adequate complement of international financing resources. There has also been increasing recognition of the need for changes, new attitudes, a true development discipline and far-seeing measures to improve income distribution, in order to achieve clear objectives of economic and social development.

But radically different views are held on the means of bringing about these changes and transformations. Without denying the power of ideologies, the facts themselves will determine how this process will be carried out over the next decade. Latin America has no time to lose. Either a strategy will be followed in which measures of international cooperation are combined with domestic measures to channel the dynamics of development in an orderly and vigorous fashion or the predictable course of events will eventually impose types of change and transformation involving great human sacrifice at considerable political and social cost. Regardless of the fervor and conviction with which this aim may be pursued, it will not suffice to modify the prevailing conditions unfavorable to acceleration of development at the international level.

In any case, international cooperation is essential: in the context of a policy of orderly and measured development; and, following violent changes, to reconstitute the constructive elements of the economy.

4. There is nothing more evident in the complex of Latin American development problems and the urgent need for their solution than the inadequacy of the present economic system to absorb productively the labor force emigrating from rural areas and to improve rapidly the lot of those who remain behind. It should be recalled that nearly one half of the Latin American labor force exists under these conditions.

This phenomenon of dynamic insufficiency of the economy to absorb productively the increased labor force was not so marked at the beginning of the decade, for at that time the consequences of the great

demographic push initiated two decades earlier were not perceived as broadly as they are today. It is particularly noteworthy that this fact is also observed in countries where the development rate has significantly exceeded the minimum objective of the Charter of Punta del Este.

This is how the highly unsettling phenomenon of marginal population in large and intermediate Latin American cities has developed. Growing masses of population emigrate from the countryside, abandon the economic and social constellation to which they belong and fail to become a part of the normal pattern of existence in the cities. Apart from its social consequences, this entails a considerable waste of human potential, as does the surplus population that could easily be eliminated from certain private and state urban activities if the economy had sufficient absorptive capacity.

5. There is no other in-depth solution to this dynamic insufficiency of the economy than a sizable increase in investments of physical capital and social improvement with the consequent acceleration in development to favor markets expanding strongly inward and outward. It is an illusion to believe that a satisfactory solution could be reached by retaining more people in agricultural activities, except for special and inherently limited cases. Latin American agriculture also needs to undertake an authentic technological revolution if a substantial improvement is to be made in the living standard of the great rural masses, thus opening up a new domestic frontier for industrialization. Regardless of

how much mechanization is restricted, fewer people will be needed to produce a specific amount of commodities. It is essential therefore to increase the demand for these products and at the same time to improve the economy's capacity to absorb the labor which, despite this demand expansion, would no longer be needed for agricultural production.

This poses an inevitable dilemma. Either we retain more people in agriculture to the detriment of productivity, or we expand the latter to the detriment of rural employment. While the first alternative could be an outlet imposed by social considerations in certain extreme cases, it could not avoid the need to increase productivity through the introduction of new techniques if the living standard of the rural population is to be steadily improved.

Consequently, it is of decisive importance to increase the coefficient of investment in order to absorb into the economic infrastructure, into industry and into the sectors that will evolve fully with economic development, the surplus labor which, because of technical progress, is no longer needed in agriculture.

6. This indicates that agricultural progress and industrialization are not mutually exclusive but complementary proposals. Industry has lost much of its dynamic momentum and needs to open up a new, highly promising frontier in the now very low level of consumption of the rural masses, while at the same time agriculture must base itself on industry and other activities that can absorb its increased output.

Moreover, by providing a greater incentive to industry in this way, timely measures would have to be taken to prevent the continuation of its excessive concentration in larger urban centers by displacing this activity toward less heavily populated rural communities. We must not confuse retention of population in agriculture with retention of population in the countryside.

Such is the great problem that must be faced by the Latin American countries, and such is the primary justification of the increase in investments and consequent acceleration of the growth rate. International cooperation is an inevitable requisite for this purpose. This is a problem that cannot be postponed, since its continuing aggravation entails serious social consequences. No lengthy delay in its solution would be possible, for in the meantime it would become an explosive issue.

7. In effect, a term of nearly 20 years is required for a wise and prudent demographic policy to exert its effect on the labor force. Deliberate birth control is often advocated as a means of accelerating the development rate. But during the next 20 years, those already born and surviving over the period will gradually join the labor force. Consequently, the terms of the problem of labor absorption have already been stated and could not be changed. It would undoubtedly be wise to confront this problem now, for 20 years is a short time in the life of a country. There is an urgent need to frame rational demographic policies designed to solve the development problems of each country, pursuant to the guidelines of the respective governments. However, demographic

policy should by no means be considered as the basic solution to the development problem but rather as one of its component factors; it is, of course, not an alternative to a broad policy of international financial cooperation.

8. These brief initial considerations are designed to place international cooperative measures within the general context of economic development. They are general considerations relating to phenomena which, while characteristic of Latin America, display a broad range of intensity in the several countries. Each country must therefore formulate its own development strategy and strive to utilize the measures of international cooperation effectively.

II. PURPOSES OF INTERNATIONAL COOPERATION

9. International cooperation is of basic importance within the concept of the Charter of Punta del Este. This is not because the Charter has ignored the role of domestic effort; to the contrary, never had so much stress been placed on the inescapable responsibility of the Latin American countries for undertaking their own development. But in the light of experience it was implicitly recognized that the best policy of internal development, the most genuine social inspiration of that policy, would sooner or later reach absolute limits that could only be breached through far-seeing measures of international cooperation. It must be acknowledged that these measures have either failed to achieve the breadth and continuity required or simply not been adopted at all. Consequently, what has happened to the principles of the Charter in these years can only be attributed to shortcomings in its application.

There are three problems whose solution calls for international cooperation from the industrialized world, especially the United States:

- Shortage of capital;
- External constraint of the economy;
- Technological inferiority of the Latin American countries.

10. Capital investments in Latin America have in the past five years averaged between 17% and 18% of the gross product. It is estimated that this coefficient would have to increase well above 20% in order to accelerate the development rate in fulfillment of the purposes noted above.

The transfer of international financial resources could be a very important factor in this achievement, if it were received in adequate volume and on better conditions.

The volume of resources has been insufficient. This statement might be surprising, considering that between 1960 and 1967 these funds reached the impressive figures of approximately \$21.4 billion. But deducting amortizations and reimbursements of capital, the net remainder comes to about \$11.5 billion, representing an annual average of roughly \$1.4 billion. In the same period, investments made with the resources of the Latin American countries themselves amounted to more than \$100 billion. Consequently, this \$11.5 billion in net capital from abroad constituted barely 9.6% of aggregate investments. The Charter of Punta del Este hoped for a participation of 20%. 1/

The figures cited cover all transfers under every heading. Those from the United States amounted to \$8.5 billion during the period, while amortizations and reimbursements totaled \$2.1 billion. Therefore, net capital transferred by this country to Latin America came to only \$6.4 billion.

The substantial increase in these resources, in addition to expanding investments directly, will help to mobilize domestic resources more intensively, if the Latin American countries take effective steps to this end.

1/ These figures exclude Cuba and represent total public and private transfers from the OECD member countries to Latin America.

11. The trend toward external constraint of the economy is a persistent characteristic of development and constitutes a strong deterrent to its acceleration. It is universally accepted that this situation results from the fact that during the course of development imports tend to expand more rapidly than exports of goods and services. The resulting imbalance makes it impossible to fulfill this primary objective.

It is therefore essential to expand exports more rapidly through liberalization and incentive measures by the industrialized countries, which have certainly not been adopted in this decade, as well as by combined measures of promotion by the Latin American countries.

The latter must also take firm steps toward liberalization for rapid development of their reciprocal trade in progressing toward the common market which the Latin American Presidents agreed to set up at the second Punta del Este meeting (1967). Otherwise, no radical correction of the trend toward external imbalance will be possible.

12. The transfer of financial resources from abroad can play an important role in eliminating the trend toward external imbalance. This will depend on whether the net volume reaches a level adequate for development requirements and on whether this flow takes the form of capital investments that help to increase exports and replace imports and leave a broad margin of foreign exchange available after complying with remittances for financing service.

It is not enough for international financial resources to be well invested and to expand a country's income; for part of this income must be remitted abroad in payment of interest and dividends. And if this higher income does not derive from an increase in exports or from import replacement activities, the external constraint of the economy will be aggravated instead of eased.

It is not clear whether this has occurred, or to what extent, with the \$14.2 billion remitted abroad in 1960-67 for interest and profits. It can only be said that remittances, amortizations and reimbursements of capital together have taken a growing proportion of exports of goods and services. If profits on foreign private investments are added to service on the long and short-term external debt, this proportion totals 27% in 1967 as compared to 23% at the beginning of the decade. This has created very difficult situations in certain countries and will continue to create them for others as well, unless current trends are changed. Therefore, it is essential to take precautionary steps so that new transfers of financial resources from abroad will in the future contribute more effectively to easing external constraint rather than heightening it.

13. We could not fail to mention here transfers of Latin American capital abroad. In the light of experience, it is virtually impossible to prevent these outflows by control measures. But it is possible to create favorable conditions so that these resources will remain in the Latin American countries themselves. Monetary stability is the first requirement, followed by efficient organization of domestic capital markets.

14. It should also be kept in mind that science and technology, in contrast to education, have far less of a tradition in Latin America in terms of social aspirations, public policies and national investments. The cultural framework has not been receptive enough to values promoting scientific and technical activities, largely owing to the characteristics of the educational system.

The degrees of development of scientific activities reveal vast differences comparing one field of knowledge to another or analyzing different countries, with some groups and institutions in the region operating at a standard of excellence. The field of technology, for its part, shows a great disparity in the technical levels of company operating efficiency and an almost complete lack of capacity for generating and disseminating technical innovations.

15. In both the public and private production sectors, Latin America has failed to make maximum use of the scientific knowledge potential. The absence of a greater capacity for generating and disseminating innovations results from the weakness of the scientific and technical system and from the existence of a great majority of companies that are not inclined to innovate, owing to many economic, social, cultural and technical factors. At the same time, the importation of outside technologies is an established process, owing largely to foreign investments. However, these have not played the same positive role in Latin America with regard to technical development as they appear to have played in other areas such as Europe. This may be because United States companies in Europe install laboratories and undertake research that help to strengthen the scientific and technical

capacity of those countries, which has not been the case in Latin America. Secondly, United States investment in Europe appears to have concentrated on research intensive industries while in Latin America it has focused on extractive or consumer goods industries. National investment, because of its lack of know-how, carries out most of its transfer of technology by receiving techniques in the public domain, imported as know-how licenses, and, comparatively speaking, does not acquire patented knowledge that includes the major technical innovations.

16. However, in response to this situation, which has created a technical dualism in the region, a certain favorable trend appears to be developing. Some industrialists have grasped this situation and are beginning to request the services of the few technological institutes existing in the region. Some governments, in turn, are becoming aware of the need for an integrated system of production, distribution and use of knowledge. In recent years, there has been a rapid increase in the formation of national councils to promote science and technology, followed by the establishment of scientific and technological policy agencies. All of this could in the future facilitate the incorporation of integrated scientific and technological planning within the framework of general development planning.

III. FINANCIAL COOPERATION

17. In principle, the United States and most of the industrial countries agreed at UNCTAD II to transfer net financial resources to developing countries in an amount equivalent to 1 per cent of their gross product. But very few of those nations have to date set the year in which this objective can be achieved. If, for example, the year 1972 should be established as a goal, net transfers from all the OECD member countries would amount to \$ 19 billion in that year, as compared to \$ 11.4 billion transferred in 1967, taking into account a probable increase in the gross product. In the case of the United States, the transfers would amount to \$ 10.5 billion, against \$ 5.6 billion in 1967.

If this objective were gradually achieved, the Latin American countries could count on additional resources which, combined with an intensive mobilization of domestic financial resources, would enable them to exceed significantly the minimum 20 per cent coefficient of investment mentioned above.

18. The difficulties faced by the United States in the immediate achievement of this goal are well known. But it is to be hoped that these difficulties will be transitory. And unless the need for a substantial increase in the net volume of financial transfers is proposed now, we run the risk that, when the time comes, it will be considered as a secondary matter with a low order of priority incompatible with the goal sought.

19. In the same connection, one promising aspect of external financing should be considered. Use of the special drawing rights of the International

Monetary Fund will supply its member countries, especially the great industrial nations, with additional monetary resources on the international level. Within UNCTAD and in CIAP and IDB documents, it has been suggested that some of these new resources or the equivalent in the currency of the countries receiving them should be transferred to international credit institutions to increase the flow of financial transfers to the developing countries.

It is understood that the volume of these new international monetary resources will have to be determined by strict consideration of international monetary liquidity and not by the investment needs of the developing countries, regardless of their validity. But no principle whatever will be violated if, once the volume of new monetary resources required for the development of world trade has been so determined, we proceed along the lines suggested. This problem deserves very special consideration.

20. Given the trend toward external constraint of the economy, it would be desirable to ease the burden of financial servicing, which in some countries is excessively heavy. Refinancing operations have already been undertaken and this matter should be followed closely in order to anticipate critical situations.

This, of course, highlights not only the need for a larger volume of external financing, but also the necessity for supplying such resources on terms suited to the countries' payment capacity; for which it is essential that the financing institutions expand their "soft" loan development funds.

21. With regard to new transfers of financial resources, the idea of a subsidy as proposed in the Horowitz plan is often mentioned. Current circumstances make careful consideration of this plan even more timely now than in the past. Another solution deserving serious examination is a combination of loans so that the average interest rate and term of amortization will be compatible with the external payment capacity of each country, taking into account its degree of development as well. In this way, loans made with resources obtained in the market could be combined with loans from special resources contributed by the governments on more favorable conditions than those of the market, or without payment of interest, and export credits at suitable terms.

In this connection, mention should be made of the experience of institutions like the IDB that have "soft" loan resources available. Such financing has made it possible to offset much of the increase in interest rates on resources mobilized in the private capital markets, to give special attention to external financing requirements of the less developed countries, to cover such sectors as agriculture and education, and to promote long-range programs, as in the case of various activities aimed at encouraging regional economic integration.

Obviously, this combination of different financial transfers could be facilitated when these plans are over-all in nature and cover all investment needs, as well as balance of payments prospects. CIAP could play an important role in this respect, on the basis of its experience acquired in the annual review of countries and evaluation of plans.

22. Tied credits are a source of concern in the Latin American countries. It is calculated that, in general, they add about 24 per cent to the price of imports. ^{1/} Efforts to eliminate tied credits completely should be continued and intensified. In the case of program loans granted by the United States, such tying is applied through the concept of "additionality". Under this concept, the total credit amount must be spent on imports from the United States included in a "positive list", which should be additional to those that would have been imported from that country without the credit. The administrative problems and economic cost involved in the concept of additionality, on a comparative basis, far outweigh the few advantages accruing to the United States. ^{2/} Without prejudice to other nations, an examination might be made of the possibility of using counterpart funds under the Public Law 480 of the United States to subsidize these imports so that their prices would be competitive for the purchasers.

23. In the matter of development financing, the Latin American countries are confronted by a dilemma, for on the one hand they are urged to follow a realistic development policy with specific goals and a proper order of priority for investments, while on the other hand, institutional restrictions currently prohibit the commitment of international financial resources at longer terms during the life of such development plans. Furthermore, the countries themselves are often hard put to commit over-all

^{1/} This figure includes the cost of freight, which is higher when U.S. shipping is used.

^{2/} It is estimated that these advantages do not exceed US\$ 35 million a year.

domestic resources at long term because of the particular workings of their fiscal mechanisms. This matter should be restudied with a view to more effective international financial cooperation synchronized with the domestic effort. Extension of the scope of multilateral operations, on the one hand, and, on the other, the efficiency acquired by CIAP in its evaluations of domestic and external resource requirements can help to overcome those difficulties.

We must also consider the instability deriving from external vulnerability of the economy, as well as internal obstacles to development planning. To encourage planning, it would be highly advisable for the international credit institutions and bilateral credit mechanisms to be authorized to undertake these financing commitments for periods that might range from three to five years. The idea of consortia of regional and bilateral international credit agencies appears highly commendable in this respect, in order to coordinate their action and responsibility beyond the simple approval of individual projects. The efficiency of the consortia or advisory groups will depend largely on the existence of a "residual lender" willing to finance projects that offer lower economic profitability but are nonetheless essential within the over-all investment program, as well as other costs representing the secondary effect of these investments.

24. Another aspect refers to financing of the domestic cost component of national investments. It is essential to provide greater flexibility in the financing of local costs by external financing agencies. From a rational standpoint, external financing should cover the excess of investment over domestic resources committed by a country in principle to mobilize its

development plan. The important point is to cover all investments with savings, from either domestic or external sources, without employing inflationary expedients, and to refrain from using savings for consumer expenditures. It has been the practice of external financing sources to underwrite specific projects, assigning preference to import component. But this procedure offers no way of preventing utilization of a country's domestic resources for investments or costs without high priority. Only an investment program enables the country itself to establish this order of priority, which also facilitates evaluation of the plan. This idea has been gaining ground but has not yet progressed far enough to generalize the application of this sound principle.

Such a step will make it possible to eliminate another difficulty that often emerges. Since the external financing sources are very understandably interested in participating in the financing of important or attractive projects, others are left which, though correctly included in the investment program, do not usually receive external financing or cannot be covered by the scant supply of domestic resources available.

25. From another standpoint, the development plan is essential for effective application of supplementary financing. Continuity of the development plan, with regard to its investment objectives, is frequently frustrated by the external vulnerability of the Latin American economy. The purpose of supplementary financing is to furnish additional financing resources so that the plan can be fulfilled without serious upsets when an unexpected short-fall occurs in its exports.

Although the need for such financing has been recognized in principle within UNCTAD, no practical solution has yet been reached. In the meantime, it would be advisable to advance this solution on the Latin American level by employing existing mechanisms, as suggested by CIAP, which could open the way to the solutions sought on the international level.

26. This is not incompatible with stabilization agreements for primary products, both because such stabilization is not absolute and leaves a sizable margin of fluctuation in a country's external earnings and because of the fact that not all products could be covered by these agreements. It would be desirable in this connection to have international financing of buffer stocks as well, an idea also firmly supported by CIAP. It should be kept in mind that these agreements would not involve any more resources than those required for supplementary financing, for the more such measures stabilize prices, the less the exterior vulnerability of our countries and the smaller the need for supplementary financing.

27. The observations made thus far concern transfers of international public resources. Financial transfers made through private investments pose special problems that have been examined in the series of reports presented to CIAP at its request and which will be submitted to the governments for their consideration.

These reports acknowledge the very important role of these investments in the development process as agents of technological transfer, as well as the need for paying a price for this important service and for the capital contributed by such investments. This leads to remittances

for amortization of capital and profits which, in order to ease rather than aggravate the external constraint of the economy, call for preferential orientation of foreign private investment, as already explained, toward activities that promote exports or replace imports, especially within the framework of a regional or subregional market.

The reports emphasize that foreign investment should not be a factor in perpetuating this significant technological inferiority of Latin American entrepreneurs but should instead help to attenuate it progressively.

It is further considered that a foreign investment policy should also be directed toward the primary objective of ensuring that the Latin American countries will retain the means required to influence their own economy.

28. For all of these purposes it is recommended that each Latin American country establish clearly and distinctly, first, the fields of activity in which it seeks foreign private investment and, second, the system that would govern these investments.

On the last point, CIAP has submitted to the governments and to a group of experts the study of an idea aimed at achieving formulas of broad coincidence of interest between foreign private enterprise and the prospective recipient countries.

Naturally, a joint enterprise of Latin American and foreign investors with a genuine majority of the former is considered to be one of these formulas for coincidence of interests that is winning growing acceptance on both sides. However, the fact is that foreign companies that

could play an important part in the transfer of technology and contribution of capital prefer to control their investments and in some cases do not wish to have even a minority of the capital in Latin American hands.

29. This has led to suggestion of another formula, by which foreign private investment would have full control of the company during a certain period, estimated between a minimum of seven and a maximum of 20 years, at the end of which total ownership or control of the company would pass to Latin Americans as agreed upon previously and in accordance with procedures also to be determined in the initial arrangement.

In other cases, a minority of capital shares might originally be owned by private or public Latin American interests, followed by gradual acquisition of majority and control after a predetermined period.

Meanwhile, in both instances, Latin American personnel would be trained at all levels of technology - production, organization and administration - to exercise their responsibilities within the company.

It is expected that this formula can resolve two very significant concerns: on the one hand, encouragement and strengthening of enterprise in the Latin American countries and assurance of its pre-eminence and, on the other, guarantee that the important decisions for the Latin American countries would not be made abroad. These concerns, as we all know, are one of the most serious obstacles to progress toward the Latin American common market.

The summary nature of this document prevents a discussion of other interesting suggestions contained in the CIAP reports, including the

advisability of establishing on multilateral bases, a system of insurance against noncommercial risks of foreign investments with participation of the Latin American countries.

30. The above ideas on foreign private investment deserve to be discussed on both the regional and international levels in order to reach some reciprocal understanding to facilitate adoption of the pertinent measures by the Latin American countries and attract the effective collaboration of new foreign investments.

The investment policy cannot be approached unilaterally but must seek a coincidence of interests, as outlined above. In this connection, definition of the fields in which foreign investments are preferred will offer an accurate guideline for decisions by external investors, while the emphasis placed on their contribution to eliminating constraint of the economy will make it possible to forestall the obstacles that have at times made it difficult to remit amortizations and dividends. Furthermore, the certain transfer of company control to national ownership, together with the solution of certain problems posed by established foreign companies, will help to clear the atmosphere of concerns which, regardless of their justification, cloud that feeling of mutual confidence on which foreign investment should be firmly based.

31. The framework of a promising policy of foreign investments is not sufficient for gradual correction of the technological and financial inferiority of Latin American entrepreneurs. Mechanisms contributing to their strengthening are essential. Since the technological aspects are considered elsewhere, only the financial aspects are covered here.

The IDB, pursuant to its charter, is furnishing a growing volume of direct and indirect financing to private local enterprises in Latin America through the development credit system. But Latin American participation in joint enterprises and the acquisition of control of foreign enterprises will fairly often require transitory acquisition of shares by some financial mechanism that can be duly transferred to Latin American investors. Accordingly, an examination should be made of the possibility and advisability of setting up a subsidiary within the IDB for this purpose, with attributes similar to those of the International Finance Corporation, a subsidiary of the World Bank. This new subsidiary could, depending on each case, operate directly or through subregional or national development corporations. This matter should be examined by CIAP and the IDB.

32. This need to support Latin American private initiative was expressly recognized at the second Punta del Este meeting, particularly with respect to integration. There the American Presidents declared that "Integration must be fully at the service of Latin America. This requires the strengthening of Latin American enterprise through vigorous financial and technical support that will permit it to develop and supply the regional market efficiently". They agreed "To mobilize financial and technical resources to undertake specific feasibility studies on multinational projects for Latin American industrial firms, as well as to aid in carrying out these projects".

This statement was not followed by specific measures. Naturally, the financial mechanism just mentioned could perform this very important function and, depending on the case, promote the establishment of multinational

enterprises with capital from Latin American countries in association with foreign private capital or help to transfer foreign companies to Latin American interests, as already explained.

33. At the same Punta del Este meeting, the Presidents placed great emphasis on the need for supplementing and modernizing the region's physical infrastructure and resolved to intensify the multinational action required to carry out the corresponding projects. Taking into account that execution of these projects requires special financing, they agreed "To mobilize, within and outside the hemisphere, resources in addition to those that will continue to be placed at the disposal of the countries to support national economic development programs, such resources to be devoted especially to the implementation of multinational infrastructure projects that can represent important advances in the Latin American economic integration process. In this regard, the IDB should have additional resources in order to participate actively in the attainment of this objective".

In recent years the Inter-American Development Bank has been acting, in effect, as the Bank of Latin American Integration. For this purpose, it has committed nearly \$ 300 million to the financing of inter-regional exports of capital goods; to multinational projects, particularly highways, hydroelectric and telecommunications development facilities; to preinvestment studies, and to training, research and support activities for the process of economic integration. The Bank, based on an expanded supply of funds, should continue and extend this work, to which it can contribute an already extremely valuable background of technical and financial experience.

Furthermore, it is believed that the World Bank and other external financing agencies can help to channel resources allocated for the execution of multinational infrastructure projects. In an attempt to fulfill this purpose, it is recommended that CIAP encourage and procure the participation of these institutions in coordination with the IDB work programs.

Multinational projects of this size require heavy preinvestment expenditures that must also be financed. To this end, the Presidents also agreed "To allocate sufficient resources to the Preinvestment Fund for Latin American Integration of the IDB for conducting studies that will make it possible to identify and prepare multinational projects in all fields that may be of importance in promoting regional integration. In order that the aforesaid Fund may carry out an effective promotion effort, it is necessary that an adequate part of the resources allocated may be used without reimbursement, or with reimbursement conditioned on the execution of the corresponding projects". The last Meeting of the IDB Board of Governors adopted a resolution in this respect with a view to strengthening the Bank's current research and preinvestment activities.

34. Finally, the Presidents agreed "To mobilize financial and technical resources within and without the hemisphere to contribute to the solution of problems in connection with the balance of payments, industrial readjustments, and retraining of the labor force that may arise from a rapid reduction of trade barriers during the period of transition toward the common market, as well as to increase the sums available for export credits in intra-Latin American trade. The Inter-American Development Bank (IDB) and the organs of both existing integration systems should participate in the mobilization of such resources".

It should also be recalled in this connection that President Johnson sent a message to Congress in March 1967, shortly before attending the Punta del Este meeting, recommending the allocation of additional resources ranging approximately from \$ 250 million to \$ 500 million over a period of three to five years, beginning about 1970. These resources would be used to strengthen the process of Latin American economic integration. It would seem appropriate to revive this initiative, which can supply a strong impetus toward meeting the additional financial requirements that will derive from the establishment of a future common market for Latin America along the lines indicated in the 1967 Declaration of Presidents.

IV. INTERNATIONAL COOPERATION ON THE TRADE LEVEL

35. In this area, it is necessary to continue the efforts made at the Second United Nations Conference on Trade and Development in New Delhi, in which the Latin American countries participated very actively.

It was proposed, unsuccessfully, at that meeting that negotiating groups be formed to prepare a case-by-case program for gradual elimination of customs duties and nontariff restrictions handicapping the importation of primary and industrial products into the developed countries.

Without prejudice to continued efforts aimed at acceptance of this initiative on the international level, it would be advisable to propose to the United States a similar negotiation mechanism with regard to present and potential Latin American exports to that country, although without requesting any exclusivity. These negotiations should naturally concentrate on products of particular interest to our countries.

In like manner, an attempt should be made to have the United States, as well as other industrial countries, agree to refrain from introducing new obstacles or restrictions in compliance of the pertinent recommendation of the first UNCTAD Conference.

36. At the same time, maximum encouragement should be given to the general nondiscriminatory system of preference for industrial exports of the developing countries. This idea has been accepted in principle and its application process is currently under discussion. In this connection, the following suggestions should be supported.

- Instead of article-by-article negotiation of the preferences, a tiresome and ineffective procedure as shown by experience, an attempt should be made to procure these preferences in general, with a list of exceptions.
- It should be urged that the preferences be extended to processed or semi-processed agricultural products, especially those where the original product does not compete with the same production in the importing countries. The other cases should be considered under the program of gradual elimination of duties and other restrictions mentioned above.
- Given the comparatively low level of duties in the developed countries following the Kennedy Round, total elimination of duties would be justified, except when they exceed a certain limit, in which case partial reductions would be authorized.
- The preferential system must be transitory. A study could be made after a prudent number of years designed to maintain the preference on articles that have failed to benefit from it, at least to a reasonable extent, and to ensure continuation of the system in the case of the countries less advanced in the process of industrialization.
- The need for safeguard procedures would have to be recognized in order to ensure that imports subject to preference would not upset the markets of the developed countries, without prejudice to adjustment of industries that may be permanently affected.

It is understood that the European Economic Community is considering a procedure that would authorize the elimination of duties on all articles, except for some very sensitive ones, within a quota applied by a general procedure. Once this quota has been filled, the customs duties applicable to the other countries would take effect.

It would be advisable to negotiate modification of this procedure so that exceeding of the quota would only indicate that duties could be applied if any significant market upset should occur.

Moreover, the industrial articles not yet exported to the Community by African countries enjoying vertical preferences should also be subject to such quotas in order to avoid establishing new discriminations. Nonapplication of quotas would be acceptable only if aimed at the promotion of exports from the less developed countries, regardless of region.

37. Many are concerned with the course that might be followed if specific solutions in this area were not arrived at within a reasonable period. This concern is understandable, but it would be better to concentrate now on an effort to reach such solutions. The support of the United States is of essential importance in this respect.

The European Economic Community, in accepting the idea of the preferential system, is seeking a compromise with its policy of vertical preferences for exports of certain African nations. Three points should be considered in this connection.

First. Preferences granted to primary products. Although in general adverse effects on the Latin American countries have not been

significant, they could become important as the African products improve their competitive position. Therefore, it would be advisable, in renegotiating the Yaundé agreements, to incorporate provisions stipulating that if the preferences should prove harmful to third countries, mainly Latin America, steps would be taken to correct them. This would be a transitory measure, since the ultimate objective must be elimination of the vertical preference system. This process must inevitably be accompanied by measures designed to accelerate economic development in the countries concerned.

Second. Vertical preferences for industrial products not yet benefiting therefrom. Where such products have benefited, the procedure would be the same as in the preceding point. Otherwise, there would be no justification for retaining them, for though it is true that these African countries would lose a potential advantage, it is no less certain that this would be offset, possibly many times over, by the advantages of extending the preferential system to the entire range of industrial countries.

Third. Reverse preferences granted by the above mentioned African countries to the member countries of the Community. Such advantages might be justified in other periods of world trade dislocation, but not in the era of multilateralism affirmed by the Kennedy Round. Furthermore, such preferences are harmful to the African countries, obliging them to pay higher prices for imports from the Community. Nevertheless, they cannot be expected to take the initiative of eliminating the reverse preferences - which violate the principle of nonreciprocity - since this system is related to the Community financial aid they receive. It is therefore up to the Community to seek a solution to this problem in order to remove one of the

greatest obstacles to establishment of the system of general nondiscriminatory preferences.

38. It is necessary to eliminate a common confusion in this respect. Logically, by virtue of the ties uniting the Latin American countries and the United States, a system of this type, if effectively utilized, could involve an intense development of trade with that country, especially if the collaboration of foreign private investment is available along the lines already described. But this current of trade need not exclude others that could also be very advantageous under a system of general preferences. This concerns both the Community and other industrial countries, including the socialist countries.

One could also conceive of a preferential system that might open up the United States market exclusively to exports from the Latin American countries, with the latter in turn proffering to U.S. private enterprise (in the former country) this entire new field of activity, including inter-Latin American trade, without observing or taking notice of the pertinent concerns outlined previously. Undoubtedly, the immediate effects of a policy of this type would be significant. But in the life of countries the long-range consequences, both economic and political, must also be considered. And on both levels it is advisable for Latin America to secure foreign private investments from various sources, to perform effectively a transitory role of technological training - in the broadest sense - and to help utilize the prospects of the vast world market in order to avoid depending more and more heavily on a single market, regardless of how advantageous this might be from the strictly commercial standpoint.

V. INTERNATIONAL COOPERATION AND SCIENTIFIC AND TECHNOLOGICAL COOPERATION

39. Latin American's scientific and technical capacity is limited, distorted structurally by a greater emphasis on scientific development, internally disorganized by a failure to coordinate institutions for the production and dissemination of knowledge, and unable to interrelate with the productive system or aim at a solution to the problems of the society of which it forms a part.

40. The capacity for innovation is even more limited, partly because of the weakness of the scientific and technical system itself, but especially because of the lack of coordination between this system and the productive system, absence of management training and lack of the proper socioeconomic climate. The limited size of national markets in Latin America is a disadvantage in achieving the necessary economies of scale in innovation costs. Lack of a flow of venture capital prevents adequate financing of innovation, while industrialization policies are traditionally based on import replacement and strong industrial protectionism. All of these factors have favored the creation of a noncompetitive climate that is reflected in a very limited demand for innovation and scant support for its implementation.

41. As already noted, there is a great disparity in the technical levels of operating efficiency among the various countries in Latin America. While a few companies achieve high levels of technical competence and are able to compete in world markets, the great majority of the companies, both large and small, cannot enter into direct competition even within

regional markets. There is therefore a "technical dualism" indicating that the environment does not allow for proper dissemination of innovations. This is particularly serious in view of the experience of the industrialized countries, where the dissemination of innovations is closely related to economic growth and increased productivity and trade.

42. Another fact that should be pointed out on the Latin American scene is the underdevelopment of research intensive industries. This is particularly significant considering their growing participation in international trade and their influence on technical development in other industrial sectors. This is because they exert a "demonstration effect", serving as a model for other industries, together with a "linkage effect", since they are generally production goods industries that spread their high level of innovation to other sectors, either by making new demands of the traditional industries supplying them or by encouraging the use of new techniques and equipment by the industries they in turn supply.

43. On the other hand, it might be assumed that lack of a national capacity for the creation of innovations could be compensated by an adequate process of transfer of technology, provided a certain capacity for disseminating innovations exists. The experiences of Japan and Italy, among others, confirm this assumption. But for the underdeveloped areas in general and Latin America in particular such compensation is not possible, given the limitations of scientific and technical capacity and dissemination of innovations already noted. Without considering the fact that the predominance of imported technology as almost the sole source

of innovation must necessarily have unfavorable technical consequences, the technologies employed may not be the most appropriate for cost and raw material conditions in the area, and no new products and processes are developed in response to specific national needs, as in the case of raw materials whose value deteriorates because of competition from synthetic products.

44. Correction of the situation outlined above, given the scope of the problems, cannot be undertaken exclusively at the national level but requires a considerable effort at the regional and international levels.

International cooperation should complement and strengthen national and regional actions within a harmonious plan designed to overcome technical underdevelopment. The central goal of national policy should be to set up balanced technical progress in terms of its proper functions (creation, dissemination and application of knowledge) and in terms of development and participation of the institutional structure (government, scientific and technical system, productive system and financial system) as a harmonious whole. At the regional level, action should be concentrated on helping to strength national policies and on endeavoring to develop forms of multinational cooperation that can correct the fragmentation of markets and technological capacity, tending toward integration of the regional technical potential. At the international level, cooperation should be designed to favor the exchange of knowledge and transfer of technology and to facilitate the financing of national and regional technical development through mechanisms that ensure a volume

of financial assistance compatible with the size of the task to be undertaken.

45. For cooperative action at the regional level, the Regional Scientific and Technological Development Program of the OAS Inter-American Cultural Council provides a good point of departure. This program includes multinational projects for training and research, utilizing the best centers available in the region, and envisages activities designed to strengthen the scientific and technical infrastructure of all the Latin American countries.

46. With regard to international cooperation in facilitating the exchange of technical information, there are advantages in setting up regional centers directly connected to the institutional network that compiles, at the world level, most of the supply of technical information and to the national networks for dissemination of information. This regional center or centers would serve as a "focal point" for compiling, consolidating and disseminating information and providing a dynamic service for analyzing the information requested.

With regard to the transfer of know-how and of patented knowledge, there appear to be advantages in establishing one or more centers for the transfer of technologies to advise interested parties on the type of existing technology most appropriate for local conditions and to provide legal assistance in processing and securing the required technology. A regional technological center - closely related to the above mentioned centers or integrated with them - providing financial assistance to lower

the cost of transfer and identifying in its portfolio a number of patents that could be of great interest to the entire area would be another mechanism in which the concentration of regional efforts appears to offer significant advantages. Naturally, such actions should be coordinated with those undertaken at the world level by the United Nations and its specialized agencies.

47. With regard to the role of international collaboration in financing the development of Latin American scientific and technical capacity, the possibility of having the developed countries contribute to this aim should be considered. Those countries would themselves receive the greatest benefit from such contributions, since they would be in a better position to utilize the expanded world market for knowledge that would result. They might begin simply by financing the dissemination of their accumulated knowledge and technologies. The multiplier effect of investment in the technical field would make international assistance in this area an even better investment than in the economic field. The underdeveloped countries, for their part, would have available for their technological development external sources of information and financing that are today very limited.

48. In order to organize efficiently the national, regional and international efforts designed to improve technological development of Latin America, a study should be made of the feasibility of setting up a common market of technology parallel to establishment of the economic common market. This step was proposed a few years back in documents of

the IDB, an organization that has played an active part in financing research and university and technical education in Latin America. Both integration plans should be coordinated to meet the heavier demand for innovation deriving from economic integration by creating a capacity for supply of innovation that should be generated by technical integration.

For this last objective, institutional, human and financial resources from the region should be pooled to create high-level centers serving as authentic specialization poles that can satisfy the technical requirements of the region as a whole.

In short, either integration must be accompanied or closely followed by technical integration or the benefits deriving from an expanded market will be wasted for lack of the technical potential with which to exploit them. In this case, the advantages of the economic common market will, from both the technical and economic standpoints, be exploited by external sources.

VI. CONVERGENCE OF DOMESTIC MEASURES
AND INTERNATIONAL COOPERATION

49. There is in Latin America a sizable potential source of income that is lost because of the dynamic insufficiency of its economy. The marginal and surplus population is increasing steadily with very serious economic and social consequences. This dynamic insufficiency is also apparent in the incapacity of the system, as it is now operating, to achieve a rapid rise in income for the rural masses.

Investments must be increased considerably in order to solve the problem, which calls for a massive expansion of international financial transfers. The sooner this currently wasted human potential can be absorbed productively into the economy and the more agricultural productivity increases with the introduction of new technologies, the more rapid the rise in income and, consequently, the capacity of the Latin American countries to generate their own investment resources.

This is the very important dynamic effect that could derive from external financial cooperation. If it is channeled effectively and not diluted with the passage of time but concentrated within a few years and in suitable volume, its power to generate domestic investment resources can bring the Latin American countries to a stage where they can generate their own investment resources within a much shorter time than the very extended period that would be required if present trends continue. There will be no other practical way of attaining high rates of investment growth and ensuring their continuance.

It must therefore be stated unequivocally that over the next few years we need a policy for the massive transfer of international financial resources in order to achieve objectives that can no longer be postponed.

50. It is illogical to expect that the problem of dynamic insufficiency of the economy will be solved solely by the expansion of foreign trade. There is no contradiction between financial cooperation and trade expansion; the two must be combined. The increase of exports will make it possible to import more. But only a fraction of the income generated by exports can be saved, given normal consumer pressure. Consequently, a supplement to external savings is required. Financial cooperation in itself, unaccompanied by trade expansion, would in a few years lead to an unbearable burden of financial servicing and an extreme aggravation of external strangulation.

51. From another standpoint, no matter how adequate the measures of international assistance outlined here may appear, in terms of type and scope, the stated objectives will not be achieved unless each Latin American country plans its development strategy in accordance with its own conditions and possibilities and firmly takes the steps required for implementation. International cooperation, while of primary importance, offers only the proper external framework within which national development policy evolves. Accordingly, this policy is the exclusive responsibility of each country, and utilization of the advantages of international cooperation depends solely on its own decision.

52. International financial assistance must respond in a flexible way to the various situations that may arise. If a country is willing to make intensive use of advantages offered by the industrial countries, in favor

of trade liberalization measures, it should receive all the financial aid necessary. The same is true if groups of countries resolve to promote their reciprocal trade within the context of a common market that is gradually taking shape.

With particular reference to domestic development, countries formulating sound plans of transformation and development, with intensive mobilization of their own resources, should have open access to the sources of international financing to the extent required. But this would not prevent countries which, for their own reasons, prefer to abstain from following this course from securing financing for certain specific projects, if they are valid and there is sufficient capacity for payment of financial servicing in this limited form of cooperation.

53. Mention should be made here of the great progress recorded by the Latin American countries in general in their ability to formulate and implement development policy. The same is true on the regional level. The Inter-American Development Bank has fully responded to expectations, the CIAP mechanism has acquired considerable experience in the evaluation of plans and the annual review of development in the various countries, and the regional agencies of the United Nations are working actively to expand the role of Latin America in the Second Decade of Development. The scene is set for their effective participation in a policy of broad international cooperation in Latin American development.

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REFLEXIONES SOBRE LA COOPERACION INTERNACIONAL
EN EL DESARROLLO LATINOAMERICANO

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I. EL RITMO DE CRECIMIENTO LATINOAMERICANO

1. En 1961 surgió la Carta de Punta del Este. Concretaba este documento trascendental ideas y aspiraciones que, de tiempo atrás, los países latinoamericanos venían exponiendo insistentemente. La Carta significaba para ellos una expresión auténtica de su propia concepción del desarrollo económico y social y el claro reconocimiento de la necesidad de una política de cooperación internacional para estimular este proceso y las grandes transformaciones que exigía.

En los años transcurridos desde entonces se ha ido afirmando y extendiendo el convencimiento de que distan mucho de haberse cumplido los objetivos fundamentales de aquella, a pesar de ciertos avances notables, pero limitados en su alcance. Domina este sentimiento en los países latinoamericanos. Y el Presidente Nixon acaba de manifestar recientemente que el propósito cardinal de la Carta de acelerar el ritmo del desarrollo latinoamericano no se ha realizado. Más aún, preocúpale sobremanera que, de seguir las tendencias prevalecientes, el ingreso por habitante de la América Latina a fines de este siglo sea 15 veces inferior al de Estados Unidos. Hoy es 7 veces menor.

2. No podría justificarse con mayor elocuencia la necesidad de un nuevo examen de la cooperación internacional en el desarrollo de los países latinoamericanos. Lo están haciendo estos últimos. En tanto que organizaciones internacionales promueven una nueva evaluación de lo que pasa en el mundo en desarrollo. También están empeñándose en este examen

Quiero llamar la atención del lector al hecho de que los puntos 14, 15 y 16; así como los del 39 al 48 del Capítulo V., "La cooperación internacional y el desarrollo científico y tecnológico" que suscribo, han sido redactados por el doctor Patricio Rojas, Presidente de la Comisión Ejecutiva del Consejo Interamericano Cultural. R.P.-

organizaciones de carácter regional a quienes conciernen estos problemas. Reunidos sus funcionarios responsables a fin de recoger las conclusiones de su propia experiencia y guiados por un sentido de franca objetividad, han coincidido sobre puntos de importancia decisiva y reconocido el deber imperioso de dar a conocer ciertas conclusiones en estos momentos de tanta significación para la América Latina.

3. Los principios fundamentales de la Carta siguen teniendo hoy la misma validez que en 1961. Respondían a una realidad latinoamericana que no ha cambiado en esencia, si bien sus problemas se han vuelto más serios y complejos. Y es urgente abordar concretamente su solución. Las medidas para atacar estos problemas siguen también en pie. Nadie discute que es necesario acelerar el ritmo de desarrollo económico y social, y que, para conseguir este objetivo, se requiere dar fuerte impulso al comercio exterior y movilizar intensamente los recursos internos de inversión con un adecuado complemento de recursos financieros internacionales. Y se ha ido reconociendo cada vez más la necesidad de transformaciones, de cambios de actitudes, de una verdadera disciplina de desarrollo, y de previsoras medidas para mejorar la distribución del ingreso, a fin de conseguir claros objetivos de desarrollo económico y social.

Pero caben puntos de vista radicalmente diferentes en cuanto a la forma de realizar estos cambios y transformaciones. Sin negar la fuerza de las ideologías, son los mismos hechos los que van a determinar cómo este proceso va a cumplirse en el próximo decenio. La América Latina no tiene tiempo que perder. O se sigue una estrategia en que

converjan aquellas medidas de cooperación internacional con esas otras de carácter interno para encauzar con orden y vigor la dinámica del desarrollo, o el curso previsible de los acontecimientos terminará por imponer formas de cambio y transformación de gran sacrificio humano, de considerable costo político y social. Y por más que sea el fervor y la convicción con que ello pudiera ejecutarse, no será suficiente para modificar en el plano internacional las condiciones adversas a la aceleración del desarrollo que allí prevalecen.

Por donde se mire, la cooperación internacional es indispensable. Lo es en el contexto de una política de desarrollo ordenado y regular. Lo es también para que, tras violentas mutaciones, se desenvuelvan nuevamente las fuerzas constructivas de la economía.

4. No hay manifestación más perceptible de la complejidad que han venido adquiriendo los problemas del desarrollo latinoamericano y del apremio en acometer resueltamente su solución que la incapacidad del sistema económico, tal cual está funcionando, para absorber con satisfactoria productividad la fuerza del trabajo que emigra de los campos y mejorar con celeridad la suerte, hoy tan precaria, de la gente que allí permanece. Recuérdese que cerca de la mitad de la fuerza de trabajo de la América Latina encuéntrase en estas condiciones.

Este fenómeno de insuficiencia dinámica de la economía para absorber productivamente el crecimiento de la fuerza de trabajo no era tan notorio a comienzos del decenio, pues no se percibían con la misma amplitud de ahora las consecuencias del gran impulso demográfico iniciado dos

decenios antes. Y lo más llamativo es que este hecho se observa también en los países cuyo ritmo de desarrollo ha sobrepasado apreciablemente el objetivo mínimo de la Carta de Punta del Este.

Desenvuélvese así el fenómeno, por demás inquietante, de la población marginal en las grandes y medianas ciudades latinoamericanas. Masas crecientes de población emigran de los campos, abandonan la constelación económica y social en que estaban integradas, y no llegan a integrarse en las formas normales de existencia de aquellas. Aparte de sus consecuencias sociales, hay en ello un desperdicio considerable de potencial humano, como lo hay también en esa población redundante que podría eliminarse fácilmente de ciertas actividades urbanas, tanto privadas como del Estado, si hubiese suficiente capacidad de absorción en la economía.

5. No hay otra solución de fondo de esa insuficiencia dinámica de la economía que un aumento considerable de inversiones de capital físico y mejoramiento humano con la consiguiente aceleración del ritmo de desarrollo a favor de mercados en fuerte expansión hacia adentro y hacia afuera. Es ilusorio pensar que podría lograrse una solución satisfactoria reteniendo más gente en las actividades agrícolas, salvo casos especiales y de suyo limitados. La agricultura latinoamericana necesita emprender también una verdadera revolución tecnológica, si se ha de mejorar substancialmente el nivel de existencia de las grandes masas rurales y abrir así una nueva frontera interna a la industrialización. Por más que se limite la mecanización se necesitará menos gente para lograr una

determinada cantidad de productos. Se impone pues aumentar la demanda de estos productos y mejorar a la vez la capacidad de la economía para absorber los brazos que, a pesar de esta expansión de la demanda, no fueren ya necesaria en la producción agrícola.

Hay en ésto un dilema ineludible. O se retiene más gente en la agricultura, en desmedro de la productividad, o se aumenta esta última en desmedro de la ocupación rural. Si bien lo primero podría ser una salida impuesta por consideraciones sociales en ciertos casos extremos, no podría escaparse a la necesidad de aumentar la productividad con la introducción de nuevas tecnologías si se pretende elevar persistentemente el nivel de vida de la población rural.

De ahí la importancia decisiva de aumentar el coeficiente de inversiones a fin de absorber en la infraestructura de la economía, en la industria y en los sectores que se desenvuelven ampliamente con el desarrollo económico, la fuerza de trabajo redundante que en virtud del progreso técnico ya no se necesita en la agricultura.

6. Por donde se ve que progreso agrícola e industrialización no son proposiciones excluyentes, sino complementarias. La industria ha perdido gran parte de su impulso dinámico y necesita abrirse una nueva frontera muy promisoría en el consumo, ahora muy bajo, de las masas rurales, a la vez que la agricultura requiere apoyarse en la industria y otras actividades para absorber también su acrecentada producción. Más aún, al darse en esta forma un mayor impulso a la industria, habría que tomar oportunas

medidas para evitar que continúe su excesiva concentración en grandes centros urbanos desplazando esta actividad hacia núcleos menos poblados en el ámbito rural. No ha de confundirse retención de población en la agricultura con retención de población en el campo.

Este es el gran problema que tienen que afrontar los países latinoamericanos. Y tal es el justificativo primordial del aumento de inversiones y la consiguiente aceleración del ritmo de crecimiento. La cooperación internacional se requiere ineludiblemente para ello. Trátase de un problema que, por lo mismo que viene agravándose con graves consecuencias sociales, no admite dilaciones. No sería posible esperar un tiempo dilatado para resolverlo porque, mientras tanto, se habría vuelto explosivo.

7. Se necesita, en efecto, un plazo de cerca de veinte años para que una sabia y prudente política demográfica pueda influir sobre la fuerza de trabajo. Suele preconizarse la restricción deliberada de la natalidad como medio de acelerar el ritmo de desarrollo. Pero en los próximos veinte años irán incorporándose a la fuerza de trabajo los que ya han nacido y han sobrevivido mientras tanto. En consecuencia, los términos del problema de absorción de fuerza de trabajo ya están dados y no podrían modificarse. Pero no sabría negarse que sería un acto de buena previsión afrontar desde ahora este problema, pues veinte años son un corto lapso en la vida de un país. Resulta así indispensable la necesidad de establecer políticas demográficas racionales adecuadas a la solución de los problemas de desarrollo de cada país, de acuerdo con las

orientaciones de los respectivos gobiernos. Sin embargo, no debiera considerarse en forma alguna la política demográfica como la solución fundamental del problema del desarrollo sino como uno de sus factores integrantes y, por supuesto, no como alternativa a una amplia política de cooperación financiera internacional.

8. Estas breves consideraciones iniciales tienen por objeto situar en el contexto general del desarrollo económico las medidas de cooperación internacional. Trátase de consideraciones generales relativas a fenómenos que, si bien son característicos de la América Latina, se presentan en sus distintos países con muy diferentes grados de intensidad. Cada país tiene pues que formular su propia estrategia de desarrollo y esforzarse en aprovechar con eficacia las medidas de cooperación internacional.

II. OBJETIVOS DE LA COOPERACION INTERNACIONAL

9. La cooperación internacional es de básica importancia en la concepción de la Carta de Punta del Este. No porque se haya desconocido en ella el papel del esfuerzo interno. Por el contrario, nunca se había puesto con tanta fuerza el acento en la responsabilidad inescapable de los países latinoamericanos de afrontar por si mismos su propio desarrollo. Pero, a la luz de la experiencia, se reconocía implícitamente que la mejor política de desarrollo interno, la más genuina inspiración social de esta política, encontrarían tarde o temprano límites infranqueables que sólo podrían sobreponerse con previsoras medidas de cooperación internacional. Forzoso es reconocer que estas medidas no se han logrado ni con la amplitud y continuidad que se requería o simplemente no se han tomado. No se atribuya pues lo que en estos años ha acontecido a los principios de la Carta sino a las fallas de su aplicación.

Tres son los problemas en cuya solución se necesita cooperación internacional del mundo industrializado, especialmente de los Estados Unidos:

- La escasez de capital;
- La compresión exterior de la economía;
- La inferioridad tecnológica de los países latinoamericanos.

10. Las inversiones de capital en la América Latina han representado un promedio en los últimos cinco años, entre el 17% y 18% del producto bruto. Estímase que este coeficiente tendría que elevar apreciablemente por arriba de 20% para acelerar el ritmo de desarrollo a fin de cumplir los objetivos arriba mencionados.

La transferencia de recursos financieros internacionales podría tener gran importancia en ello si alcanza un volumen adecuado y mejoran sus condiciones.

El volumen de recursos ha sido insuficiente. Podría sorprender esta afirmación si se tiene en cuenta que entre 1960 y 1967 alcanzaron la cifra impresionante de aproximadamente 21.4 mil millones de dólares. Pero si se deducen las amortizaciones y reembolsos de capital, queda un saldo neto de alrededor de 11.5 mil millones. Esto representa un promedio anual de alrededor de mil cuatrocientos millones por año. En ese mismo período las inversiones realizadas con recursos propios de los países latinoamericanos alcanzaron a más de cien mil millones por año. De suerte que esos 11.5 mil millones de capital neto proveniente del exterior apenas constituyeron el 9.6% del conjunto de inversiones. En la Carta de Punta del Este se esperaba una participación de 20%. 1/

Estas cifras conciernen al conjunto de transferencias por todo concepto. Las realizadas por Estados Unidos ascendieron a 8.5 mil millones en el lapso mencionado. En tanto que las amortizaciones y reembolsos subieron a 2.1 mil millones. De manera que el capital neto transferido por este país a la América Latina fue solamente de 6.4 mil millones de dólares.

El aumento substancial de estos recursos, además de acrecentar directamente las inversiones, contribuirá a movilizar más intensamente

1/ Estas cifras excluyen a Cuba, y representan el total de las transferencias oficiales y privadas de los países miembros de la OECD hacia la América Latina.

los recursos internos, si los países latinoamericanos toman medidas eficaces para hacerlo.

11. La tendencia a la compresión exterior de la economía es una característica persistente del desarrollo y constituye un freno poderoso a la elevación de su ritmo. Como ya no se discute, débese este fenómeno a que en el curso del desarrollo las importaciones tienden a crecer con más celeridad que las exportaciones de bienes y servicios. El desequilibrio resultante impide cumplir este objetivo primordial.

Es pues indispensable acrecentar intensamente las exportaciones con medidas de liberalización y estímulo de los países industriales, y que por cierto no se han tomado en este decenio, así como medidas convergentes de promoción de los países latinoamericanos.

Estos últimos tienen también que tomar francas medidas de liberalización para desenvolver rápidamente su intercambio recíproco, en la marcha hacia el mercado común que decidieron constituir los presidentes latinoamericanos en la segunda conferencia de Punta del Este (1967). Sin ello no podrá corregirse radicalmente la tendencia al desequilibrio exterior.

12. Las transferencias de recursos financieros del exterior pueden tener un papel importante en la eliminación de la tendencia al desequilibrio exterior. Por un lado, si su volumen neto alcanza dimensiones adecuadas a los requerimientos del desarrollo y, por otro, si se manifiestan en inversiones de capital que contribuyan a aumentar exportaciones y

substituir importaciones y dejen un holgado margen de divisas disponibles después de atenderse las remesas de servicios financieros.

No basta que los recursos financieros internacionales se inviertan bien y acrecienten el ingreso de un país. Pues parte de este ingreso tiene que remitirse al exterior en pago de intereses y dividendos. Y si ese mayor ingreso no proviene del aumento de exportaciones o de actividades substitutivas de importación, se agravará, en vez de aliviarse, la compresión exterior de la economía.

No podría decirse si ello ha ocurrido - y en qué medida - con los 14.2 mil millones de dólares remitidos al exterior en 1960-1967 en concepto de intereses y ganancias. Sólo puede afirmarse que, agregadas estas remesas a las amortizaciones y reembolso de capital, han ido tomando una proporción creciente de las exportaciones de bienes y servicios. Así, si al servicio de deuda externa de largo y corto plazo se agregan las utilidades de las inversiones privadas extranjeras, esta proporción alcanza a un 27% en 1967 contra 23% al comenzar el decenio. Ello ha creado situaciones muy difíciles a algunos países y seguirá creándolas también a otros si no cambian las tendencias actuales. Es indispensable, en consecuencia, tomar medidas previsoras para que las nuevas transferencias de recursos financieros del exterior en lo sucesivo contribuyan más efectivamente a aliviar la compresión exterior antes que a agravarla.

13. No podrían omitirse aquí las transferencias de capital latinoamericano al exterior. A la luz de la experiencia, es prácticamente imposible impedir estas salidas con medidas de control. En cambio, si es posible

crear condiciones favorables a que estos recursos queden en los propios países latinoamericanos. La estabilidad monetaria se impone en primer lugar. Y en seguida la organización eficiente de mercados internos de capital.

14. Por otra parte, debe tenerse presente que la ciencia y la tecnología, a diferencia de la educación, tienen mucho menos tradición en América Latina en términos de aspiraciones sociales, políticas, públicas e inversiones nacionales. El marco cultural no ha sido suficientemente receptivo a los valores que promueven las actividades científicas y técnicas, en gran parte debido a las características del sistema educacional.

Las actividades científicas muestran enormes diferencias en sus grados de desarrollo cuando se compara un campo del conocimiento con otro o cuando se analizan países diferentes, existiendo algunos grupos e instituciones de excelente nivel en la región. El campo tecnológico, por su parte, muestra una gran disparidad en los niveles técnicos de eficiencia operativa de las empresas y una ausencia casi completa de capacidad para generar y difundir innovaciones técnicas.

15. En el sector de la producción, tanto público como privado, Latinoamérica no ha utilizado al máximo el potencial del conocimiento científico. No existe mayor capacidad de generación y difusión de innovaciones, por la debilidad del sistema científico y técnico y por la existencia de una gran mayoría de empresas que no se ven impulsadas a innovar, debido a múltiples factores económicos, sociales, culturales y técnicos. Simultáneamente se observa un proceso establecido de importación de tecnologías foráneas, debido

en gran medida a inversiones extranjeras. Pero, estas no han tenido en América Latina el mismo rol positivo en cuanto al desarrollo técnico que parecen haber tenido en otras áreas, como Europa. Ello puede ser debido a que las empresas norteamericanas en Europa instalan laboratorios y realizan investigaciones que contribuyen a fortalecer la capacidad científica y técnica de esos países, lo que no ha sucedido en América Latina. En segundo lugar, la inversión estadounidense en Europa parece haberse concentrado en industrias de alta intensidad de investigación mientras que en América Latina lo ha hecho en industrias extractivas o bienes de consumo. Por su parte la inversión nacional, por su falta de conocimiento especializado ("know how"), realiza la mayor parte de su transferencia de tecnología recibiendo técnicas que son del dominio público y que se importan como licencias de conocimiento especializado ("know how") y en forma relativa no adquiere conocimiento patentado que es en donde residen las mayores innovaciones técnicas.

16. Sin embargo, frente a esta situación, que ha originado un dualismo técnico en la región, parece observarse una cierta tendencia favorable para enfrentar este problema. Algunos empresarios industriales se han dado cuenta de esta situación y están comenzando a solicitar los servicios de los pocos institutos tecnológicos existentes en la región. Por su parte, algunos gobiernos están comprendiendo la necesidad de un sistema integrado de producción, distribución y consumo del conocimiento. En los últimos años se observa un rápido aumento de la creación de consejos nacionales de promoción de la ciencia y la tecnología, seguidos por el establecimiento de organismos de política científica y tecnológica. Todo lo cual podría facilitar en el

futuro la incorporación de la planificación científica y tecnológica integrada dentro de la planificación general del desarrollo.

III. LA COOPERACION FINANCIERA

1.7. En principio, los Estados Unidos así como la mayor parte de los países industriales aceptaron en UNCTAD II transferir recursos financieros netos a los países en desarrollo por un monto equivalente al 1% de su producto bruto. Pero muy pocos han fijado hasta ahora el año en que esta idea podrá cumplirse. Si, por ejemplo, se fijara como meta el año 1972, las transferencias netas de todos los países miembros de la OECD serían de 19 mil millones de dólares en tal año, en comparación con 11.4 mil millones transferidos en 1967, tomando en cuenta el probable crecimiento del producto bruto. En el caso de Estados Unidos, las transferencias netas alcanzarían a 10.5 mil millones, contra 5.6 mil millones en 1967.

De cumplirse gradualmente este objetivo, los países latinoamericanos podrían contar con recursos adicionales que, unidos a una intensa movilización de recursos financieros internos, les permitirían trasponer y sobrepasar en forma apreciable aquel coeficiente mínimo de inversiones de 20% arriba mencionado.

1.8. Son bien conocidas las dificultades que se interponen en los Estados Unidos a la realización inmediata de este objetivo. Pero es de esperar que estas dificultades sean transitorias. Y si no se plantea desde ahora la necesidad de aumentar substancialmente el volumen neto de transferencias financieras, se corre el riesgo que, llegado el momento propicio para conseguirlo, se considere ésto como asunto residual, con un bajo orden de prelación incompatible con el objetivo que se persigue.

19. En este mismo sentido, conviene considerar un aspecto promisor del financiamiento externo. La utilización de los derechos especiales de giro del Fondo Monetario Internacional dará a sus países miembros - especialmente a los grandes países industriales - recursos monetarios adicionales en el plano internacional. En el seno de UNCTAD y en documentos del CIAP y del BID se ha sugerido que parte de estos nuevos recursos o su equivalente, en la moneda de los países que los reciban, se traspase a instituciones de crédito internacional para aumentar el caudal de transferencias financieras a los países en desarrollo.

Se entiende que la cuantía de estos nuevos recursos monetarios internacionales tendría que determinarse por consideraciones estrictas de liquidez monetaria internacional y no por las necesidades de inversión de los países en desarrollo, por legítimas que éstas fueren. Pero no se vulnera principio alguno, si, determinada así la cuantía de nuevos recursos monetarios que exige el desenvolvimiento del intercambio mundial, se procediera en la forma que se ha sugerido. Merece este problema muy especial consideración.

20. Dada la tendencia a la compresión exterior de la economía, convendría aliviar la carga de servicios financieros, que en algunos países resulta excesivamente pesada. Se han realizado ya operaciones de refinanciamientos y convendría seguir atentamente este asunto para prevenir a tiempo situaciones críticas.

Desde luego, esto pone de relieve la necesidad de que, además de un mayor volumen de financiamiento externo, éste esté disponible en términos que sean apropiados a la capacidad de pago de los países; para lo cual es indispensable que las instituciones de financiamiento puedan acrecentar los recursos que les permiten efectuar préstamos "blandos" de desarrollo.

21. En cuanto a las nuevas transferencias de recursos financieros, se menciona con frecuencia la idea del subsidio propuesta en el plan Horowitz. Las circunstancias actuales vuelven más oportuna aún que antes la atenta consideración de este plan. Otra solución que merece también examinarse seriamente es la de combinar los préstamos en tal forma que el tipo promedio de intereses y el plazo medio de las amortizaciones sean compatibles con la capacidad de pagos exteriores de cada país, teniendo en cuenta, además, su grado de desarrollo. Podrían combinarse en esta forma préstamos con recursos obtenidos en el mercado, préstamos con recursos especiales aportados por los gobiernos en condiciones más favorables que los del mercado, o sin pago de intereses, y créditos de exportación a plazos adecuados.

En este sentido cabe señalar la experiencia de instituciones, como el BID, que cuentan con recursos que les permiten otorgar préstamos "blandos". Estos financiamientos han hecho posible compensar, en buena medida, las alzas de las tasas de interés en los recursos que se movilizan en los mercados privados de capitales, prestar especial atención

a los requerimientos de financiamiento externo de los países de menor desarrollo relativo, atender a sectores como los de agricultura y educación, y promover programas de largo aliento, como es el caso de diversas actividades tendientes a impulsar la integración económica de la región.

Es obvio que esta combinación de distintas transferencias financieras podría facilitarse cuando estos planes son de carácter global y abarcan todas las necesidades de inversión, así como las perspectivas del balance de pagos. El CIAP, por la experiencia adquirida en la revista anual de países y la evaluación de planes, podría jugar un papel importante al respecto.

22. Los créditos atados son objeto de preocupación en los países latinoamericanos. Cálculase que, en término medio, recargan alrededor de 24% el precio de las importaciones.^{1/} Deben seguir e intensificarse los esfuerzos para eliminar por completo los créditos atados. En el caso de los préstamos por programas otorgados por los Estados Unidos la atadura se aplica mediante el concepto de la "adicionalidad". Bajo este concepto el monto total del crédito debe ser gastado en importaciones de los Estados Unidos, comprendidas en una llamada "lista positiva", las cuales deben ser adicionales a las que se hubieran importado de ese país sin el crédito. Los problemas administrativos y el costo económico que significa el concepto de la adicionalidad son relativamente mucho mayores^{2/} que las pocas ventajas que se derivan de ello por los Estados Unidos.

^{1/} Esta cifra incluye el costo de los fletes que son superiores cuando se emplean barcos de los Estados Unidos.

^{2/} Se calcula que estas ventajas no sobrepasan \$35 millones anuales.

Sin perjuicio de otras medidas, podría examinarse la posibilidad de utilizar fondos de contrapartida de la Ley Pública 480 de los Estados Unidos, para subsidiar estas importaciones de tal modo que, para el adquirente resultan a precios competitivos.

23. En materia de financiamiento del desarrollo los países latinoamericanos han hecho present la contradicción que significa que por un lado, se les insta a que sigan una política realista de desarrollo con objetivos determinados, y un adecuado orden de prelación de las inversiones, y por otro lado, hay actualmente limitaciones institucionales que no permiten comprometer a plazos más largos recursos financieros internacionales durante la vigencia de esos planes de desarrollo. Además, muchas veces los propios países tienen dificultad en comprometer recursos internos globales a largo plazo por las características propias de sus mecanismos fiscales. Es esta una materia que debería requerir una nueva consideración para hacer más efectiva la cooperación financiera internacional sincronizada con el esfuerzo interno. La extensión del ámbito de las operaciones multilaterales, por una parte, y, por otra, la eficacia adquirida por el CIAP en sus funciones evaluadoras de los requerimientos de recursos internos y externos pueden contribuir a superar aquellas dificultades.

A lo anterior hay que agregar los trastornos provenientes de la vulnerabilidad exterior de la economía, así como las dificultades que se oponen internamente a la planificación del desarrollo. Para alentar la planificación sería muy conveniente que las instituciones de crédito

internacional y los mecanismos bilaterales de crédito pudieran tener facultades para tomar estos compromisos de financiamiento por períodos que podrían ir de 3 a 5 años. La idea de los consorcios de entidades de crédito internacional regional y bilateral parece muy recomendable a este respecto, a fin de coordinar su acción y responsabilidad más allá que la simple aprobación de proyectos individuales. La eficiencia de los consorcios o de los grupos consultivos dependerá en gran parte de la existencia de un "prestamista residual", dispuesto a financiar proyectos de rentabilidad económica inferior, pero esenciales en el conjunto del programa de inversiones, así como otros gastos que representan el efecto secundario de estas inversiones.

24. Otro aspecto se refiere al financiamiento del componente de gastos internos en las inversiones de un país. Es indispensable introducir mayor flexibilidad en el financiamiento por parte de las agencias financieras externas de los gastos locales. Desde un punto de vista racional, el financiamiento exterior debiera cubrir el exceso de las inversiones sobre los recursos internos que un país se compromete en principio a movilizar en un plan de desarrollo. Lo esencial es que todas las inversiones se cubran con ahorro, sea de origen interno o externo sin caer en expedientes inflacionarios; y que no se emplee ahorro en gastos de consumo. Ha sido la práctica de las fuentes de financiamiento externo el atender proyectos concretos, dando preferencia al contenido importado. Pero en este procedimiento no hay nada que evite que los recursos internos de un país se empleen en inversiones o gastos que no tienen alto orden de prelación. Sólo un programa de inversiones permite al propio país establecer este orden, lo cual facilita, además,

la evaluación del plan. Esta idea ha venido avanzando, pero no aún en forma suficiente a generalizar la aplicación de este buen principio.

Esto permitiría eliminar otro de los inconvenientes que suelen presentarse. Como las fuentes de financiamiento externo tienen interés muy comprensible de participar en el financiamiento de proyectos importantes o atractivos, quedan otros que, si bien se insertan correctamente en un programa de inversiones, no suelen contar con financiamiento exterior, ni con recursos internos, porque estos últimos no son suficientes.

25. El plan de desarrollo, desde otro punto de vista, es indispensable para la aplicación eficaz del financiamiento suplementario. La continuidad de un plan de desarrollo, en cuanto a sus objetivos de inversión, se ve frecuentemente frustrada en razón de la vulnerabilidad exterior de la economía latinoamericana. El financiamiento suplementario tiene por objeto suministrar recursos financieros adicionales para que el plan pueda cumplirse sin grandes trastornos cuando sobreviene una caída imprevista en sus exportaciones.

Si bien se ha reconocido, en principio, la necesidad de este financiamiento en el seno de la UNCTAD no se ha llegado todavía a una solución práctica. Mientras tanto, convendría adelantar esta solución en el plano latinoamericano utilizando los mecanismos existentes, según se ha sugerido en el CIAP, lo cual podría abrir paso a la solución que se busca en el plano internacional.

26. Esto no es incompatible con los acuerdos de estabilización de productos primarios, tanto porque ésta no es absoluta y deja un sensible margen de fluctuaciones en los ingresos exteriores de un país, como por el hecho de que no todos los productos podrían ser materia de estos acuerdos. Convendría a este respecto que hubiera también un financiamiento internacional de las existencias reguladoras, idea ésta que el CIAP sustenta asimismo con firmeza. Téngase presente que ello no significa mayores recursos que los requeridos por el financiamiento suplementario, pues cuanto más se logre estabilizar los precios, tanto menor será la vulnerabilidad exterior de nuestros países y la necesidad de tal financiamiento.

27. Las consideraciones formuladas hasta ahora atañen a las transferencias de recursos públicos internacionales. Las transferencias financieras efectuadas mediante inversiones privadas plantean problemas especiales, que han sido examinados en una serie de informes presentados al CIAP a su requerimiento, y que serán sometidos a la consideración de los gobiernos.

Reconócese allí el papel muy importante de estas inversiones en el desarrollo, como agentes de transmisión tecnológica, así como la necesidad de pagar un precio por este importante servicio y por el capital que aportan tales inversiones. Ello se traduce en remesas por amortizaciones de capital y ganancias que, para no agravar la compresión exterior de la economía sino para aliviarlo, exigen orientar preferentemente la inversión privada extranjera, según ya se ha explicado, hacia

actividades que promuevan exportaciones o substituyan importaciones, especialmente en el marco de un mercado regional o subregional.

Por otro lado, se pone el acento en tales informes en que la inversión extranjera no sea un factor de perpetuación de la inferioridad que en esta materia tecnológica tienen notoriamente los empresarios latinoamericanos, sino que contribuya a atenuarla progresivamente.

Asimismo, se considera que una política de inversiones extranjeras debiera tener también como objetivo esencial que los países latinoamericanos tengan en sus propias manos los resortes necesarios para influir sobre su propia economía.

28. Con todos estos propósitos se recomienda, por un lado, que cada país latinoamericano establezca clara y distintamente los campos de actividad en que le interesa la inversión privada extranjera; y por otro, el régimen a que han de sujetarse estas inversiones.

En este último punto el CIAP ha sometido a los gobiernos y a un grupo de expertos el estudio de una idea con vistas a llegar a fórmulas de amplia coincidencia de intereses entre la iniciativa privada extranjera y los países que la necesitan.

Desde luego, la empresa conjunta entre inversionistas latinoamericanos e inversionistas extranjeros, con genuina mayoría de los primeros, se considera como una de estas fórmulas de coincidencia de intereses, que cuenta con creciente aceptación en uno y otro lado. Sucede, sin embargo, que empresas extranjeras que podrían desempeñar un papel

importante en la transmisión de tecnología y la aportación de capital, prefieren tener el control de sus inversiones y en algunos casos no desean que aún la minoría del capital se encuentre en manos latinoamericanas.

29. Ello ha llevado a sugerir otra fórmula. Según ella, la inversión privada extranjera tendría el pleno control de la empresa durante un cierto período de tiempo; pero al cabo de este período, que se estima como mínimo en 7 años y como máximo en 20, la propiedad total de la empresa o el control de la misma, pasaría a manos latinoamericanas, según se hubiese pactado previamente y de acuerdo con procedimientos que se habría acordado también en el arreglo inicial.

En otros casos, podría partirse de una minoría de capital accionario en manos latinoamericanas - privadas o públicas - para adquirir gradualmente la mayoría y el control después de un período preestablecido.

Mientras tanto, y en uno y otro caso, se iría capacitando al personal latinoamericano en todos los planos de la tecnología - producción, organización y administración - para ejercer sus responsabilidades en la empresa.

Se espera que esta fórmula pueda responder a dos preocupaciones de mucha significación. Por un lado la de estimular y fortalecer la empresa de los países latinoamericanos y asegurar su preeminencia; y por otro la preocupación de que decisiones importantes para los países latinoamericanos no se tomen en el extranjero. Estas preocupaciones,

como bien se sabe, constituyen uno de los obstáculos más poderosos en la marcha hacia el mercado común latinoamericano.

El carácter suscinto de este documento dispensa de entrar en otras sugerencias interesantes contenidas en los informes al CIAP, entre ellas, la conveniencia de establecer sobre bases multilaterales un régimen de seguros contra riesgos de carácter no comercial que puedan correr las inversiones extranjeras, con participación de los países latinoamericanos.

30. Las ideas que acaban de expresarse acerca de la inversión privada extranjera merecen ser discutidas, así en el plano regional como en el internacional, a fin de llegar a cierta comprensión recíproca que facilite la adopción de las medidas pertinentes por los países latinoamericanos y atraiga la colaboración eficaz de nuevas inversiones extranjeras.

No podría encararse la política de inversiones con sentido unilateral sino buscando coincidencia de intereses, según más arriba se dijo. En este sentido, la definición de los campos en que se prefiere las inversiones extranjeras va a ofrecer a éstas una pauta precisa para tomar sus propias determinaciones; en tanto que el acento en que aquellas contribuyan a eliminar la compresión exterior de la economía, permitirá prevenir los obstáculos que, algunas veces, han dificultado las remesas de amortizaciones y dividendos. Más aún, la seguridad del traspaso del control de las empresas a manos nacionales, junto a la solución de ciertos problemas que plantean empresas extranjeras ya establecidas, contribuirán a despejar la atmósfera de preocupaciones que, cualquiera que sea

su justificativo, empañan aquel sentimiento de recíproca confianza sobre que debiera sustentarse firmemente la inversión extranjera.

31. No basta el marco de una promisorá política de inversiones extranjeras para que se corrija gradualmente la inferioridad tecnológica y financiera de los empresarios latinoamericanos. Es indispensable contar con mecanismos que contribuyan a su fortalecimiento. Como los aspectos tecnológicos se consideran en otro lugar sólo se mencionan aquí los de carácter financiero.

El BID, de acuerdo con su carta orgánica, está financiando en volúmenes crecientes, directa e indirectamente, a las empresas locales privadas latinoamericanas, mediante el sistema de créditos de desarrollo. Pero la participación latinoamericana en empresas conjuntas y la adquisición del control de empresas extranjeras va a necesitar, con relativa frecuencia, la adquisición transitoria de acciones por algún mecanismo financiero que, en tiempo oportuno, pueda traspasarlas a inversionistas latinoamericanos. Habría pues que examinar la posibilidad y conveniencia de crear una subsidiaria dentro del BID con este propósito, con atribuciones similares a la de la Corporación Financiera Internacional, subsidiaria del Banco Mundial. Esa nueva subsidiaria podría, según los casos, actuar directamente o a través de corporaciones subregionales o nacionales de fomento. Convendría que el CIAP y el BID examinaran este asunto.

32. Esta necesidad de apoyar la iniciativa privada latinoamericana se ha reconocido expresamente en la segunda conferencia de Punta del Este en lo que atañe especialmente a la integración. Allí los Presidentes de América declararon que "la integración debe estar plenamente al servicio de América Latina, lo cual requiere un fortalecimiento de la empresa latinoamericana mediante un vigoroso respaldo financiero y técnico que le permita desarrollarse y abastecer en forma eficiente al mercado regional". Y acordaron "movilizar recursos financieros y técnicos a fin de llevar a cabo estudios específicos sobre la factibilidad de proyectos industriales de empresas latinoamericanas de alcance multinacional, como así para coadyuvar a su ejecución".

Esta declaración no fué seguida de medidas concretas. Por supuesto, el mecanismo financiero que acaba de mencionarse podría abarcar esta función tan importante y, según los casos, promover la creación de empresas multinacionales con capital proveniente de países latinoamericanos asociados al capital privado extranjero, o ayudar al traspaso de empresas extranjeras a intereses latinoamericanos, según ya se ha explicado.

33. En la misma reunión de Punta del Este, los Presidentes dieron gran relieve a la necesidad de completar y modernizar la infraestructura física de la región y, resolvieron intensificar la acción multinacional que se requiera para realizar las obras correspondientes. Y teniendo en cuenta que la ejecución de estos proyectos requiere de financiamientos especiales, acordaron; "Movilizar, dentro y fuera del Continente,

recursos adicionales a los que seguirán poniéndose a disposición de los países en apoyo de los programas nacionales de desarrollo económico, recursos que serán dedicados especialmente a la ejecución de proyectos multinacionales de infraestructura que pueden significar avances de importancia en el proceso de integración económica de la América Latina. En ese sentido, el BID deberá contar con recursos adicionales para participar activamente en el cumplimiento de este propósito".

El Banco Interamericano de Desarrollo en los últimos años ha estado actuando en la práctica como Banco de la Integración de América Latina. Para estos fines ha comprometido una suma cercana a los US\$300 millones en el financiamiento de exportaciones interregionales de bienes de capital, en proyectos multinacionales, particularmente carreteras, obras de desarrollo hidroeléctrico y telecomunicaciones, en estudios de preinversión y en labores de adiestramiento, investigación y apoyo al proceso de integración económica. El Banco, con recursos ampliados, debería proseguir y acrecentar esta tarea para la cual cuenta ya con una valiosísima experiencia técnica y financiera.

Por otra parte, se piensa que el Banco Mundial y otras entidades de financiamiento externo puedan contribuir a canalizar recursos destinados a la ejecución de proyectos multinacionales de infraestructura. Para tratar de cumplir este propósito, se recomienda que el CIAP estimule y procure la participación de estas instituciones en forma coordinada con los programas de trabajo del BID.

Proyectos multinacionales de esta envergadura requieren cuantiosos gastos de preinversión que tienen también que ser financiados. A tal efecto los presidentes también convinieron en: "Dotar al Fondo de Preinversión para la Integración de América Latina del BID, de

recursos suficientes para llevar a cabo estudios que permitan identificar y preparar proyectos de alcance multinacional en todas las áreas que sean de importancia para promover la integración regional. Con el propósito de que dicho fondo pueda realizar una labor efectiva de promoción, es necesario que una parte adecuada de los recursos que se le asignen pueda ser utilizada sin condición de reembolso o condicionando el reembolso a la ejecución de los proyectos respectivos". En la última reunión de los Gobernadores del BID, se ha aprobado una resolución en tal sentido, que permitiría fortalecer las labores de investigación y preinversión que la institución ya viene realizando.

34. Finalmente los Presidentes acordaron: "Movilizar recursos financieros y técnicos, dentro y fuera del Continente, para contribuir a la solución de los problemas de balanza de pagos, readaptación industrial y reorientación de la mano de obra, que puedan resultar de la reducción acelerada de las barreras comerciales durante el período de transición hacia el Mercado Común, así como para aumentar los montos disponibles para créditos de exportación en el comercio intralatinoamericano. Deberán participar en la movilización de tales recursos el Banco Interamericano de Desarrollo (BID) y los órganos de los dos sistemas de integración existentes".

Conviene también recordar en relación con este asunto, que el Presidente Johnson envió un mensaje al Congreso en marzo de 1967, poco antes de concurrir a la reunión de Punta del Este, en la cual recomienda

la asignación de recursos adicionales por un monto aproximado que varía entre US\$250.000.000 y US\$500.000.000, en un período de tres a cinco años, que comenzaría alrededor de 1970. Estos recursos se utilizarían para fortalecer el proceso de integración económica de América Latina. Parecería adecuado volver a revivir esta iniciativa que constituye un vigoroso empuje para atender las necesidades financieras adicionales que demandará la creación de un futuro mercado común para América Latina en los términos señalados en la Declaración de los Presidentes de 1967.

IV. LA COOPERACION INTERNACIONAL EN EL PLANO COMERCIAL

35. En esta materia es necesario proseguir los esfuerzos realizados en la Segunda Conferencia de Comercio y Desarrollo reunida en Nueva Delhi, en la cual los países latinoamericanos tuvieron muy activa participación.

Se propuso allí, sin conseguirse, que se formaran grupos negociadores para formular caso por caso, un programa de eliminación gradual de los derechos de aduana y restricciones no arancelarias que estorban la importación de productos primarios e industriales en los países desarrollados.

Sin perjuicio de seguir empeñados en que esta iniciativa se acepte en el plano internacional, sería conveniente proponer a los Estados Unidos un mecanismo similar de negociación en lo que concierne a las exportaciones latinoamericanas - actuales y potenciales - de dicho país, aunque sin solicitar exclusividad alguna. Pero es natural que estas negociaciones debieran concentrarse en productos que interesen especialmente a nuestros países.

Asimismo, habría que procurar que Estados Unidos, así como otros países industriales, tomen el compromiso de no introducir nuevas trabas o restricciones en cumplimiento de la pertinente recomendación de la primera Conferencia.

36. Al mismo tiempo, debiera darse el máximo de impulso a la idea de un sistema general y no discriminatorio de preferencias para las

exportaciones industriales de los países en desarrollo. Esta idea ha sido aceptada en principio y se discute ahora la forma de aplicarla. En este sentido cabría apoyar las sugerencias que se presentan a continuación.

- En vez de negociar las preferencias artículo por artículo - procedimiento engorroso y poco eficaz, según lo demuestra la experiencia - debiera tratar de obtenerlas en general, con una lista de excepciones;
- Convendría insistir en que las preferencias se extiendan a los productos agrícolas elaborados o semielaborados, especialmente en aquellos en que el producto originario no compete con igual producción en los países importadores. Los otros casos debieran considerarse en el programa de eliminación gradual de derechos y demás restricciones que se menciona más arriba;
- Dado el nivel relativamente bajo de los derechos en los países desarrollados después de la Ronda Kennedy, se justificaría la eliminación total de los derechos, salvo en los casos en que estos excedieran de cierto límite, en cuyo caso se aplicarían reducciones parciales;
- El sistema preferencial tiene que ser de carácter transitorio. Podría realizarse un examen al cabo de un período prudencial de años para mantener la preferencia en aquellos artículos

que no se hubieran beneficiado de ella, al menos en medida razonable, y para asegurar la continuación del sistema en el caso de los países menos avanzados en el proceso de industrialización;

- Habría que reconocer la necesidad de procedimientos de salvaguardia para dar seguridad de que las importaciones sujetas a preferencia no trastornen los mercados de los países desarrollados, sin perjuicio del reajuste de las industrias que puedan verse permanentemente afectadas.

Se tiene entendido que la Comunidad Económica Europea tiene en vista un procedimiento por el cual se concederían la eliminación de derechos a todos los artículos - salvo algunos muy sensibles - pero dentro de una cuota aplicada por un procedimiento general. Completada esta cuota, entrarían a regir los derechos aduaneros aplicados a los demás países.

Sería aconsejable gestionar la modificación de este procedimiento en forma que, el haberse excedido la cuota sea sólo una señal de que podrán aplicarse los derechos si hubiera trastorno significativo en los mercados.

Asimismo, los artículos industriales que los países africanos que gozan de preferencias verticales no hubieran exportado aún a la Comunidad, también debieran sujetarse a tales cuotas a fin de no establecer nuevas discriminaciones. Solamente sería aceptable no aplicar cuotas

si se quisiera estimular las exportaciones de los países de menor desarrollo relativo, cualquiera que fuere la región.

37. Preocupa a muchos el camino que podría seguirse si no se llegara a soluciones concretas en esta materia durante un período razonable de tiempo. Es muy comprensible esta preocupación. Pero convendría más concentrar ahora el esfuerzo en lograr esas soluciones. El apoyo de los Estados Unidos es de esencial importancia en estos esfuerzos.

La Comunidad Económica Europea al aceptar la idea de un sistema preferencial está buscando un compromiso con su política de preferencias verticales concedidas a las exportaciones de ciertas naciones africanas. Hay tres puntos a considerar a este respecto.

Primero. Las preferencias concedidas a los productos primarios. Si bien en general no han sido importantes los efectos adversos para los países latinoamericanos, podrían serlo conforme los productos africanos vayan mejorando su capacidad competitiva. Convendría, por ello, que en la renegociación de los acuerdos de Yaundé se incorporen disposiciones según las cuales si las preferencias trajeran perjuicios a terceros países - principalmente los latinoamericanos - se tomarán medidas para corregirlos. Esto, como medida transitoria, pues el objetivo final tiene que ser la eliminación de este sistema de preferencias verticales. Este proceso tiene que acompañarse ineludiblemente de medidas que aceleren el desarrollo económico de los países en cuestión.

Segundo. Las preferencias verticales de productos industriales que no se hubieran beneficiado aún de ellos. En los casos en que se hubiesen beneficiado, se podría proceder como en el punto anterior. De lo contrario, no se justificaría mantenerlas, pues si también es cierto que los países africanos referidos perderían una ventaja potencial, no lo es menos que ello se compensaría, posiblemente con creces, con las ventajas de extender el sistema preferencial a todo el ámbito de los países industriales; y

Tercero. Las preferencias inversas que los países africanos en cuestión conceden a los países miembros de la Comunidad. Tales ventajas pudieron justificarse en otros tiempos de dislocación del comercio mundial pero no en la era de multilateralismo consagrada por la Ronda Kennedy. Tales preferencias perjudican, por lo demás, a los países africanos pues ello les obliga a pagar más altos precios por las importaciones provenientes de la Comunidad. Sin embargo, no cabría esperar de ellos la iniciativa de eliminar las preferencias inversas - que contrarían el principio de la no reciprocidad - pues se vincula este régimen con la ayuda financiera que reciben de aquella. Es a la Comunidad, pues, que correspondería buscar la solución de este problema a fin de apartar uno de los más grandes obstáculos que se oponen al establecimiento de un sistema de preferencias generales y no discriminatorias.

38. Es necesario disipar una confusión que suele hacerse a este respecto. Es natural que, en virtud de los vínculos que unen los países latinoamericanos a los Estados Unidos un sistema de esta naturaleza,

si se aprovecha con eficacia, podría traer consigo el desenvolvimiento intenso del intercambio con aquel país, especialmente si se cuenta con la colaboración de la inversión privada extranjera en la forma que antes se ha explicado. Pero esta corriente de intercambio no tiene porque ser excluyente de otras que podrían ser también muy provechosas en un sistema de preferencias generales. Esto concierne tanto a la Comunidad como a otros países industriales, incluidos los países socialistas.

Se concibe también un sistema preferencial que abra el mercado de los Estados Unidos en forma exclusiva a las exportaciones de los países latinoamericanos y en que éstos, a su vez ofrezcan a la iniciativa privada de aquel país, todo este nuevo campo de acción, incluyendo el del comercio inter-latinoamericano, sin parar mientes en aquellas preocupaciones que acerca de ella se han expuesto más arriba. No cabe duda de que los efectos inmediatos de una política de esta naturaleza serían notables. Pero en la vida de los países hay que ver también las consecuencias de largo alcance, tanto en el orden económico como en el político. Y en ambos órdenes conviene a la América Latina que la inversión privada extranjera venga de distintas proveniencias, cumpla eficazmente su papel transitorio de capacitación tecnológica - en su sentido más amplio - y ayude a aprovechar las posibilidades del vasto mercado mundial a fin de no depender de más en más de un solo mercado, por ventajoso que fuere desde el punto de vista estrictamente comercial.

V. LA COOPERACION INTERNACIONAL Y EL DESARROLLO CIENTIFICO Y TECNOLOGICO

39. En América Latina la capacidad científica y técnica es limitada; está desbalanceada en su estructura por un mayor énfasis hacia el desarrollo científico; está desarticulada internamente por una falta de relación entre las instituciones de creación y difusión del conocimiento; y no está interrelacionada con el sistema productivo ni orientada hacia la solución de los problemas de la sociedad de la cual forma parte.

40. La capacidad de innovación es aún más limitada, en parte por la propia debilidad del sistema científico y técnico, pero sobre todo por falta de vinculación de éste con el sistema productivo, por falta de capacitación empresarial, y por falta del clima económico-social propicio. El reducido tamaño de los mercados nacionales en América Latina es una desventaja para alcanzar las necesarias economías de escala en el costo de la innovación. La falta de una corriente de capital de "alto riesgo" (Venture Capital) impide el financiamiento adecuado de la innovación. Políticas de industrialización tradicionalmente basadas en la substitución de importaciones y en un fuerte proteccionismo industrial. Todos estos factores han favorecido la creación de un clima poco competitivo que se traduce en una muy reducida demanda de innovación y en un escaso apoyo a su concreción.

41. Como se mencionó anteriormente existe en América Latina una gran disparidad en los niveles técnicos de eficiencia operativa entre los diversos países. En efecto, mientras algunas pocas empresas alcanzan altos niveles de competencia técnica y llegan a poder competir en los mercados mundiales, la gran mayoría de las empresas, grandes y pequeñas, no pueden

entrar en competencia directa ni siquiera dentro de los mercados regionales. Existe pues un "dualismo técnico" que demuestra que el medio ambiente no permite una difusión adecuada de la innovación. Esto es especialmente grave si se tiene en cuenta la experiencia de los países industrializados donde la difusión de innovaciones está estrechamente relacionada con el crecimiento económico y el incremento de la productividad y del comercio.

42. Otro hecho que merece destacarse dentro del panorama Latinoamericano es la falta de desarrollo de las industrias de "alta intensidad técnica" (research intensive). Lo que es especialmente significativo, teniendo en cuenta su creciente participación en el comercio internacional y su influencia sobre el desarrollo técnico de otros sectores industriales. Ello se debe a que tienen un "efecto de demostración" que los hace servir de modelo para otras industrias, y a su "efecto de arrastre" por tratarse generalmente de industrias de bienes de producción que al tener un alto nivel de innovación lo difunden hacia otros sectores, ya sea presentando nuevas demandas a las industrias tradicionales que las abastecen o fomentando el uso de nuevas técnicas y equipos hacia aquellas industrias a quienes surten.

43. Por otra parte, la falta de una capacidad nacional de creación de innovaciones podría suponerse que puede ser compensada por un adecuado proceso de transferencia de tecnología, siempre que existiera una cierta capacidad de difusión de innovaciones. Las experiencias de Japón e Italia, entre otras, así lo prueban. Pero para las áreas subdesarrolladas en general y para América Latina en particular ello no es posible dadas las limitaciones de capacidad científica y técnica y de difusión de innovaciones

anteriormente anotadas. Esto sin considerar el hecho que el predominio de importación de tecnologías como casi única fuente de innovación, tiene necesariamente consecuencias técnicas desfavorables: las tecnologías utilizadas pueden no ser las más apropiadas a las condiciones de costos y materias primas del área y no se desarrollan nuevos productos y procesos que respondan a necesidades específicas nacionales, como en el caso de las materias primas cuyo valor se deteriora por la competencia de productos sintéticos.

44. La superación de la situación antes enunciada, dada la magnitud de los problemas, no puede ser enfrentada sólo a nivel nacional y requiere un esfuerzo considerable a nivel regional e internacional.

La cooperación internacional debe complementar y reforzar las acciones nacionales y regionales, dentro de un plan armónico que permita vencer el subdesarrollo técnico. Las políticas nacionales deben tener como objetivo central el establecer un progreso técnico balanceado, en términos de equilibrio de sus funciones constitutivas (creación, difusión y aplicación del conocimiento) y en términos del desarrollo y participación de la estructura institucional (gobierno, sistema científico y técnico, sistema productivo y sistema financiero) como un todo armónico. Al nivel regional las acciones deben concentrarse en contribuir a fortalecer las políticas nacionales y en procurar desarrollar formas de cooperación multinacional que permitan superar la fragmentación de los mercados y de la capacidad tecnológica tendiendo hacia una integración del potencial técnico de la región. Al nivel internacional la cooperación deberá concentrarse en favorecer el intercambio de conocimiento y la transferencia de tecnología y en facilitar el financiamiento del desarrollo técnico nacional y regional

según mecanismos que aseguren un monto de asistencia financiera compatible con la magnitud de la tarea a realizar.

45. Para la acción cooperativa a nivel regional existe un buen punto de partida en el Programa Regional de Desarrollo Científico y Tecnológico del Consejo Interamericano Cultural de la OEA. Este programa comprende Proyectos Multinacionales de entrenamiento e investigación, utilizando para ello los centros de mejor nivel de la región, y contempla además acciones destinadas al fortalecimiento de la infraestructura científica y técnica de todos los países de América Latina.

46. En relación con la cooperación internacional para facilitar el intercambio de información técnica, existen ventajas en crear centros regionales que estén directamente conectados con la red institucional que reúne a nivel mundial la mayor parte de la información técnica existente, y con las redes nacionales de difusión de la información. Este centro o centros regionales actuarían como "punto focal" para reunir, centralizar y diseminar la información y brindar un servicio dinámico de análisis de la información solicitada.

Con respecto a la transferencia del conocimiento especializado ("know how") y del conocimiento patentado, parecen existir ventajas en la creación de un centro o centros de transferencia de tecnologías que asesoren a los interesados sobre el tipo de tecnologías existentes que sean más apropiadas para las condiciones locales, y que den asistencia legal para tramitar y conseguir las tecnologías requeridas. Un "centro" regional de tecnología - estrechamente combinado con los centros anteriores

o integrado con ellos - que diera asistencia financiera para abaratar el costo de la transferencia y que detectara en su cartera un monto de patentes que pudieran ser de alto interés para toda el área sería también otro mecanismo en que la concentración de esfuerzos al nivel regional parece presentar grandes ventajas. Por supuesto, que dichas acciones deberían estar coordinadas con las acciones que se realicen al nivel mundial por las Naciones Unidas y sus agencias especializadas.

47. En relación a la participación de la colaboración internacional en el financiamiento del desarrollo de la capacidad científica y técnica de América Latina, debe considerarse la posibilidad que los países desarrollados contribuyen a él. Ello resultaría ante todo un beneficio para ellos mismos, por encontrarse en mejor situación de aprovechar el incremento del mercado mundial de conocimientos que se produciría. Al comienzo posiblemente bastaría con que financiaran la difusión de los conocimientos y tecnologías por ellos acumuladas. El carácter multiplicador de la inversión que caracteriza el campo técnico, haría que la asistencia internacional en esta esfera resultará aún mejor inversión que en el campo económico. Por su parte los países subdesarrollados contarían para su desarrollo tecnológico con fuentes externas de información y de financiamiento que son hoy muy limitadas.

48. Para poder organizar en forma eficiente los esfuerzos nacionales, regionales e internacionales destinados a mejorar el desarrollo tecnológico de América Latina, debería estudiarse la factibilidad de crear un mercado común de la tecnología en forma paralela al establecimiento del mercado común económico. Esta iniciativa fue propuesta hace algunos años en

documentos del BID, organización que ha desempeñado una activa labor en la financiación de la investigación y de la educación universitaria y técnica en América Latina. Ambos esquemas de integración deberían relacionarse de manera que frente a la mayor demanda de innovación generada por la integración económica se cree una capacidad de oferta de innovación que debe ser generada por la integración técnica.

Para esta última, deben ponerse en conjunción los recursos institucionales, los recursos humanos y financieros de la región a fin de ir creando núcleos de alto nivel que actúen como verdaderos polos de especialización, que vayan atendiendo a las necesidades técnicas de la región en su conjunto.

En suma, o la integración económica es seguida paralelamente y de cerca por la integración técnica, o los beneficios derivados de un mercado ampliado, serán desperdiciados por falta de potencial técnico para aprovecharlos. En dicho caso, las ventajas del mercado común económico serán, tanto del punto de vista técnico como económico, aprovechadas por fuentes foráneas.

VI LA CONVERGENCIA DE MEDIDAS INTERNAS
Y LA COOPERACION INTERNACIONAL

49. Existe en la América Latina una considerable fuente potencial de ingresos que se malogran por la insuficiencia dinámica de su economía. La población marginal y redundante crece cada vez más, con muy serias consecuencias económicas y sociales. Esta insuficiencia dinámica se manifiesta, asimismo, en la incapacidad del sistema, tal cual está ahora funcionando, para elevar con celeridad el ingreso de las masas rurales.

Se requiere elevar considerablemente las inversiones para resolver este problema y para ello hace falta un aumento masivo de transferencias financieras internacionales. Cuanto más pronto pueda absorberse productivamente en la economía ese potencial humano que hoy se desperdicia y cuanto más se acreciente la productividad de la agricultura con la introducción de nuevas tecnologías, tanto más rápidamente crecerá el ingreso y, en consecuencia la capacidad de los países latinoamericanos de generar sus propios recursos de inversión.

Este es un efecto dinámico muy importante que podría derivarse de la cooperación financiera exterior. Si se encauza eficazmente y no se diluye en el tiempo, sino que se concentra en pocos años y adquiere dimensiones adecuadas, su poder generador de recursos invertibles internos podrá llevar a los países latinoamericanos a una etapa en que puedan generar sus propios recursos de inversión en un lapso mucho más

corto que el muy dilatado que se necesitaría si continúan las tendencias actuales. No habrá otra forma practicable de alcanzar tasas elevadas de crecimiento del ingreso y asegurar su persistencia.

Es necesario, pues, decirlo sin reticencias: se necesita en los próximos años una política de transferencia masiva de recursos financieros internacionales para lograr objetivos impostergables.

50.'. Es ilusorio creer que el problema de insuficiencia dinámica de la economía se va a resolver solamente con la expansión del comercio exterior. No hay disyuntiva alguna entre cooperación financiera y expansión comercial. Ambas tienen que combinarse. El aumento de las exportaciones permitirá importar más. Pero sólo una fracción del ingreso generado por las exportaciones puede ahorrarse, dada la presión normal del consumo. Se necesita pues un complemento de ahorro exterior. Y la cooperación financiera por si sola, sin expansión comercial, llevaría en pocos años a una carga insoportable de servicios financieros, a un extremo agravamiento del estrangulamiento exterior.

51.'. Desde otro punto de vista, por adecuadas que parezcan las medidas de cooperación internacional aquí expuestas, tanto en su índole como en sus dimensiones, no se conseguirán los objetivos que se persiguen si cada país latinoamericano no traza su estrategia de desarrollo, ajustándola a sus propias condiciones y posibilidades, y toma resueltamente las medidas necesarias para llevarla a la práctica. La cooperación internacional si bien es de primordial importancia, sólo ofrece

el marco exterior adecuado en que se desenvuelva la política de desarrollo nacional. Esta política es pues de responsabilidad exclusiva de cada uno de los países y sólo de su propia determinación depende que sepan aprovechar las ventajas de la cooperación internacional.

52. La cooperación financiera internacional tiene que responder flexiblemente a las diversas situaciones que así puedan presentarse. Si un país está dispuesto a aprovechar intensamente las ventajas que ofrezcan los países industriales, a favor de medidas de liberalización comercial, deberá contar con toda la ayuda financiera que fuese necesaria. Lo mismo si grupos de países resuelven estimular su intercambio recíproco en el contexto de un mercado común en progresiva formación.

En lo que concierne especialmente al desarrollo interno, los países que formulan planes bien concebidos de transformación y desarrollo, con intensa movilización de sus propios recursos, debieran tener franco acceso a las fuentes de financiamiento internacional con la amplitud que fuere requerida. Pero ello no sería óbice a que países que, por razones que le son propias, prefieran abstenerse de seguir esta vía, no puedan tener financiamiento de ciertos proyectos específicos, si ellos son válidos y hay suficiente capacidad para el pago de servicios financieros en esta forma limitada de cooperación.

53. Cabe anotar aquí el avance notable que han realizado en general los países latinoamericanos en su aptitud para formular y ejecutar su política de desarrollo. Así también en el plano regional. El Banco

Interamericano de Desarrollo ha respondido plenamente a lo que de él se esperaba; el mecanismo del CIAP ha adquirido gran experiencia en la evaluación de planes y la revista anual del curso del desarrollo en los distintos países y los organismos regionales de las Naciones Unidas trabajan activamente para destacar el papel de la América Latina en el Segundo Decenio del Desarrollo. Todo está preparado pues para que puedan participar eficazmente en una política de amplia cooperación internacional en el desarrollo latinoamericano.

THE OFFICE OF ECONOMIC DEVELOPMENT
VALLEY INVESTMENT IN THE
DEVELOPMENT OF L.A.
APRIL 1969





IA-ECOSOC

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THE ROLE OF FOREIGN PRIVATE INVESTMENT
IN THE DEVELOPMENT OF LATIN AMERICA

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INTRODUCTION

Undoubtedly foreign investment in Latin America presents a problem. Frequently, conflicts of interest arise in which the echoes of past experiences are usually heard, together with some very understandable concern with the future. Furthermore, the emotional factors that enter the picture cannot be ignored, since they are an integral part of the same combination of circumstances.

This problem is not easily solved. The solution, of course, does not consist in adhering to the formulas of the past. Those formulas are the very ones contributing to the present conflicts of interest, inasmuch as they no longer respond to the requirements of a situation which differs from the one in which they originated. The search for new formulas requires objective analysis of the terms in which the problem is presented, both in the countries in which foreign investments originate as well as in recipient countries.

This analysis, which, for the present, will be limited to new private investment, must be based on the following relevant considerations:

First. Economic development is an essential responsibility of the Latin American countries themselves. In order to exercise that responsibility the Latin Americans themselves must be trained at all levels of technology. The word "technology" is used here in its widest sense, covering both productive techniques as well as organizational and administrative ones, and workers and employees as well as technicians and management.

Second. At all these levels, to a greater or lesser degree, there is an evident technological inferiority in the Latin American countries in comparison with the important industrial centers. An essential condition of development is the gradual elimination of that inferiority.

Third. When properly channeled, private foreign investments in Latin America are a powerful factor for the transfer of technology, as well as contributions of capital.

Fourth. Latin American enterprises have already entered the field. Undoubtedly, because of their present superiority, foreign enterprises could tackle, on a larger scale and more effectively than the Latin American countries, essential tasks related to the development and gradual integration of our countries. However, this would amount to failure on the part of the Latin American countries themselves to fulfill that responsibility which is properly theirs. Therefore, they must be trained in order to enable them to carry out such essential tasks.

Fifth. The basic tools of development must be under the control of the country itself, whether in the economic or financial field or in that of monetary policy. They cannot be managed from a foreign country.

Here is the very core of the problem: the concept of development itself. Such development would be neither authentic nor politically acceptable if international cooperation were to contribute to perpetuation of the aforementioned financial and technological inferiority of Latin American countries, and if the executive power of the latter were to be undermined in any way whatsoever.

In the vast field of human relations, when there are very marked inequalities, such relations usually tend to become those of subordination rather than genuine and reciprocal cooperation. In this case this must be admitted frankly if a solution that will satisfy legitimate interests of the parties involved is to be reached. Those relations of subordination entail--sooner or later--political complications which should be avoided before hand, in the light of past experience. This is an essential point in the search for new formulas.

In accord with these new formulas private foreign investments should contribute effectively to the training of Latin Americans in order to enable them to do whatever they must, and which, at present, they do not know to do or are unable to do. This is the point where efforts should be made to find full coincidence of interests.

Naturally, private foreign investments are not philanthropical operations nor could they be such. Like their Latin American counterparts, foreign investors are motivated principally by profits. If they are to play the role of agents for technological training--again in the widest sense of the word--it is necessary to recognize straightforwardly the need of the aforesaid incentive as well as the cost that it entails for the Latin American countries.

This comparison of the contributions of capital and technology made by foreign enterprises and the cost involved cannot be applied only to individual cases, but must be considered in relation to the overall economy of a given country and the problems that must be solved in order to accelerate its development.

One of those problems is the trend toward external imbalance found in the Latin American economies in the course of the development process. Foreign private investors can help appreciably in correcting this external bottleneck which hinders development.

With this objective in mind, it is essential that foreign private enterprises promote the development of exports, or the substitution of imports, particularly at the regional or subregional levels.

In this regard, some confusion exists which should be clarified. To this end it is necessary, on the one hand, to know the real increase in foreign currency holdings resulting from such expanded exports or the real savings in foreign currency effected through the substitution of imports, and, on the other hand, to deduct the transfers of foreign currency abroad made by foreign investors as amortizations and profits. On the basis of the difference thus established it will be possible to determine accurately the efficacy of such contributions to the balance of payments.

Thus, there are foreign investments which do not help the balance of payments of a country but, on the contrary, aggravate the trend toward imbalance. This does not mean that such investments have not increased the product of a given country. But if that product is not translated in one form or another into expanded exports or substitution of imports, the transfers of profits originating in such investments constitute a net loss of foreign currency which defeats the purpose of seeking external balance.

In such cases, it will be necessary to compare the value of the technological contributions of such foreign investments with the net cost of the foreign exchange that they represent. Naturally, if a country develops its exports fully, without any external bottlenecks whatsoever, there would be no problem with regard to other aspects which have been mentioned above. All aspects must be considered in order to establish a policy for foreign investments as an integral part of the policy for development and international cooperation.

In the present phase of development of the Latin American countries the formulation of such a policy would appear to be an inescapable necessity. It should clearly define the fields of its economy to which each Latin American country intends to attract new foreign investments, as well as those where such investments are not considered desirable.

Depending on the field of activity and the degree of interest in attracting foreign investments for the technological contributions that they entail it will be necessary to establish formulas adequate to the goals pursued. This report embodies various suggestions submitted to CIAP. According to one of them, private foreign investments could be made in unlimited fashion in the fields where they are considered desirable. However, after a reasonable period of time, control of the enterprise in question would be transferred to the Latin American country or countries in which the investments were made, in accordance with previously agreed procedures.

In this aspect, as in others, it is essential that foreign investors should clearly and accurately understand the conditions established by each country and the fiscal or other incentives that it offers. There must be full recognition of the fact that private foreign investments are attracted by the legitimate profit incentive and that such profit must be commensurate with the value of the transfer of technology. Likewise, it must be agreed that such foreign investments, furthered by continuous technological innovation, have broad opportunities for expansion at the international level. Consequently, it behooves the Latin American countries to offer reasonable incentives in order to attract the investments that they wish to foster.

In this regard, insistence on foreign investments being oriented preferably toward the promotion of exports or the substitution of imports is favorable to such investments, since it eliminates or reduces difficulties in service payments. The same reasoning could be applied to the danger of political complications mentioned above. Indeed, the assurance that control of the enterprises will be transferred to the country in which they are incorporated, after an agreed period, as well as the clear understanding of their role as agents for the transfer of technology, will help appreciably in creating a climate of mutual understanding and reciprocal advantages which will also reduce that danger to a minimum, particularly if previously analyzed problems pertaining to certain foreign investments are solved. On the other hand, the success of the policy recommended here would undoubtedly help to find reasonable solutions for such problems.

These considerations will also contribute to recognition in the industrial centers of the advisability of a policy of this type. A new era of international investments has dawned, in which the predominant characteristic is the exploitation of technology, as opposed to the previous one, which was frequently abusive, characterized by exploitation of the natural resources of the country. The new formulas discussed in this report must take into account the need to pay the appropriate price for the transfer of such technology.

This is the point at which there is maximum coincidence of interests: the provision of technological services, either with contributions of capital and foreign control of the enterprise during a given period, or with minority capital, or without any capital contribution whatsoever.

In these matters the necessary flexibility must be allowed in order to achieve the coincidence of interests in the different cases which arise, with regard to the problems of each country, the diversity of technologies, and the degree of interest of each country in assimilating such technologies, as well as in the fields of production, organization and administration.

However, the problem is not limited to formulas for cooperation between private foreign investors and national or multinational investors in the Latin American countries. Resolute support of Latin American private enterprise by the countries themselves, as well as the pertinent international organizations--within the framework of policy that they themselves establish--is also essential. Without such support it would be very difficult, if not impossible, to eliminate the technological and financial inferiority of such countries.

The ideas presented here--which, in considerable measure, are embodied in the important contributions submitted to CIAP by economists of Latin America and other countries--should be considered not as definitive proposals but rather merely as bases for discussion of this problem with a view to establishing formulas for practical action which can only be effective if approached along the necessary path of a reciprocal consensus.

II. TRANSFER OF NEW FOREIGN INVESTMENTS TO LATIN AMERICAN COUNTRIES

As stated in the Introduction, the problem of foreign investments, which is a matter of concern to Latin America, is not merely limited to the transfer and assimilation of technology. It also involves the capacity of a country to adopt fundamental decisions regarding its economy, financial activities and monetary policy. Achievement of the first objective, which is certainly not unknown in Latin American experience, is conceivable. However, an acceptable solution will not be achieved as long as certain fundamental decisions are adopted in foreign countries.

It is not far-fetched to say that one of the most serious obstacles to the creation of the Latin American Common Market is the fear--which we consider justified--that private foreign investors will avail themselves intensively of the broad industrial prospects that such a market offers. Thus the dynamics of the common market would be dominated by the irresistible might of foreign enterprises, particularly those of the United States which are characterized by their great efficiency and formidable capacity for multinational expansion.

Therefore, maximum importance is attributed to the control of investments remaining in Latin American hands. How can this attitude be reconciled with the need to attract private foreign enterprises to all those fields in which, at present, technological capacity does not exist in the Latin American countries or is insufficient?

One of the formulas which has been discussed frequently in recent years is that of the joint venture, that is, the combination of foreign private enterprises with their Latin American counterparts. Naturally, for decision-making to remain in the hands of the latter, it would be necessary for them to own majority shares of the capital stock. Aside from the financial obstacles, which may be overcome, foreign opinion is sharply divided on this issue. While some unhesitatingly agree to work on a minority basis, others reject any combination in which they would not hold the majority of shares or in which they must share responsibilities with Latin American investors, even when the foreign investors hold majority shares of capital stock. Certain multinational enterprises which are very important for the propagation of technology have assumed this position unequivocally.

This is evident not only in the papers prepared by CIAP but also at the recent meeting on this matter sponsored by the United Nations and held in Amsterdam.^{1/}

1. Panel on Foreign Investment in Developing Countries, Amsterdam, 16-20 February 1969, Panel Document No. 6, United Nations. Also see the interesting paper of Dr. J.S. Ramaer of the Phillips Company in International Joint Business Ventures in Developing Countries, Report submitted by the International Chamber of Commerce, United Nations document TD/B/NGC/9, January 9, 1969, which presents clearly the arguments in favor of and against joint ventures.

Consequently, although joint ventures may help to solve the problem of foreign investments if Latin American interests hold the majority shares of capital stock, this is not a complete solution because of the attitude adopted in this matter, very understandably, by foreign enterprises whose cooperation is extremely important for the Latin American countries.

Because of this, Dr. Rosenstein-Rodan (of MIT), in papers submitted to the Inter-American Development Bank, and Professor Raymond Vernon (of Harvard), in a report requested by CIAP, as well as other authorities consulted by the latter, have proposed another formula. The formula consists of attracting private foreign enterprises to those fields in which contributions of capital and technology are considered highly desirable, without requiring any participation by Latin American interests during a given period. As stated above, after that period has elapsed, control of the enterprise would be transferred to such interests in accordance with procedures established from the outset, with a view to avoiding future difficulties.

This period should be long enough to launch and strengthen the enterprise, to realize the profits that originally stimulated foreign initiative, and to let Latin Americans assimilate the technology contributed in the field of productions as well as in organization and administration. Professor Vernon suggests a minimum of 7 years and a maximum of 20, without appearing to be inflexible on the subject.

The reason which leads the abovementioned economists to propose this formula is a dual one. On the one hand, they assume that political opposition created by foreign control would be softened considerably and might even disappear if it were known positively that such control would inevitably be transferred to Latin American hands after a reasonable transition period. On the other hand, they hope that foreign private enterprises which are reluctant to share responsibilities and decisions in joint ventures--as indicated above--will find this formula attractive because in addition to the profit incentive, it provides ample time for managing the enterprise in accordance with their ideas and, from the outset, establishes an equitable procedure for transferring all or most of the capital stock to Latin Americans.

An additional incentive which may attract foreign private enterprises would be continued cooperation, after the transfer of ownership, by means of contracts for technical or administrative services or through licensing the use of patents or trademarks in exchange for payment of royalties. Dr. Rosenstein-Rodan believes that, in order to strengthen this future bond, it would be advisable to maintain a reasonable proportion of capital stock in foreign hands, for example 20 percent. At any rate, foreign interests may withdraw completely and definitely if they so prefer.

We should now discuss a point which has not been given special consideration in the aforementioned papers. The transfer of capital stock at the end of the agreed period would require a mobilization of resources which, at a given time, may be substantial. This would suffice to arouse doubts or skepticism regarding the possibility of actually implementing a policy of this type. Indeed, it may be felt that this formula would be a disguised way to ensure indefinite prolongation of private foreign investments, without their control ever passing into Latin American hands.

This argument is undoubtedly serious and could dangerously compromise political acceptance of the formula. Therefore, it would be essential to provide guarantees that the financial resources required for purchasing the capital stock would be accumulated throughout the transition period in such a way that, at the end of the period, sufficient resources will be available for purchase of a majority share in all the capital stock required, in the manner agreed upon.

This purpose may be achieved in various ways. One would be for the enterprise to divide its capital into two parts from the outset. One part would be in common stock which, owned in its entirety by private foreign investors, would thus ensure their complete control of the enterprise during the agreed period. The other part would consist of preferred stock which, at the close of the period, would be converted into common stock to the extent necessary to turn over control of the enterprise to the holders of such stock. In the meantime, the owners of such preferred stock would not have the right to vote.

The preferred stock, however--which, at the outset, like the common stock, would be held by foreigners--would be gradually transferred directly or through corporations, to national ownership.

With reference to the resources required for purchase of preferred stock, we must start with the following important premise: the gradual transfer of capital stock from foreigners to national will require increased savings by Latin American countries through fiscal and other incentives. Actually, the problem of foreign investment could not be discussed outside the context of economic development and of the need to accelerate its pace by means of expanded contributions of international resources and an even more intensive mobilization of internal resources.

With this goal in mind, preferred stock could be offered for public sale or purchased by industrial banks or development corporations until a favorable market is established for them. Thus, the

aforesaid institutions would require additional resources which could be provided by in the state as the mobilization of internal resources is intensified, and by international credit institutions.

These are the broad outlines that must be considered with a flexible approach and adapted to both the type of enterprise and its technology, as well as to the fields in which the cooperation of foreign private enterprise is desired. This leads us to the next section.

III. DELIMITATION OF THE FIELDS FOR FOREIGN PRIVATE INVESTMENT

In the Introduction we indicated the advisability of clear delimitation of the fields of economic activity in which foreign private investment are desired. This should be done in the economic development plans of the Latin American countries.

Above all, foreign investment would be highly desirable in every area in which it contributes effectively to correcting the persistent trend toward the external imbalances which prevail in our economies. Exports of new products and services and, very especially, of manufactured and semimanufactured goods and tourism should be given high priority.

Generally speaking, most of the industrial exports which the Latin American countries could effect during the next few years require technology that is usually available, although there is considerable room for improving it and raising the productivity of the enterprises involved.^{1/}

1. With regard to industrial exports, the Chairman of CIAP recently made the following comments in a statement at the Instituto de Cultura Hispánica, in Madrid, on January 27, 1969:

"We stand on the threshold of a new era in which the growth of the economies and exports of the industrial countries, particularly in Europe, will be to a great extent the result of efforts made to increase and improve scientific experiments, and of the skill and ability of manpower in using the most advanced technologies."

"This policy followed by such countries, would in turn expand the opportunities of developing countries to export not only agricultural products and other raw materials, but also finished products that do not require a high degree of skill, as well as many types of manufactured goods with which to supply European industries, assuming the manufacture of such items, barring well-justified exceptions, does not require a high degree of skill with regard to the scientific progress that will continue to be made in the immediate future, thus contributing to the creation of the so-called post-industrial era."

"For our world of modern international cooperation, the new plan for distribution and mobility of the labor force will bring considerable benefits, both for industrialized and developing countries."

However, there are also cases of complex technology, or of technological innovations which inevitably require foreign cooperation. Furthermore, these innovations multiply continuously and it would not be desirable to remain isolated from them. On the other hand, available experience on foreign markets and ways to use them is very limited. In this field--as in technology--there is a broad range of situations which should be taken into account in order to establish the conditions for transfer of foreign investments to Latin Americans. When the foreign investor contributes new technology which he himself has developed and on which a patent has not been obtained, there is ample justification for granting the maximum period for transfer of the capital stock and for his retaining part of said stock, without, however, maintaining foreign control--since it must be turned over to Latin Americans. This procedure will nevertheless mean that foreign investors will continue to be very interested in the success of the enterprise and in continuing to contribute the advantages of technological improvements or of new technology. The same is true in cases in which the external markets require continuous and costly work for their utilization, or when the enterprise authorizes the use of trademarks which, because of their prestige, facilitate access to the aforesaid markets. These digressions suffice to show that, within the formulas governing the transfer of control adopted as a general framework, very different situations may be considered.

The case of import substitution is similar to the one cited above, inasmuch as, if the serious defects of the industrialization process are to be corrected, the new industries to be established in order to substitute imports should also have foreign markets, in Latin America as well as in the rest of the world, so as to obtain the well known advantages of economies of scale and specialized production. In view of the well known fact that the Latin American countries which are most advanced industrially now have to cope with the problem of substitution industries which are frequently technologically complex, the cooperation of foreign private enterprise is also justified.

We will now discuss a very different aspect, which was mentioned briefly in the Introduction, namely, the new foreign investments designed to take over control of existing industries. In Latin America--particularly during the past two years--there has been a substantial flow of foreign private investment for the purchase of enterprises formerly owned by Latin Americans, frequently for many years. If the major objective of the new investment is to reorganize the enterprise in question technically and administratively, converting it into an export industry, the case is similar to that discussed above. However, if the goal is to continue to aim at the internal market, quite a different matter is involved.

As stated previously, it is indisputable that the penetration of foreign private enterprises usually entails the introduction of new techniques or the improvement of those already in use, as well as better organization and administrative methods. This could encourage other enterprises to likewise undergo change and combine in order to produce at reduced costs. All of this is a positive contribution. However, in other than exceptional cases, the negative effects have more weight. This is especially true of the psychological and political consequences of the transfer to foreign ownership of property formerly owned by nationals. Then, too, consideration must be given to the economic cost of such operations, because, as stated in the Introduction, transfers of profits abroad constitute a net loss of foreign exchange. Furthermore, as in most cases existing industries enjoy excessive protection, the rise in productivity that will result from conversion of the enterprise will probably be translated into larger profits than now accrue to foreign capital, again to the detriment of the balance of payments.

It is true that the efficiency of enterprises usually improves markedly in this manner and that the resultant increase in income--because of increased productivity--is generally more substantial than the aforesaid transfers. Therefore this refers to the internal aspect of this question and does not gainsay what has just been stated regarding the unfavorable external effects.

In this case it is not only a question of comparing the positive and negative effects of this type of investment, but of wondering whether there are no other ways to spur existing enterprises owned by Latin Americans to improve their production, organization and administration methods.

In addition to these observations, other aspects must be considered, that is, the nature and amount of profits sent abroad by foreign enterprises. Because of the manner in which Latin American industry has evolved--in "water-tight" compartments--the advantages of specialization, of economies of scale, and of full use of capital are not exploited. Thus, production costs are excessive. Nevertheless, because of excessive protectionism, generally speaking, industrial earnings are high in the case of both national and foreign capital.

The problem is one of deficient use of scarce productive resources, for which the Latin Americans, and not foreigners, are responsible. Therefore, the latter are transferring abroad profits originating only in part in their own efficiency, since a substantial portion of such profits are due to conducting operations in a highly protected market.

In banking activities, it should be kept in mind that developed countries usually supervise and control this area and establish very strict limitations on external interference which may affect national interests. United States legislation is particularly severe in this regard.

The policy to be followed in all these cases must be of another type. As a general principle, what is owned by Latin Americans must remain in their hands. However, at the same time, it is necessary to induce them to gradually improve their efficiency. There is no better incentive than the gradual reduction of customs duties and the gradual elimination of import restrictions. In the present circumstances of Latin American industry, substantial reductions in relation to the rest of the world cannot even be considered as yet. However, such reductions would be advisable in the case of industrial products that are part of Latin American trade. This will require coordinated measures, as no country could undertake such action without other countries doing so on a reciprocal basis. The appropriate framework for such action already exists in the regional market of LAFTA and that of the subregional agreements. All that remains to be done is to use such markets decisively.

The period for achieving a significant decrease in protectionism, or to eliminate it completely, would have to be sufficiently long so as to permit the orderly evolution of the Latin American enterprises and their gradual adaptation to new competitive conditions. It should not be forgotten that the play of real or potential competition is an essential requisite in the private enterprise system. In other economic and social systems there is growing recognition of the compatibility of collective ownership of production facilities under the socialist competitive patterns that may be deemed essential for business efficiency.

However, such a policy should not be implemented merely through the progressive reduction of tariffs and other restrictions. It is also necessary to provide vigorous technical and financial support for Latin American businessmen. This aspect will be discussed in another section.

In the field of business activity much remains to be done in Latin America. Nevertheless, what has already been achieved is very significant. Organizational and administrative techniques are being assimilated effectively and profitably by Latin American enterprises. This leads to the thought that a policy of encouragement of private enterprise--both individual and cooperative--in our own countries may yield positive results without the cost entailed in recourse to foreign private enterprise.

However, some flexibility must also be allowed regarding this aspect. Suffice it to consider the contribution made by foreign business enterprises to the promotion of manufactures for retail and wholesale marketing of a whole series of articles which were formerly imported without ever reaching the masses of the population.

Generally speaking, it would be preferable to support national activities for the transformation and modernization of commercial activities, rather than calling in foreign firms or transferring to them what was formerly owned by nationals.

Public services are also a special case. Their techniques are well-known and, from that standpoint, foreign investment would not be justified, with the exception of activities entailing new technology, such as the establishment of atomic energy plants for the production of electric power. However, in our countries the administration of such enterprises is usually very deficient. On the other hand, this does not mean that in order to correct this evil it is necessary to open the door to foreign investment. What is needed is a frontal assault on the problem of efficiency by attracting capable administrators to our countries, with the cooperation of foreign technical or administrative services, whenever necessary.

The Latin American countries recognize almost unfailingly the desirability of having available to them foreign establishments for facilitating their commercial and financial relations with other countries. However, this is not incompatible with the establishment of certain limits and operational standards. These include the establishment of a maximum level for deposits in relation to capital and reserves, and restrictions on the amounts of loans granted to foreign enterprises relative to the capital and reserves in the country, and not to those of the home office.

Nevertheless, beyond this area of identical interests, problems of concern to certain Latin American countries have arisen. Despite the fact that legislation requires prior authorization by the State in order to open a new banking establishment, the purchase of already established small or medium-size banks has enabled foreign private investors to expand their sphere of activities in the national banking sector.

In the light of the above considerations, in intensifying their planning efforts, as they should, the Latin American countries should identify the fields in which they do not desire foreign private investment--other than in the case of justified exceptions--and should clearly define those where they consider such investment desirable.

In brief, new foreign investments for purchasing control of investments owned by Latin American countries are not desirable because of reasons inherent in the concept of development itself, because of their unfavorable effect on the balance of payments, and because of their political and psychological consequences, which help to create an unfavorable climate not only for such investments but also for those which are desirable for national economic development.

Likewise it is inadmissible to make new investments in public services and business--with some exceptions--in banking activities, except for those of banks which help to promote trade and financial relations with foreign countries. On the other hand, operations that are translated into new investments or the substitution of imports and the conversion of industries for such purposes, are of fundamental importance.

In this case, it would be necessary to use a very flexible approach regarding the formulas to be employed, in accord with the nature of the technology that a country intends to acquire. The following three situations may be listed in order of importance. Firstly, those in which foreign investment can only be affected jointly with national investment, but with the foreign capital occupying the minority position. Secondly, the possibility of such participation by foreign private investment assuming the majority position, provided that, after a relatively short period (related to the transfer of not overly-complex technology), control of such enterprises be transferred to national interests. And, thirdly, the fields where an attempt is made to apply very complex technologies with rapid innovation or penetration of industrial centers by Latin American exports. In the latter case, foreign private investment can control the enterprise for longer periods, at the end of which the national interests--or those of Latin American countries--would assume the majority position, while still leaving a large proportion of the capital in the hands of the foreign investor, in order to keep him interested in continuing to bring technological innovations to the country.

Although it is up to each country to adopt these decisions with regard to investment policy, it is nonetheless true that all should try to harmonize the basic standards which govern the treatment of foreign private investors in order to avoid disorderly competition among the Latin American countries for attracting foreign investors. It is possible that, particularly at the outset, such harmonization may only be feasible either within the framework of subregional integration agreements or of sectoral agreements for complementation in which only a limited number of countries will participate.

IV. SUPPORT OF LATIN AMERICAN PRIVATE ENTERPRISE

Evidently, the basic objective of this paper is to strengthen the role of Latin American enterprise in accelerating the region's rate of development. The particular attention given to the private enterprise sector of our countries is not designed to exclude public enterprises but rather to try to reach a harmonization of the interests of our private enterprises with those of foreign private investors in a manner compatible with the primary objective.

The problem of foreign private investment is of concern not only to developing countries but also to developed ones; this concern is evident in the countries of the European Economic Community and in Canada. In Japan an extreme solution was adopted: to reserve the entire field for national private enterprise and to exclude foreign private enterprise. It is significant that the pertinent measures were adopted with considerable foresight during the occupation under General McArthur. It is also very significant that Japan is now beginning to open its doors to foreign private investors. Both measures entail no contradiction; they are only a logical evolution. Japan has achieved remarkable economic progress and its investment rate of over 30 percent, is unique in the private enterprise system. Its industry, in particular, has developed soundly and with great efficiency. Japan can now accept reciprocal cooperation at the international level because such cooperation is now genuine, among equals, and free of the subordination complex mentioned early in this report.

Naturally, the industrial development of Latin America, even in the case of the most advanced countries, is inferior to that of Japan during the postwar years. At that time Japan already possessed a broad industrial base as well as considerable experience in exports. That is what our countries must now achieve, and, to that end, it is necessary to establish new formulas for cooperation which will strengthen Latin American private enterprise while promoting the intensive mobilization of its own resources.

However, as stated elsewhere in this report, such formulas, regardless of their importance, do not provide the complete solution of the problem. It is essential to provide technical and financial support for Latin American enterprises on a broad scale.

The question of what tools are to be used for such cooperation must be tackled without delay. The Latin American countries already possess positive experience in the field of industrial promotion, particularly with regard to activities related to internal consumption for substitution of imports. If a resolute policy of readjustment of protectionism is initiated it will be necessary to offer to existing enterprises all the necessary support for transformation and modernization, as explained previously.

The area in which there is much less experience and where there is an opportunity for opening new paths is that of support for industries which, in addition to satisfying internal demand, are oriented toward exports or are established or transformed with that specific objective.

If decisive steps are taken during the next few years to create a Latin American Common Market, enterprises of this type will be very important and will also contribute to the development of industrial exports to the rest of the world. This opens up very interesting prospects for multinational enterprises. It should be noted that the word "multinational" has two meanings. One of them refers to enterprises controlled by a single country, usually the United States, but which extend their industrial activities to several countries, if not to the entire world, and which, in several instances, are also administered by directors of various nationalities. The other meaning refers to enterprises which, in addition to operating in various markets and dividing production among them, have their capital stock distributed among investors of different nationalities, and have multinational management.

We are interested in the second definition. The Latin American Common Market will not be created solely by means of a policy for gradual reduction of protectionism, although such a policy will have very positive effects on industrial efficiency, as stated previously. However, a policy of that type will not take the Common Market very far. The Common Market will be established mainly by means of arrangements concluded among the participating countries for the purpose of dividing industrial activity among themselves in a manner designed to guarantee to each the advantages of specialization and economies of scale. This aspect pertains, particularly, to a series of basic industries as well as others of considerable technological complexity and substantial capital regarding which, furthermore, it is expected that there will be a rapid increase in demand in the course of Latin American development over the next few decades.

In some instances, the combined efforts of private enterprises in the Latin American countries may be sufficient for establishing such industries, particularly if the technical and financial support mentioned above is forthcoming. However, in other cases, because of the very complexity of the industry, or the knowledge of external markets, or the fact that the technology of the foreign enterprise is not patented with the resultant need to rely on its direct contribution, it will be advisable to adhere to the formula of foreign investment and transfer of its control to Latin Americans after a reasonable period of time. In such transfers the most adequate solution would be that of the multinational enterprise. Its control would be assumed not by a single Latin American country but by a group of countries in the area, without prejudice to the foreign investor continuing to own part of the capital stock, albeit in a minority role. In the case of relatively less developed countries

the multinational formula could be applied in such a way that, after a reasonable period, control of certain enterprises could be turned over entirely to the country in which they are located.

In the case of very large multinational enterprises, it is possible that the Latin American states may consider it desirable to participate jointly with private enterprise either directly or through corporations created for the promotion, financing and provision of technical assistance to such enterprises. The nature of this report and its preliminary character do not lend themselves to consideration of this other aspect which is so important. We will limit ourselves to saying that, besides promoting the mobilization of internal resources, such corporations would undoubtedly receive ample international financial cooperation.

The aforesaid corporations, whether national, subregional or regional, may assume considerable importance in the adaptation and assimilation of technology. The patterns of technological transfer through the use of patents, and the costs involved, have not been studied in detail in Latin America thus far. Likewise, no consideration has been given to the possibilities of having machinery for handling in one form or another, the pertinent negotiations. The same is true of trademarks. The cost of use of foreign trademarks could be justified in the case of export promotion. However, the advantage of this practice is much less evident in the case of internal consumption, in view of the financial remittances to foreign countries entailed in the use of foreign trademarks.

V. CONDITIONS FOR ATTRACTING FOREIGN PRIVATE INVESTMENT

Whenever incentives for foreign private investment are discussed there is always reference to the need for the Latin American countries to create a favorable climate for such investments. This is indisputable. The important thing, however, is to know whether what is involved is only the particular attitude of each country or whether the problem is much broader and more complex, covering the countries of the region as well as those which are sources of foreign investments and the attitude of the investors themselves. In a sense, the very nature of this report is a reply to such a question. This is a general problem. However, the reply is incomplete, inasmuch as, hitherto, this matter has been considered from the standpoint of the Latin American interest. However, this report could not end on such a unilateral note.

It is evident that the specter of expropriations hovers constantly over this question. The expropriations that have taken place in Latin America during the past few decades--except in the case of Cuba, where a profound economic and social revolution is in operation--are generally limited to the case of specific public service enterprises or to those which exploit natural resources, but have not been significant in the case of foreign investments in industry. This shows that herein lies a special problem which cannot be ignored. Furthermore, the situation is not static, because an evolution is taking place which should be channeled toward finding effective formulas for cooperation. These formulas, in addition to solving the problems that arise with regard to such enterprises, help to create favorable psychological conditions for new foreign investments in the fields in which the Latin American countries have a special interest in such action.

Formulas of this type will help to prevent future difficulties in the light of past experience and, in that sense, they differ from the arbitration procedure. In effect, arbitration seeks to settle conflicts among the parties after they have arisen. The agreement prepared to that end by the World Bank has not been supported by the Latin American countries because of reasons which they regard as fundamental. However, up to the present, no other means have been sought, other than purely national ones, for coping with the difficulties that are encountered from time to time.

Insurance against noncommercial risks in investments also encounters opposition, albeit of another type. Some maintain that if a country offers favorable conditions for foreign investment, such insurance is not necessary, and that, on the other hand, if such conditions do not exist, insurance will not be a sufficiently effective factor for promoting them. Nevertheless, perhaps there are more opinions in the sense that, although favoring investment insurance in principle, there is objection to its bilateral character. This objection is based on the opinion that, when a claim is submitted, the Government of the country in which the insurance originated assumes the role of the investor, and what was merely a question

of private economic relations thereby becomes a political matter in which the influence of the larger country may carry too much weight. This factor leads one to consider the advisability of studying the possibility of a multilateral investment insurance system in which creditor and debtor countries would participate.

From another standpoint, there are other obstacles which, if not eliminated, could affect unfavorably the policy of foreign investments advocated in this report.

One such obstacle would be the limitation on transfers of profits obtained by the foreign investor. The elimination of exchange controls has reduced the importance of this problem considerably. However, it must be admitted that, generally speaking, such restrictions originate in the external bottlenecks encountered by our countries and that the basic solution does not depend merely on attitudes but on international cooperative measures designed to eliminate this phenomenon. A satisfactory growth rate for exports, more favorable conditions in the transfer of financial resources to the Latin American countries, and readjustment of the debt when services weigh excessively on the balance of payments are points of primary importance in this policy of cooperation.

On the other hand, there is an aspect that should not be ignored. The unhampered transfer of profits originating in capital and reserves is essential for promoting foreign investment. However, rather frequently, in Latin America profits that are transferred not only originate in capital and reserves but also in massive use of bank resources of the country in which the investment is made. This is an aspect regarding which there is much justifiably concern, and it must be considered with complete objectivity.

Finally, inasmuch as the idea is to channel foreign investment primarily toward export industries it is appropriate to mention a serious obstacle that has arisen from time to time in many Latin American countries and has also affected their businessmen, namely, currency overvaluation. It is obvious that this problem may be solved either by controlling inflation or by means of flexible exchange rates. However, until such time as these measures are adopted, it will be necessary to take steps toward offsetting the effects of overvaluation.

Nothing is achieved by reluctance to recognize these difficulties when they exist. On the contrary, they could compromise the efficacy of a rational investment policy. However, once such policy has been established, it will of course be up to each Latin American country in the light of its own experience and with clear understanding of its own basic interests, to adopt internal measures necessary to make such a policy, in practice, as effective as may reasonably be expected.

VI. PRIVATE INVESTMENT IN THE CONTEXT OF DEVELOPMENT

The problem described in this report must be approached in the context of a policy for economic development and international cooperation. This is the area in which private enterprise is involved and plays its highly important role. But the Government also plays a decisive role therein, above all, in the formulation and implementation of such policy and of its economic and social objectives, as well as in the structural reforms which will clear the road for the dynamic forces of development and for equitable distribution of its benefits among the sectors of the population which have fallen behind in this process. The role of the Government also entails mobilization of resources in order to support private enterprise, and to share in certain activities in the field of economics or undertake them on its own, as required by the nature of the problem.

In this mobilization of resources, international financial cooperation is essential in the present phase of development of the Latin American countries, the intensity of such cooperation being commensurate, in each case, with the evident differences in the degree of development of each country. This is essential for a whole series of fundamental reasons.

It is highly desirable that, in accordance with formulas such as those envisaged in this report, substantial foreign investments be made in order to help solve the serious problem of the external bottlenecks encountered by our countries be effected in substantial amounts, and help the Latin American countries to participate ever more actively in international trade.

But, regardless of its volume, foreign private investment cannot substitute for the transfer of government financial resources. Such resources are essential for completing the mobilization of internal savings, with regard to economic and social investments of the state as well as to those investments which must be effected in ever-larger measure in order to support Latin American private enterprise.

Indeed, this report has emphasized the need for making available sufficient financial resources to cooperate in modernizing existing Latin American private enterprises, promoting the establishment of new enterprises, and facilitating the transfer of foreign control to Latin Americans.

Internal financial resources must be mobilized with ever-greater intensity for the above and other purposes. However, such mobilization of resources will only be sufficient for a given period of time, depending on the country in question. Therefore, it will be necessary to resort to contributions from bilateral or multilateral international credit institutions--preferably the latter--in order to help Latin American private enterprise through technical and financial promotion agencies of a national, subregional, or regional character, as required in each instance.

Therefore, the concept of the role assigned to foreign private investment in this report, which responds to very legitimate concerns that exist in the Latin American countries, differs radically from that which is deeply rooted in the Nineteenth Century. Actually, foreign investments were an extension of the national economic interests of the investor countries and it was necessary to ensure that they have a free field of action. Today another concept is moving forward. Foreign investment is part of a group of international cooperation measures which, when combined with an internal development policy, promote a rapid growth rate and management, by each country's own nationals, of its primary development tools. This is a manifestation of maturity and of awareness of responsibility which is constantly growing in the Latin American countries and at the international level.

The suggestions contained in this report should be viewed from that standpoint. The need for international financial resources for support of Latin American private enterprise is an integral part of that concept. Such resources are needed in order to assist in the task of training ourselves and to contribute to the growth of our abilities for development, which cannot be achieved without a policy inspired in the ideas upon which this report is based.

The desire to develop with our own efforts does not entail a policy of excluding others who could at least for the present, perform that task more effectively. Therefore, this concept does not contain any expression of antagonism. The idea is quite different. It is to place the Latin American countries in a position to perform that same task in order to gradually place themselves on an equal footing with other countries and to establish, on such bases, genuine relations for international cooperation.

LA INVERSION PRIVADA EXTRANJERA
EN EL DESARROLLO LATINO AMERICANO



INTRODUCCION

Indudablemente, hay un problema de inversiones extranjeras en la América Latina. Surgen con frecuencia conflictos de interés en que suele advertirse el eco de pasadas experiencias y algunas aprensiones muy explicables acerca del futuro. Y a todo ello se agregan elementos emotivos que no podrían desdeñarse, como que son parte integrante de una misma constelación de circunstancias.

No se trata de un problema de fácil solución. Esta solución no está, desde luego, en seguir las fórmulas del pasado. Son ellas las que contribuyen a provocar esos conflictos de interés, pues ya no responden a las exigencias de una realidad que difiere de aquella en que esas fórmulas surgieron. La búsqueda de nuevas fórmulas exige un análisis objetivo de los términos en que se presenta el problema, tanto en los países de donde provienen las inversiones extranjeras como en los que las reciben.

Este examen, que se limitará por ahora a las nuevas inversiones privadas extranjeras, tiene que tener como punto de partida estas consideraciones relevantes:

Primera. El desarrollo económico es responsabilidad esencial de los mismos países latino americanos. Para ejercer esta responsabilidad es indispensable capacitar a los propios latino americanos en todos los planos de la tecnología. Empléase aquí la expresión tecnología en su sentido más amplio, que abarca tanto las técnicas productivas, como las de organización y administración; y así a los obreros y empleados como a los técnicos y a los dirigentes empresariales.

Segunda. En todos estos planos, y en mayor o menor grado, hay una manifiesta inferioridad tecnológica en los países latino americanos comparados con los grandes centros industriales. Es condición primordial del desarrollo la corrección gradual de esta inferioridad.

Tercera. La inversión privada extranjera en la América Latina, si está bien encauzada, constituye un poderoso elemento de transferencia de tecnología, además de aportación de capital.

Cuarta. Ha surgido ya la empresa latino americana. No cabe duda que la empresa extranjera, en virtud de su presente superioridad podría abordar, más y mejor que la empresa de los países latino americanos, tareas esenciales del desarrollo y de progresiva integración de nuestros países. Pero ello significaría eludir esa responsabilidad fundamental que corresponde a los propios latino americanos. Hay pues que capacitarlos para que cumplan esas tareas irrenunciables.

Quinta. Los resortes fundamentales del desarrollo tienen que estar bajo el dominio del propio país, sea en el campo de la economía, de la actividad financiera o en la política monetaria. No podrían ser manejados desde el extranjero.

Aquí está el fondo del problema: en el concepto mismo del desarrollo. No sería auténtico este desarrollo, ni políticamente admisible, si la cooperación internacional contribuyera a perpetuar esa inferioridad financiera y tecnológica de los países latino americanos; y si el poder de decisión de estos se viera menoscabado en forma alguna.

En el ámbito tan vasto de la convivencia humana, cuando hay desigualdades muy pronunciadas, las relaciones suelen ser más de subordinación que de genuina y recíproca colaboración. Hay que reconocerlo francamente en este caso si se ha de llegar a una solución que satisfaga legítimos intereses de las partes en juego. Pues esas relaciones de subordinación traen consigo, tarde o temprano, complicaciones políticas que es aconsejable prevenir a tiempo, a la luz de pasadas experiencias. Este es un punto esencial en la búsqueda de nuevas fórmulas.

En estas nuevas fórmulas las inversiones privadas extranjeras, debieran contribuir eficazmente a capacitar a los latino americanos para hacer todo aquello que necesitan hacer y que no saben o no pueden hacer ahora. Y es en esto en donde ha de tratar de encontrarse plena coincidencia de intereses.

Desde luego, la inversión privada extranjera no constituye ni podría constituir una operación filantrópica. Como la inversión privada latino americana, está movida principalmente por el incentivo de la ganancia. Si la primera ha de cumplir ese papel de agente de capacitación tecnológica - siempre en su sentido más amplio - hay que reconocer derechamente la necesidad de ese incentivo y el costo que significa para los países latino americanos.

Este cotejo entre la aportación de capital y tecnología que la empresa extranjera trae consigo y el costo que representa, no podría realizarse solamente en casos individuales, sino considerando sobre todo la economía de un país en su conjunto y los problemas que hay que resolver para elevar su ritmo de desarrollo.

Uno de esos problemas es la tendencia al desequilibrio exterior de las economías latino americanas a medida que se opera el proceso de desarrollo. La inversión privada extranjera puede contribuir notablemente a corregir este estrangulamiento exterior que frena el desarrollo.

Si se tiene este objetivo en vista, es esencial que la empresa privada extranjera favorezca el desenvolvimiento de las exportaciones, o la substitución de importaciones especialmente en el plano regional o subregional.

A este respecto hay ciertas confusiones que conviene disipar. Para ello es necesario, por un lado, saber cual es el incremento efectivo de divisas que han traído esas mayores exportaciones o la economía efectiva de divisas provocada por la substitución de importaciones y deducir, por otro lado las remesas que la inversión extranjera originó en concepto de amortizaciones y ganancias. La cuantía del saldo resultante es lo que permite saber en realidad cual ha sido la eficacia de esta contribución al balance de pagos.

En este sentido, hay inversiones extranjeras que no favorecen al balance de pagos de un país sino que, por el contrario, acentúan la tendencia hacia el desequilibrio. Esto no significa que esas inversiones no hayan acrecentado el producto de un país. Pero si este producto no se ha traducido en una u otra forma en aumento de exportaciones o substitución de importaciones, las remesas de ganancias de estas inversiones significan una salida neta de divisas que conspira contra el objetivo de propender al equilibrio exterior.

En tales casos, habría que comparar el valor de la aportación tecnológica de esas inversiones extranjeras con el costo neto de divisas que ellas representan. Desde luego, si un país desarrollara ampliamente sus exportaciones, sin estrangulamiento exterior alguno, no habría problema desde el punto de vista que se está considerando. Pero si podría haberlo desde otros puntos de vista que ya se han mencionado. Todos ellos tienen que considerarse a fin de trazar una política de inversiones extranjeras como parte integrante de la política de desarrollo y cooperación internacional.

Trazar esta política parecería ser una necesidad ineludible en la etapa presente del desarrollo de los países latino americanos. Ella debiera definir claramente los campos de su economía en que cada país latino americano se proponga atraer nuevas inversiones extranjeras y en que otros no se consideran deseables.

Según fuere el campo de actividades y el grado de interés en atraer la inversión extranjera por la aportación tecnológica que trae consigo, habrá que llegar a fórmulas adecuadas a los propósitos que se persiguen. En este informe se recogen diversas sugerencias presentadas al CIAP. Según una de ellas las inversiones privadas extranjeras podrían efectuarse sin limitaciones en los campos que se las juzgare conveniente; pero al cabo de cierto período razonable de tiempo el control de la empresa respectiva se traspasaría a manos del

país o los países latino americanos en que se hubiera radicado la inversión, de acuerdo con procedimientos previamente acordados.

En esto, como en otros aspectos, es indispensable que los inversionistas extranjeros sepan con claridad y precisión las condiciones que cada país establece y los incentivos fiscales o de otra naturaleza que se ofrecen. Ha de reconocerse plenamente que la inversión privada extranjera viene atraída por el aliciente legítimo de la ganancia y que esta ganancia ha de corresponder al valor que representa la transferencia de tecnología. Y hay que reconocer, asimismo, que esa inversión extranjera, impulsada por incesantes innovaciones tecnológicas, encuentra un dilatado horizonte de expansión en el plano internacional. En consecuencia, los países latino americanos tienen pues que ofrecer razonables alicientes para atraer las inversiones que les interesa fomentar.

En este sentido la insistencia en que las inversiones extranjeras se orienten preferentemente a estimular exportaciones o substituir importaciones es una condición favorable a ellas pues en esta forma atenúa o elimina el riesgo de entorpecimientos en la remesa de servicios. Lo mismo podría decirse en cuanto al riesgo de complicaciones políticas al cual se hizo referencia más arriba; en efecto la seguridad de que el control de las empresas pasará a manos del país en que se hubiesen incorporado, después del período que se hubiese pactado, así como la clara noción de su papel de agentes de transferencia tecnológica contribuirán notablemente a crear un ambiente de mutua comprensión y de ventajas recíprocas que reduzcan también este riesgo a mínimas proporciones, sobre todo si se resuelven ciertos problemas atinentes a ciertas inversiones extranjeras anteriormente analizadas. No cabe duda, por otro lado, que el éxito de la política que aquí se preconiza ayudaría, a encontrar razonables soluciones a tales problemas.

Estas consideraciones van a contribuir a que se reconozca también en los centros industriales la conveniencia de una política de esta naturaleza. Se ha iniciado una nueva era de inversiones internacionales en que la característica dominante es la explotación de la tecnología en contraste con aquella otra con frecuencia abusiva de explotación de recursos naturales de la periferia. Las nuevas fórmulas de que en este informe se discurre tienen que reconocer la necesidad de pagar el precio que corresponda a la transferencia de esta tecnología.

Es aquí donde se encuentra primordialmente la coincidencia de intereses: en la prestación de servicios tecnológicos ya sea con aportación de capital y control extranjero de la empresa por un cierto tiempo, o con minoría de capital, o sin aportación alguna de capital.

Ha de haber en esto toda la flexibilidad necesaria para llegar a coincidencia de intereses en los diferentes casos que se presentan en la realidad, tanto en lo que concierne a los problemas de cada país como a la diversidad de tecnologías y al grado de interés que cada país tiene en su asimilación, y así en el campo de la producción, como en el de organización y administración.

Pero el problema no se limita a fórmulas en colaboración de la inversión privada extranjera con la nacional o multinacional de los países latino americanos. Es también indispensable el apoyo decidido de los mismos países, así como de las organizaciones internacionales pertinentes - en el cuadro de la política que aquellos hubieran trazado, - a la iniciativa privada latino americana, apoyo sin el cual sería muy difícil, si no imposible, corregir su inferioridad tecnológica y financiera.

Las ideas que aquí se exponen, y que en gran parte se han recogido en las importantes contribuciones presentadas al CIAP por economistas latino americanos y extranjeros, antes que considerarse como proposiciones definitivas, han de tomarse como simples bases para la discusión de este problema con vistas a llegar a fórmulas de acción práctica que sólo podrían ser eficaces si a ellas se llega por la vía ineludible del consenso recíproco.

II. EL TRASPASO DE LAS NUEVAS INVERSIONES EXTRANJERAS A MANOS LATINO AMERICANAS

Como se expresó en la Introducción, el problema de inversiones extranjeras que preocupa en la América Latina no es sólo asunto de transferencia y asimilación tecnológica. Sino también de aptitud de un país para tomar decisiones fundamentales concernientes a su economía, su actividad financiera y su política monetaria. Se concibe que se logre el primer objetivo, lo cual no es ciertamente extraño a la experiencia latino americana. Pero no se habrá logrado una solución aceptable mientras ciertas decisiones fundamentales se tomen desde el extranjero.

Cabría decir sin exageraciones que uno de los más grandes obstáculos que entorpecen la formación del mercado común en la América Latina es el temor, justificado a nuestro juicio, de que la inversión privada extranjera aproveche intensamente las grandes perspectivas industriales que aquel ofrece. La dinámica del mercado común quedaría así dominada por el poder incontrastable de la empresa extranjera, notablemente la de los Estados Unidos que se caracteriza por su gran eficiencia y su formidable poder de expansión multinacional.

Se considera pues de suprema importancia que el control de las inversiones se encuentre en manos latino americanas. ¿Como conciliar esta actitud con la necesidad de atraer la iniciativa privada extranjera a todos aquellos campos de actividad en que, por el momento, no existe o es insuficiente la capacidad tecnológica de los países latino americanos?

Una de las fórmulas que se ha venido discutiendo mucho en los últimos años es la de la empresa conjunta, esto es, la combinación de la iniciativa privada extranjera con la de empresarios latino americanos (joint ventures). Naturalmente, para que las decisiones queden en manos de estos últimos, sería necesario que tengan la mayoría del capital accionario. Aparte de los obstáculos financieros que podrían ser subsanables, la opinión extranjera está muy dividida en esta materia. Mientras algunos aceptan decididamente trabajar en minoría, otros rechazan cualquier combinación en que no tengan mayoría o en que deban compartir responsabilidades con inversionistas latino americanos, aún cuando los inversionistas extranjeros tengan esa mayoría. Algunas empresas de índole multinacional que tienen gran significación en la propagación tecnológica han tomado claramente esta actitud.

E l l o se desprende no solamente de los trabajos preparados para el CIAP sino también de la reciente reunión que sobre esta materia se ^{1/} ha realizado en Amsterdam bajo los auspicios de las Naciones Unidas.

En consecuencia, si bien la empresa conjunta podría contribuir a la solución del problema de la inversión extranjera si los intereses latino americanos tuvieran la mayoría, no representa una solución completa debida a esa actitud, muy respetable por cierto, de empresas extranjeras cuya colaboración es de considerable importancia para los países latino americanos.

Esto ha llevado al Dr Rosenstein-Rodan (del MIT) en trabajos presentados al Banco Interamericano, así como al Profesor Raymond Vernon (de Harvard) en un informe solicitado por el CIAP, así como a otras autoridades por éste consultadas, a proponer otra fórmula. Consiste en atraer la iniciativa privada extranjera en los campos en los cuales se ha juzgado altamente conveniente por su aportación de capital y tecnología, sin demandarle participación alguna de intereses latino americanos durante un cierto período de tiempo. Transcurrido este período, como ya se dijo más arriba, el control de la empresa se traspasaría a tales intereses de acuerdo con procedimientos establecidos desde el inicio, a fin de prevenir posibles dificultades futuras.

El período de tiempo tendrá que ser suficiente para la puesta en marcha y consolidación de la empresa y la obtención de las ganancias que hayan servido de incentivo a la iniciativa extranjera, así como para que pueda asimilarse por los latinos americanos la tecnología que aquella trajo consigo tanto en la producción como en la organización y la administración. El Profesor Vernon menciona un mínimo de siete años y un máximo de 20 años, pero no parecería haberlo hecho con criterio rígido.

1/ Panel on Foreign Investment in Developing Countries, Amsterdam, 16-20 February 1969, Panel document No. 6, United Nations. Véase también el interesante trabajo del Dr J.S. Ramaer de la Philips en International Joint Business Ventures in Developing Countries, Report submitted by the International Chamber of Commerce, United Nations document TD/B/NGO/9, January 9, 1969, en que se presentan claramente los argumentos en pro y en contra de las empresas conjuntas.

La consideración que guía a los mencionados economistas a proponer esta fórmula es doble. Por una parte, suponen que las resistencias políticas provocadas por el control extranjero se atenuarían en gran medida y acaso desaparecieran si se supiera positivamente que ese control pasará irreversiblemente a manos latino americanas después de un razonable período de transición. Por otra parte, esperan que los intereses privados extranjeros renuentes a compartir responsabilidades y decisiones en empresas conjuntas - según se ha señalado más arriba - encuentren atrayente esta fórmula que, además del incentivo de la ganancia, les da un holgado período para manejar la empresa según su propio criterio y les asegura, desde el comienzo un procedimiento equitativo para la realización del traspaso de la mayoría o todo el capital accionario a manos latino americanas.

Un incentivo adicional que pudiera atraer a la iniciativa privada extranjera podría ser continuar su cooperación después del traspaso, mediante contratos de prestación de servicios técnicos o administrativos o la cesión del uso de patentes o marcas a cambio del pago de regalías. Considera el Dr Rosenstein-Rodan que para afianzar esta vinculación futura, sería conveniente mantener una proporción prudente del capital accionario extranjero, por ejemplo del 20%. De todos modos, los intereses extranjeros podrían retirarse completa y definitivamente si así prefiriesen hacerlo.

Conviene detenerse aquí en un punto que no ha sido objeto de especial consideración en los trabajos referidos. La transferencia del capital accionario al final del período establecido va a exigir una movilización de recursos que, en un momento dado, podría alcanzar considerable cuantía. Esto bastaría a suscitar dudas o escepticismo acerca de las posibilidades de llevar efectivamente a la práctica una política de esta naturaleza. Pudiera creerse, en efecto, que esta fórmula sería una manera disimulada de asegurar la prolongación por tiempo indefinido de las inversiones privadas extranjeras, sin que su control llegara a pasar a manos latino americanas.

Este argumento es de indudable seriedad y podría comprometer peligrosamente la aceptación política de aquella. Sería pues indispensable dar seguridades de que los recursos financieros necesarios para adquirir el capital accionario, se irán acumulando a lo largo del período de transición en tal forma que al terminar éste se disponga de recursos suficientes para adquirir todo el capital accionario, o su mayoría, en la forma en que se hubiera previamente establecido.

Caben distintas formas de cumplir este propósito. Una de ellas sería que la empresa, desde sus comienzos, divida su capital en dos partes. Una parte, en acciones ordinarias que estaría totalmente en

manos de inversionistas privados extranjeros y les aseguraría el pleno control de la empresa durante el período que se hubiera acordado. La otra parte estaría formada de acciones preferidas que, al final del período, se transformarían en ordinarias en cuantía necesaria para dar a sus tenedores el control de la empresa. Mientras tanto, estas acciones preferidas no tendrían derecho a voto.

Ahora bien, estas acciones preferidas, que en los comienzos estarían en manos extranjeras como las ordinarias, se irían traspasando gradualmente a manos nacionales, o a corporaciones que las fueran traspasando a ellas.

En cuanto a los recursos necesarios para la adquisición de las acciones preferidas, hay que partir de esta consideración importante: el traspaso gradual del capital accionario de manos extranjeras a manos nacionales requiere acrecentar el ahorro de los países latino americanos mediante estímulos fiscales y de otra naturaleza. No podría, en verdad, tratarse este problema de la inversión extranjera fuera del contexto del desarrollo económico y la necesidad de acelerar su ritmo gracias a una mayor aportación de recursos internacionales y a una más intensa movilización de recursos internos.

Dado este punto de partida, las acciones preferidas podrían ofrecerse en subscripción pública o adquirirse por bancos industriales o corporaciones de fomento hasta que hubiera un mercado favorable para ellas. A tal objeto, estas instituciones tendrían que contar con recursos financieros adicionales que podrían provenir del Estado a medida que se intensifica esa movilización de recursos internos, y de instituciones de crédito internacional.

Estos son lineamientos muy generales que han de considerarse con sentido de flexibilidad y adaptarse, tanto a la índole de la empresa y su tecnología, como a los campos en que se desee la cooperación de la iniciativa privada extranjera. Esto nos lleva a la sección siguiente.

III. LA DELIMITACION DE LOS CAMPOS DE LA INVERSION PRIVADA EXTRANJERA

En la Introducción se ha señalado la conveniencia de delimitar claramente los campos de la actividad económica en que se desea la inversión privada extranjera. Ello debiera hacerse en los planes del desarrollo económico de los países latino americanos.

Ante todo, la inversión extranjera sería muy conveniente en todo aquello que contribuya efectivamente a corregir la tendencia persistente al desequilibrio exterior que caracteriza nuestras economías. Las exportaciones de nuevos productos y servicios y muy especialmente las de manufacturas y semimanufacturas y el turismo han de tener pues un alto orden de prelación.

La mayor parte de las exportaciones industriales que podrían realizar en los próximos años los países latino americanos exigen, por lo general, una tecnología que suele ser accesible, si bien se presentan amplias oportunidades de mejorarla y aumentar la productividad de las empresas.^{1/} Pero hay asimismo casos de tecnología compleja,

1/ Con respecto a las exportaciones industriales, el Presidente del CIAP ha formulado recientemente en una exposición, en el Instituto de Cultura Hispánica, Madrid, España, enero 27 de 1969, las siguientes observaciones:

"Estamos en la iniciación de una nueva época en la cual el crecimiento de las economías y de las exportaciones de los países industriales, señaladamente de los europeos, vendrá especialmente como resultado de los esfuerzos que hacen para aumentar y mejorar la experimentación científica, la aptitud y la capacidad de la mano de obra, para el uso de las tecnologías más avanzadas.

"Esta actitud de tales países, aumentaría a su turno, las oportunidades que las naciones en vías de desarrollo tendrían para exportar, no solamente productos agrícolas y otras materias primas, sino también productos terminados que no requieran tan altas pericias, y elementos manufacturados de muchos géneros, que puedan surtir la industria europea, en cuya fabricación, con las excepciones que se justifiquen, no sea indispensable alta destreza en los avances científicos que seguirán presentándose en el inmediato futuro y que contribuirán a formar la que ha sido llamada la era post-industrial.

"Para este mundo, de moderna cooperación internacional, el nuevo esquema de distribución y movilidad de las fuerzas del trabajo, traerá grandes beneficios, tanto para los países industriales como para aquellas naciones en vías de desarrollo."

o de innovaciones tecnológicas que requieren ineludiblemente cooperación extranjera. Más aún, estas innovaciones se multiplican continuamente y no convendría quedarse al margen de ellas. Por otro lado, es muy escasa la experiencia de que se dispone acerca de los mercados extranjeros y la forma de aprovecharlos. En esto - así como en la tecnología - hay toda una gama de situaciones a tener en cuenta para establecer las condiciones del traspaso de la inversión extranjera a manos latino americanas. Cuando la inversión extranjera aporta una nueva tecnología que ella misma ha desenvuelto y que no ha patentado, se concibe muy bien el plazo máximo para el traspaso del capital accionario y la retención de una parte de éste que, sin mantener el control en manos extranjeras - pues tendrá que pasar a manos latino americanas - signifique, sin embargo, que los inversionistas extranjeros siguen teniendo gran interés en el éxito de la empresa y en continuar aportando las ventajas de mejoramientos tecnológicos o nuevas tecnologías. Lo mismo podría decirse en casos en que los mercados exteriores requieren trabajo persistente y costoso para su aprovechamiento, o cuando la empresa cede el empleo de marcas que, por su prestigio, facilitan el acceso a dichos mercados. Basta estas disgresiones para demostrar que dentro de las fórmulas de traspaso del control que se hubiesen adoptado como marco general cabe considerar muy diferentes situaciones.

El caso de sustitución de importaciones es similar al anterior, pues si se han de corregir serios defectos del proceso de industrialización, las nuevas industrias que se implanten para substituir importaciones deberán contar también con mercados exteriores, tanto en la América Latina como en el resto del mundo, a fin de obtener las conocidas ventajas de escala y especialización productiva. Dado el hecho bien conocido de que los países latino americanos que más han avanzado en la industrialización tienen ahora que abordar industrias substitutivas que son frecuentemente de complejidad tecnológica, se justifica también la colaboración de la iniciativa privada extranjera.

Corresponde ahora ocuparnos de otro aspecto muy diferente, que se ha mencionado de pasada en la Introducción, a saber, el de las nuevas inversiones extranjeras dirigidas a adquirir el control de las industrias existentes. En los últimos años, sobre todo, se ha presenciado en la América Latina un caudal importante de inversiones privadas extranjeras que adquieren la propiedad de empresas que se encontraban en poder de latino americanos, en muchos casos de largo tiempo atrás. Si la nueva inversión tiene como objeto principal reorganizar técnica y administrativamente la empresa para transformarla en exportadora, el caso se presenta en términos similares a lo que se dijo hace un momento. Pero si el propósito es continuar el aprovechamiento del mercado interno, el asunto resulta muy

diferente. Como se dijo con anterioridad, no caben dudas que la penetración de la iniciativa extranjera significa generalmente introducir nuevas técnicas o mejorar la técnica que ya se emplea, la organización y los métodos administrativos. Esto podría estimular a otras empresas a transformarse en igual sentido y a fusionarse para producir en forma más económica. Todo esto significa una contribución positiva. Pero, salvo excepciones, tienen más peso los efectos negativos. Ante todo, las consecuencias psicológicas y políticas del traspaso a manos extranjeras de lo que estaba en manos nacionales. Y enseguida, el costo económico de esa operación, pues como se dijo en la Introducción, las remesas de ganancias al exterior representan una salida neta de divisas. Más aún, como en la mayor parte de los casos las industrias existentes gozan de exagerada protección, el aumento de productividad que se logrará por la transformación de la empresa se traducirá probablemente en mayores ganancias que ahora corresponderán al capital extranjero, en desmedro, asimismo, del balance de pagos.

Es cierto que la eficiencia de las empresas suele mejorar notablemente en esta forma y que el aumento consiguiente de los ingresos - por otra de la mayor productividad - es generalmente superior a dichas remesas. Pero ello concierne al aspecto interno de esta cuestión y no invalida lo que acaba de expresarse acerca de la incidencia exterior desfavorable.

En este caso, no se trata solamente de comparar entre sí los efectos positivos y negativos de este género de inversiones, sino de preguntarse si no hay otras formas de acicatear las empresas existentes en manos latino americanas a que mejoren sus métodos de producción, su organización y su administración.

Además de estas observaciones, hay otros aspectos a considerarse, esto es, la naturaleza y el monto de las ganancias que remite al exterior el capital extranjero. Debido a la forma en que se ha desarrollado la industria latino americana en compartimentos estancos, no se aprovechan las ventajas de la especialización, de las economías de escala y de la plena utilización del capital. El costo de producción resulta así exagerado; pero a pesar de ello y gracias a la excesiva protección, las ganancias industriales son generalmente elevadas, tanto en cuanto al capital nacional como al extranjero.

Tratase de un problema de deficiente utilización de recursos productivos escasos, cuya responsabilidad corresponde a los latino americanos y no a los extranjeros. No podría pues imputarse a estos últimos que transfieran al exterior ganancias provenientes sólo en parte de su eficiencia, por cuanto en buena proporción se deben a la explotación de un mercado altamente protegido.

En las actividades bancarias, ha de tenerse en cuenta que los países desarrollados en general vigilan y controlan estas actividades y ponen limitaciones muy serias a interferencias externas que puedan afectar los intereses nacionales. En los Estados Unidos la legislación es particularmente rigurosa a este respecto.

La política a seguir en todos estos casos tiene que ser de otra índole. Como principio general, lo que está en manos latino americanas tiene que seguir en ellas. Pero, al mismo tiempo, hay que inducir las a mejorar progresivamente su eficiencia. No hay mejor acicate que la rebaja gradual de derechos de aduana y la eliminación, también gradual, de restricciones a la importación. No cabría pensar todavía en rebajas substanciales con respecto al resto del mundo en las circunstancias presentes de la industria latinoamericana. Pero sería aconsejable en cuanto a los productos industriales que forman parte del intercambio latino americano. Ello requiere medidas concertadas, pues ningún país podría hacerlo sin que otros países lo hicieran reciprocamente. Ya existe el marco adecuado para ello, el mercado regional de ALALC y el de los acuerdos sub-regionales. Sólo que hay que utilizarlos con decisión.

El plazo para lograr una rebaja significativa de la protección, o para eliminarla completamente, tendría que ser suficientemente largo para permitir la evolución ordenada de las empresas latino americanas y su adaptación progresiva a nuevas condiciones de competencia. No se olvide que el juego de la competencia real o potencial es un requisito esencial en la empresa privada. En otros sistemas económicos y sociales se reconoce de más en más la compatibilidad de la propiedad colectiva de los medios de producción con modalidades de competencia socialista que se juzgan indispensables a la eficiencia de las empresas.

Sin embargo, una política semejante no ha de practicarse solamente con la rebaja progresiva de aranceles y restricciones. Se requiere también un vigoroso apoyo técnico y financiero al empresario latino americano. Esto sería materia de otra sección.

En el campo de la actividad comercial es mucho lo que hay que hacer en la América Latina. Pero es también de gran significación lo que ya se ha hecho. Hay técnicas de organización y administración que están siendo asimiladas eficaz y provechosamente por empresarios latino americanos. Esto lleva a pensar que una política de estímulo a la iniciativa privada - individual o cooperativa - en nuestros propios países podría dar resultados positivos sin el costo que significaría la iniciativa extranjera.

Pero aquí hay que admitir también cierta flexibilidad. Téngase presente la contribución de empresas comerciales extranjeras al promover la fabricación para la venta al detalle y en gran escala de una serie de artículos que antes se importaban sin llegar a grandes masas de la población.

Por lo general, sería preferible el apoyo a iniciativas propias de transformación y modernización de actividades comerciales, antes que el acceso de firmas extranjeras o el traspaso a ellas de lo que estaba en manos nacionales.

Los servicios públicos presentan también un caso especial. Su técnica es bien conocida y no se justificaría desde este punto de vista la inversión extranjera, salvo iniciativas que se manifiestan en nuevas tecnologías, como el establecimiento de centrales atómicas para la producción de electricidad. Sin embargo, la administración de estas empresas suele ser muy deficiente en nuestros países. Ello no significa, sin embargo, que para corregir el mal haya que dar acceso a la inversión extranjera. Lo que se necesita es atacar directamente el problema de la eficiencia atrayendo administradores capaces del país con la colaboración, cuando fuere necesario, de servicios técnicos o administrativos del extranjero.

Los países latino americanos reconocen casi siempre la conveniencia de contar con establecimientos extranjeros para facilitar relaciones comerciales y financieras con el exterior. Pero ello no es incompatible con el establecimiento de ciertos límites y normas operativas. Entre estas, las de establecer un máximo a los depósitos en relación al capital y reservas y regular la cuantía de los préstamos otorgados a las firmas extranjeras en relación al capital y reservas radicadas en el país y no al de la casa matriz.

Sin embargo, más allá de esta zona de coincidencia de intereses han surgido problemas que preocupan a algunos países latino americanos. No obstante que la legislación requiere la autorización previa del Estado para abrir un nuevo establecimiento bancario, la adquisición de pequeños o medianos bancos ya establecidos ha permitido a la inversión privada extranjera ampliar su órbita de acción en la actividad bancaria nacional.

A la luz de las consideraciones que acaban de formularse, los países latino americanos, al intensificar sus esfuerzos de planificación, como es aconsejable hacerlo, debieran determinar los campos en que no desean las inversiones privadas extranjeras, salvo justificadas excepciones y definir claramente aquellos otros en que las juzguen convenientes.

En síntesis, las nuevas inversiones extranjeras para adquirir el control de inversiones en manos de países latino americanos, no son deseables por razones inherentes al concepto mismo del desarrollo, por sus efectos desfavorables sobre el balance de pagos y por sus consecuencias políticas y psicológicas que contribuyen a crear un ámbito desfavorable, no sólo a esas inversiones, sino a las que convienen al desarrollo económico nacional.

Asimismo, no son aconsejables nuevas inversiones en servicios públicos, en el comercio - salvo algunas excepciones y en las actividades bancarias, excepto el caso de bancos que contribuyan a favorecer las relaciones comerciales y financieras con el exterior. En cambio, son de fundamental importancia las inversiones que se traducen en nuevas inversiones o en la sustitución de importaciones y en la transformación de industrias con estos fines.

En este caso, habría que proceder con gran flexibilidad de criterio con respecto a las fórmulas a seguir, según la índole de la tecnología que un país se proponga adquirir. En orden de importancia podrían distinguirse estas tres situaciones. Primera, aquellas en que la inversión extranjera sólo podría hacerse en forma conjunta con la nacional, pero con la minoría del capital extranjero. Segunda, que esta participación de la inversión privada extranjera puede devengarse en forma mayoritaria, siempre que después de un período relativamente corto (relacionado con la transferencia de tecnologías no muy complejas) se transfiera el control de las empresas a intereses del país. Y tercera, los campos donde se trata de aplicar tecnologías muy complejas y de rápida innovación o de penetración de exportaciones industriales latino americanas en centros industriales, en cuyo caso la inversión privada extranjera podría controlar la empresa por períodos más largos, al cabo de los cuales los intereses del país - o de países latino americanos - pasarían a ser mayoritarios, pero todavía reservando una elevada proporción del capital al inversionista extranjero, de manera que este último mantenga su interés en seguir incorporando al país innovaciones tecnológicas.

Si bien corresponde a cada país tomar estas decisiones en política de inversiones, no es menos cierto que convendría que todos ellos procuren armonizar las normas básicas que regulen el tratamiento a la inversión privada extranjera a fin de prevenir una competencia desordenada en los países latino americanos para atraer al inversionista extranjero. Es posible que, sobre todo en un comienzo, esta armonización sólo pueda lograrse, ya sea en el marco de acuerdos subregionales de integración o de convenios sectoriales de complementación en el que sólo participe un número limitado de países.

IV. EL APOYO A LA INICIATIVA PRIVADA LATINO AMERICANA

La inspiración que ha llevado a este trabajo ha sido, obviamente, fortalecer el papel de la iniciativa latino americana en la aceleración del ritmo de desarrollo. Y si se ha discurredo especialmente acerca de la iniciativa privada de nuestros países no ha sido para excluir la empresa pública sino para tratar de llegar a una armonización de intereses de aquella con la inversión privada extranjera en forma compatible con aquel objetivo primordial.

Este problema de la inversión privada extranjera preocupa no sólo en los países en desarrollo sino en países desarrollados y es notoria esta preocupación en países de la Comunidad Económica Europea y en Canada. En el Japón se llegó a una solución extrema, la de reservar todo el campo a la iniciativa del propio país, con exclusión de la iniciativa privada extranjera. Y no deja de ser sugestivo que fué precisamente durante la ocupación del General McArthur cuando se dictaron las medidas pertinentes, con gran sentido de previsión. Es también muy significativo que se comience ahora a entreabrir allí la puerta a la inversión privada extranjera. No hay contradicción alguna entre una y otra medida, sino una evolución lógica. El Japón ha realizado un progreso notable en su economía, con una tasa de inversiones superior al 30%, única en el régimen de iniciativa privada. Y su industria, en particular, se ha desenvuelto sólidamente y con gran eficiencia. Puede aceptarse ahora la cooperación recíproca en el plano internacional, pues se trata ahora de una cooperación genuina entre iguales, sin aquel complejo de subordinación a que se hizo referencia al comienzo de este informe.

Desde luego, el desarrollo industrial de la América Latina, aún en los países que más han avanzado - es inferior al del Japón en aquellos tiempos de la postguerra. Ese país ya disponía entonces de una gran base industrial y una considerable experiencia exportadora. Esto es lo que tienen ahora que lograr nuestros países y para ello es necesario llegar a nuevas fórmulas de cooperación que fortalezcan la iniciativa privada de los latino americanos y estimulen la intensa movilización de sus propios recursos.

Pero como se dijo en otro lugar, estas fórmulas, por importantes que sean, no constituyen la solución completa del problema. Es indispensable dar gran amplitud al apoyo técnico y financiero a la empresa latino americana.

Cuales han de ser los instrumentos de esta cooperación es asunto que hay también que abordar sin tardanzas. Ya hay en países latino americanos una experiencia positiva en materia de promoción industrial, especialmente en actividades para el consumo interno en substitución de importaciones. Si se inicia resueltamente una política de reajuste del proteccionismo será necesario ofrecer a las empresas existentes todo el apoyo necesario para transformarse y modernizarse, como antes se ha explicado.

En donde hay mucho menos experiencia y en donde se ofrece la oportunidad de abrir nuevos rumbos es en el apoyo a industrias que, además de satisfacer la demanda interna, se orienten hacia la exportación o se establecen o transforman especialmente con este objetivo.

Si en los próximos años se dan pasos decisivos para la formación del mercado común latino americano, empresas de esta naturaleza serán de gran importancia y contribuirán también al desenvolvimiento de las exportaciones industriales hacia el resto del mundo. Surgen aquí perspectivas muy interesantes de empresas multinacionales. Adviértase que la expresión multinacional tiene dos acepciones. En una de ellas se trata de empresas controladas por un solo país, principalmente los Estados Unidos, pero que extienden sus actividades industriales a varios países, cuando no al ámbito mundial y que en varios casos son administrados también por dirigentes de diferentes nacionalidades. En la otra acepción se trata de empresas que, además de trabajar en varios mercados y dividir su producción entre ellos, tiene su capital accionario distribuido entre inversionistas de distintos países, así como una dirección multinacional.

Es esta segunda acepción la que aquí nos interesa. El mercado común latino americano no se va a formar solamente por una política de reducción gradual del proteccionismo, si bien está tendrá efectos muy positivos sobre la eficiencia industrial, según ya se dijo. Pero con ello no se irá muy lejos. El mercado común se constituirá principalmente mediante arreglos concertados entre los países participantes para dividir la actividad industrial entre ellos en forma de asegurar a cada uno las ventajas de la especialización y las economías de escala. Esto concierne especialmente a una serie de industrias básicas así como a otras de gran complejidad tecnológica y cuantioso capital, industrias en que, por lo demás, se preve un crecimiento rápido de la demanda en el desarrollo latino americano de los próximos decenios.

En algunos casos, los esfuerzos combinados de la iniciativa privada de los países latino americanos, podrían ser suficientes para establecer estas industrias, sobre todo si cuentan con el

apoyo técnico y financiero más arriba mencionado. Pero en otros casos, por la misma complejidad de la industria, o el conocimiento de los mercados exteriores o la circunstancia de que la tecnología de la empresa extranjera no está patentada y hay por tanto que contar con una aportación directa de ella, será aconsejable seguir la fórmula de la inversión extranjera y el traspaso de su control a manos latino americanas después de un período prudencial de tiempo. En este traspaso, la empresa multinacional sería la solución más adecuada. El control de aquella pasaría a manos, no a un solo país latino americano, sino a un conjunto de ellos, sin perjuicio de que el inversionista extranjero siga teniendo una parte del capital accionario, pero en minoría. En el caso de países de menor desarrollo relativo la fórmula multinacional podría aplicarse en tal forma que, después de un período razonable de tiempo, el control de ciertas empresas pase por completo a manos del país en que ellas se hubieran radicado.

En empresas multinacionales de gran envergadura, es posible que Estados latino americanos juzguen conveniente participar junto a la iniciativa privada, sea directamente, o a través de corporaciones formadas para la promoción, financiamiento y ayuda técnica de tales empresas. La índole de este informe y su carácter preliminar no se prestan a entrar en este otro aspecto de tanta importancia. Sólo ha de expresarse aquí que, además de promover la movilización de recursos internos, estas corporaciones tienen que disponer de amplia cooperación financiera internacional.

Tales corporaciones, sean nacionales, subregionales o regionales podrían ser de considerable importancia en la adaptación y asimilación de la tecnología. No se ha explorado aún en profundidad las modalidades de la transferencia de tecnología mediante el uso de patentes en la América Latina, ni el costo que ella representa; ni tampoco las posibilidades de que haya mecanismos que intervengan en una u otra forma en las negociaciones pertinentes. Lo mismo podría decirse en materia de marcas. El costo del empleo de marcas extranjeras podría justificarse cuando se trata de promover exportaciones; pero es mucho menos evidente la utilidad de esta práctica cuando se trata del consumo interno, si se tiene en cuenta las remesas financieras al exterior que el empleo de marcas extranjeras trae consigo.

V. LAS CONDICIONES DE ATRACCION DE LA INVERSION PRIVADA EXTRANJERA

Cuando se discurre acerca del estímulo a la inversión privada extranjera se menciona siempre la necesidad de que los países latino americanos formen un clima propicio a tales inversiones. Nadie podría negarlo. Todo está en saber si ello concierne solamente a la actitud particular de cada país o si se trata de un problema mucho más amplio e intrincado, que abarca tanto a tales países como a aquellos de donde provienen las inversiones extranjeras y a la actitud de los mismos inversionistas. El carácter de este informe es en cierto modo una respuesta a esta cuestión. Se trata de un problema global. Pero la respuesta es incompleta, pues hasta ahora se ha considerado este asunto desde el punto de vista del interés latino americano. No podría sin embargo, cerrarse aquí este trabajo con esta visión unilateral.

Es evidente que la imagen de las expropiaciones se proyecta persistentemente sobre esta materia. Las expropiaciones que se han realizado en los últimos decenios en la América Latina - salvo en el caso de Cuba en que se opera una profunda revolución económica y social - se limitan generalmente al caso de ciertas empresas de servicios públicos o de explotación de recursos naturales, pero no ha tenido significación importante en las inversiones extranjeras en la industria. Ello nos demuestra que allí existe un problema especial que no podría desconocerse. Por lo demás, no se trata de una situación estática, pues ha venido ocurriendo una evolución que deberá orientarse hacia el encuentro de fórmulas eficaces de cooperación que, además de resolver los problemas que con respecto a esas empresas se presentan, contribuyen a crear condiciones psicológicas favorables a las nuevas inversiones extranjeras en aquellos campos en donde los países latino americanos tienen especial interés en que se realice.

Fórmulas de este tipo contribuirán a prevenir dificultades futuras a la luz de la experiencia pasada y en tal sentido difieren del procedimiento de arbitraje. El arbitraje, en efecto, se propone dirimir los conflictos entre las partes una vez que se hubiesen producido. El convenio preparado a este efecto por el Banco Mundial no ha contado con el beneplácito de los países latino americanos por razones que para ellos son fundamentales. Pero hasta ahora no se buscado otros medios, fuera del puramente nacional, para resolver las dificultades que surgen de tiempo en tiempo.

El seguro para cubrir riesgos no comerciales en las inversiones también encuentra resistencias, aunque de otra naturaleza. Hay quienes sostienen que si un país presenta condiciones propicias a la inversión extranjera, el seguro no es necesario; y que si estas condiciones no existen, el seguro no será elemento suficiente a atraerlas. Pero acaso sean más numerosas las opiniones que, siendo favorables en principio al seguro de

inversiones, objetan su carácter bilateral. Lo objetan porque consideran que en caso de hacerse efectivo el seguro, el Estado del país originario de la inversión se substituye al inversionista; y lo que era un simple asunto de relaciones económicas privadas se transforma en asunto político en que pudiera gravitar demasiado la influencia del país más grande. Esta consideración lleva a pensar en la conveniencia de examinar la posibilidad de un sistema multilateral de seguros de inversión, en que participen a la vez países acreedores y deudores.

Desde otro punto de vista, hay otros obstáculos que, de no eliminarse, podrían afectar desfavorablemente una política de inversiones extranjeras como se postula en este informe.

Uno de ellos está en las limitaciones a las remesas de las ganancias de la inversión extranjera. La eliminación de controles de cambio ha disminuído mucho la importancia de este asunto. Hay que reconocer, sin embargo, que el origen de estas limitaciones ha radicado generalmente en el estrangulamiento exterior de nuestros países y que la solución fundamental no es simple asunto de actitudes sino de medidas de cooperación internacional tendientes a corregir ese fenómeno. Una tasa satisfactoria de crecimiento de las exportaciones, condiciones más favorables en la transferencia de recursos financieros a los países latino americanos y el reajuste de la deuda cuando los servicios pesan excesivamente en el balance de pagos, son puntos de primordial importancia en esta política de cooperación.

Por otra parte, hay un aspecto que no debiera dejarse de lado. Que puedan transferirse sin dificultad las ganancias provenientes del capital y reservas es esencial para estimular la inversión extranjera. Pero sucede con cierta frecuencia en la América Latina que las ganancias que se transfieren no sólo provienen de ello sino de la cuantiosa utilización de recursos bancarios del país en que se ha realizado la inversión. Este es un punto que preocupa muy justificadamente y que requiere considerarse con toda objetividad.

Finalmente, ya que se trata de encauzar preferentemente la inversión extranjera hacia las industrias de exportación, conviene mencionar un serio obstáculo que se ha presentado de tiempo en tiempo en buen número de países latino americanos y que afecta también a los empresarios de éstos, a saber la sobrevaluación monetaria. Es claro que ello se resuelve sea con el freno a la inflación o con la flexibilidad de los tipos de cambios. Pero mientras ello no suceda, será necesario buscar medidas compensadoras de los efectos de la sobrevaluación.

Nada se lograría con la renuencia a reconocer estas dificultades cuando existen. Al contrario, podrían comprometer la eficacia de una política racional de inversiones. Pero, naturalmente, trazada esta política, corresponderá a cada país latino americano, a la luz de su propia experiencia y con una visión esclarecida de su propio interés fundamental tomar medidas internas para que ella adquiera en la práctica toda la eficacia que fuera dable esperar.

VI. LA INVERSION PRIVADA EN EL CONTEXTO DEL DESARROLLO

El problema que acaba de presentarse en este informe tiene que situarse en el contexto de una política de desarrollo económico y cooperación internacional. Es allí donde se inserta la iniciativa privada con la gran importancia que esta reviste. Pero al Estado corresponde un papel decisivo. Ante todo en la formulación y ejecución de esa política y sus objetivos económicos y sociales, así como en las transformaciones estructurales que han de abrir el paso a las fuerzas dinámicas del desarrollo y a distribuir equitativamente sus resultados en las capas de la población que han quedado rezagadas en este proceso. Y, enseguida, en la movilización de recursos para apoyar la iniciativa privada, compartir con ella ciertas iniciativas en el campo de la economía o tomarlas por sí mismas, según fuere la naturaleza del problema.

En esa movilización de recursos, la cooperación financiera internacional es indispensable en la etapa de desarrollo en que se encuentran los países de la América Latina según la intensidad que corresponda a sus notorias diferencias en el grado de desarrollo. Lo es por una serie de razones fundamentales.

Es muy deseable que dentro de fórmulas como las que se contemplan en este informe lleguen a considerable cuantía las inversiones extranjeras que contribuyan a resolver el serio problema de estrangulamiento exterior de nuestros países y les ayuden a conseguir una participación de más en más activa en el comercio internacional.

Pero por importante que fuere su cuantía, las inversiones privadas extranjeras no podrían substituirse a la transferencia de recursos financieros oficiales. Estos recursos son indispensables para completar la movilización del ahorro interno, tanto en lo que concierne a las inversiones económicas y sociales del Estado como a las que tienen que realizarse en forma creciente para sustentar la iniciativa privada latino americana.

En efecto, en este informe se ha puesto el acento en la necesidad de disponer de suficientes recursos financieros para cooperar con aquella en la modernización de las empresas latino americanas existentes, alentar el establecimiento de nuevas empresas y facilitar el traspaso del control extranjero al control latino americano.

La movilización de recursos financieros internos tiene que adquirir cada vez mayor intensidad con estos y otros propósitos. Pero no será suficiente por un tiempo más o menos largo, según los países de que se trata. Habrá pues que recurrir a la aportación de recursos provenientes de las instituciones multilaterales o bilaterales de crédito internacional, preferentemente las primeras, para ayudar a la iniciativa privada de los países latino americanos por medio de organismos de promoción técnica y financiera de carácter nacional, subregional o regional según los casos.

La concepción del papel que a la inversión privada extranjera se atribuye en este informe, y que responde a muy legítimas preocupaciones en los países latino americanos, difiere pues radicalmente de aquella que tiene raíces profundas en el siglo XIX. Las inversiones extranjeras constituían en realidad una prolongación de los intereses económicos nacionales de los países que las realizaban y había que asegurarles un campo libre de acción. Ahora se abre camino a otra concepción. La inversión extranjera forma parte de un conjunto de medidas de cooperación internacional, que, combinadas con una política interna de desarrollo, promueven un ritmo elevado de crecimiento y el manejo por los hombres de cada país de los resortes primordiales de su propio desarrollo. Esta es una expresión de madurez y de sentido de la propia responsabilidad que avanza cada vez más en los países latino americanos y en el plano internacional.

Desde este punto de vista han de considerarse las sugerencias contenidas en este informe. El que se requiera recursos financieros internacionales para apoyar la iniciativa privada de los países latino americanos es parte integrante de esa concepción. Se les requiere para contribuir a esa tarea de capacitación, al desenvolvimiento de nuestras aptitudes de desarrollo que no podría cumplirse sin una política inspirada en las consideraciones que sustentan este informe.

Aspirar a desenvolverse por si mismos no significa una actitud excluyente de otros que podrían cumplir la tarea, al menos momentáneamente, con mayor eficacia. No se verá pues en este sentido expresión alguna de antagonismo. El designio es otro. Es el de poner así a los países latino americanos en condiciones de realizar esa misma tarea para equipararse progresivamente a aquellos otros y establecer sobre estas bases genuinas relaciones de cooperación internacional.



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SUPPLÉMENT

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PORTÉE DE LA CONFÉRENCE DES NATIONS UNIES SUR LE COMMERCE ET LE DÉVELOPPEMENT

*Rapport adressé au Secrétaire général des Nations Unies
par le Secrétaire général de la Conférence,*

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Rompant avec une règle constante, la Revue Tiers-Monde publie un texte qui n'est pas à proprement parler inédit, bien qu'il n'ait été, jusqu'à présent, que bien peu diffusé. A plus forte raison n'a-t-il pas été rédigé en vue de cette publication.

La seule lecture du texte en question suffit à dispenser de toute explication quant aux motifs de l'exception faite.

Il s'agit du **Rapport** adressé le 29 juillet **au Secrétaire général des Nations Unies**, sur la « Portée de la Conférence sur le Commerce et le Développement », par le Secrétaire général de cette Conférence, Raúl PREBISCH, ancien Secrétaire Exécutif de la Commission Economique pour l'Amérique Latine.

Ce que nous avons voulu, en consacrant ce numéro spécial à l'Amérique Latine dans ses rapports avec l'Europe, c'est contribuer à formuler les problèmes et à suggérer des solutions, en instaurant **un dialogue** dans toute l'acception du terme, qui implique l'égalité, l'exactitude et la générosité.

C'est assez dire que nous n'aurions pu souhaiter meilleure introduction que le Rapport sur la Portée de la Conférence, où l'objectivité de la relation laisse clairement paraître le courage des positions de l'auteur.

Que celui-ci soit remercié de nous avoir communiqué son texte et autorisés à le publier.

La Revue TIERS MONDE.

PORTÉE DE LA CONFÉRENCE DES NATIONS UNIES SUR LE COMMERCE ET LE DÉVELOPPEMENT

par Raúl PREBISCH (1)

Une conférence économique mondiale comme celle qui vient de se tenir à Genève ne peut être jugée uniquement en fonction des mesures concrètes auxquelles elle a donné naissance dans l'immédiat. Sa portée est beaucoup plus vaste et ses résultats doivent être considérés dans une perspective historique.

Si on se place dans cette perspective, il y a trois aspects essentiels de la Conférence qu'il convient de souligner. On a tout d'abord reconnu, explicitement ou implicitement, la nécessité de vastes changements dans la politique de coopération économique internationale ainsi que la direction dans laquelle ces changements doivent s'orienter. D'autre part, la Conférence a demandé la création, sur de vastes assises, d'un dispositif international faisant partie intégrante de l'Organisation des Nations Unies et ayant qualité pour appliquer cette politique aux échanges commerciaux et aux aspects commerciaux du développement, afin d'aider à accélérer la croissance économique de tous les pays et en particulier des pays en voie de développement. Enfin, la Conférence a vu naître et s'organiser spontanément, entre les pays en voie de développement, des formes d'action commune destinées à permettre à ces pays d'avoir davantage leur mot à dire lors de l'élaboration et de l'application de cette politique.

Nous chercherons à dégager la signification de cette Conférence en chacun de ces trois aspects étroitement liés.

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I

Pour ce qui est du premier aspect, la Conférence représente un apport d'importance considérable. Des idées qui naguère étaient encore controversées ont été acceptées sans grande difficulté comme le soutien essentiel de la nouvelle politique. Il s'agit d'idées qui se sont peu à peu fait jour dans les organes internationaux, dans les pays en voie de développement et dans certains milieux des pays industriels qui se sont penchés de très près sur ces problèmes. Elles avaient ainsi peu à peu pris corps et mûri, et se sont enfin cristallisées lors de la Conférence. Si le rapport que le Secrétariat a présenté à leur sujet à la Conférence avait un mérite, c'était celui d'avoir rassemblé et présenté ces idées en mettant en relief leur unité et le but auquel elles concouraient, à l'issue des consultations et discussions précieuses qui avaient eu lieu dans un grand nombre de pays développés et de pays en voie de développement en vue de l'élaboration du projet définitif.

La reconnaissance de ces idées s'est traduite par une série de résolutions qui serviront à guider le nouvel organisme chargé du commerce et du développement et à inspirer les mesures correspondantes que les gouvernements prendront.

Le problème fondamental à résoudre est celui de la tendance persistante au déséquilibre extérieur qui est inhérente au processus de croissance économique des pays en voie de développement. L'ampleur que ce déséquilibre est susceptible de prendre peut être débattue, mais non son existence. En effet, on ne met plus en doute que les exportations de produits primaires des pays en voie de développement augmentent relativement lentement, alors que ces pays ont besoin d'accroître fortement leurs importations de biens d'équipement et d'autres produits pour accélérer leur développement.

Il est absolument indispensable de combler cet écart entre les besoins d'importations et les possibilités d'exportations, si l'on veut accélérer le développement. Il sera sinon très difficile, voire impossible, pour nombre de pays en voie de développement, d'atteindre les objectifs qui ont été fixés pour la Décennie du développement.

C'est à cela que tend une importante résolution que la Conférence a adoptée au sujet de la croissance et de l'assistance et qui reflète l'opinion commune non seulement des pays en voie de développement, mais aussi des pays développés et doit donc guider les actes des uns et des autres.

Dans cette résolution, après avoir reconnu les préoccupations généralement exprimées au sujet de l'insuffisance de l'objectif d'une croissance minimum de 5 p. 100 par an, que l'Assemblée générale des Nations Unies a fixé pour la Décennie du développement, la Conférence recommande que « la capacité d'importation

résultant du total combiné des recettes d'exportation, des recettes invisibles et des apports de capitaux dont les pays en voie de développement peuvent disposer, compte tenu de l'évolution des prix, augmente suffisamment » ; et elle recommande en outre que « les mesures prises par les pays en voie de développement eux-mêmes soient suffisantes pour permettre d'atteindre ces taux de croissance plus élevés. Tous les pays, qu'il s'agisse de pays développés ou de pays en voie de développement, devraient entreprendre, chacun de leur côté ou en coopérant en eux, la mise en œuvre des mesures qui peuvent être nécessaires pour parvenir à ce résultat et il y aurait lieu de prévoir un examen périodique des mesures ainsi prises et de l'expérience acquise ».

Comment parvenir au but fixé — accroître la capacité d'importer — pour combler le fossé commercial ? Quelles mesures la Conférence a-t-elle recommandées aux gouvernements de prendre pour y parvenir ?

La Conférence a adopté sur ce point un grand nombre de résolutions, dont quelques-unes ont été appuyées surtout par les pays en voie de développement, qui y voyaient l'expression de leurs besoins et de leurs aspirations, et dont d'autres ont recueilli l'appui de tous les pays développés ou de la plupart d'entre eux. Sans minimiser l'importance des premières résolutions, c'est à l'essence des dernières que nous accorderons une attention particulière, car ce sont elles qui doivent aboutir à des mesures concrètes dans l'avenir immédiat.

Ces résolutions avaient trait aux produits primaires, aux produits industriels et au financement du développement.

Pour ce qui est des produits primaires, la Conférence a fermement déclaré qu'il faut étendre la portée des ententes relatives aux produits de base pour « assurer des prix stables, équitables et rémunérateurs » et « assurer l'accès aux marchés des pays développés dans des conditions satisfaisantes » ; elle a aussi souligné d'autres aspects, tels que la concurrence des produits synthétiques. En d'autres termes, l'idée dominante était que cette question devait être examinée comme un tout et, à cette fin, la Conférence a envisagé la création, dans le cadre du nouveau dispositif concernant le commerce et le développement, d'un organe compétent (la Commission des produits de base) qui recommanderait un programme d'action dans ce domaine.

On ne peut, cependant, méconnaître les graves difficultés que soulève, dans les pays développés, une politique visant à ouvrir davantage l'accès de leurs marchés à certains produits primaires, par le truchement d'une réduction progressive des barrières à l'importation et de la suppression de ces barrières, et par le truchement d'impôts internes qui découragent la consommation. Il faudra organiser une campagne d'action extrêmement tenace et patiente pour progresser dans ce domaine.

Ces éléments et les forces auxquelles est imputable la lente croissance de la demande internationale de produits primaires expliquent que l'on insiste sur la nécessité de stimuler l'augmentation des exportations industrielles des pays en voie de développement. Dans la résolution relative à la question, la Conférence « reconnaît la nécessité urgente de la diversification et de l'expansion du commerce d'exportation d'articles manufacturés et d'articles semi-finis des pays en voie de développement, en tant que moyens d'accélérer le développement économique de ceux-ci et d'élever leur niveau de vie, comme il est envisagé dans les objectifs de la Décennie des Nations Unies pour le développement » ; elle reconnaît en outre « la nécessité d'élargir dans toute la mesure du possible l'accès aux marchés pour les articles manufacturés et les articles semi-finis qui présentent un intérêt pour les pays en voie de développement, de manière à permettre à ces pays d'accroître et de diversifier leurs exportations de ces produits sur une base stable et durable ».

En ce qui concerne l'accès aux marchés, la Conférence a pleinement reconnu qu'il faut supprimer les restrictions quantitatives et les tarifs discriminatoires qui ne permettent guère aux pays en voie de développement de transformer les produits primaires qu'ils exportent. On a également reconnu que les « négociations Kennedy » devraient englober les produits industriels qui présentent une importance particulière pour les pays en voie de développement.

Tout cela est important mais ne suffit pas à résoudre le problème du fossé commercial, comme les pays en voie de développement l'ont signalé à maintes reprises. Il est donc compréhensible que ces pays se soient activement employés à obtenir que l'entente se fasse sur une politique préférentielle en faveur de leurs exportations industrielles.

Les progrès enregistrés dans ce secteur ont été très marqués. En premier lieu, le Royaume-Uni s'est déclaré prêt à étendre à tous les pays en voie de développement le traitement préférentiel qu'il accorde aux pays du Commonwealth. Les pays de la Communauté économique européenne (C.E.E.) et le Danemark se sont aussi montrés disposés à accorder certains avantages.

Cette acceptation de principe de l'idée d'un système préférentiel n'allait cependant pas sans certaines divergences importantes quant à la façon dont cette politique serait appliquée. Un comité d'experts entreprendra donc l'examen du problème et proposera des mesures pratiques à l'appareil concernant le commerce et le développement que la Conférence a recommandé à l'Assemblée générale des Nations Unies de créer.

Le comité d'experts devra aussi étudier les objections que l'on a fait valoir contre la politique préférentielle. Il faut espérer qu'une étude plus poussée de la question contribuera à convaincre d'autres

pays importants de s'associer, dans un avenir peu éloigné, à une politique préférentielle, qui exige leur appui pour produire pleinement effet.

Outre l'importance intrinsèque de cette politique, son application à tous les pays en voie de développement, sans discrimination et sans préjudice de mesures spéciales prises pour tenir compte des niveaux de développement différents, signifierait la disparition des systèmes préférentiels régionaux — point auquel les Etats-Unis d'Amérique se sont constamment intéressés eu égard à leur leur conception multilatérale du commerce mondial.

Ainsi, en ce qui concerne les exportations industrielles, le premier pas a été franchi à la Conférence, qui a reconnu qu'il faut d'urgence stimuler ces exportations ; il n'en reste pas moins que l'on doit continuer avec une grande persistance à chercher la meilleure façon de traduire rapidement en mesures concrètes et efficaces cette nécessité ainsi reconnue.

Un des principaux obstacles tient peut être à certaines appréhensions qu'éprouvent les pays développés quant aux perturbations que provoquerait l'importation de produits industriels en provenance des pays en voie de développement. L'opposition découle aussi parfois de conceptions doctrinales respectables.

On pourrait beaucoup faire pour apaiser ces appréhensions si l'on mettait l'accent sur les avantages réciproques qu'offre cette nouvelle forme d'échanges commerciaux.

En fait, on a calculé que, vers 1970, les pays en voie de développement devront, pour atteindre le taux de croissance minimum de 5 p. 100, objectif de la Décennie des Nations Unies pour le développement, importer des biens d'équipement et d'autres produits pour une valeur supérieure de quelque 20 milliards de dollars à celle des exportations qu'ils pourront effectuer si les tendances actuelles se maintiennent. Cet écart sera certainement comblé en partie par des ressources financières obtenues à l'étranger, mais il faudra faire face au reste par un accroissement des exportations industrielles. Faute de cela, les pays développés perdront l'occasion de s'attribuer une partie considérable de ces ventes supplémentaires aux pays en voie de développement.

Les appréhensions seraient moins vives aussi si un fait fort simple était plus connu : à supposer que, vers 1970, les exportations de produits manufacturés des pays en voie de développement atteignent le chiffre — très considérable pour ces pays — de 10 milliards de dollars (1), soit la moitié de l'écart commercial, cela ne représenterait qu'une proportion insignifiante — de 4 à 5 p. 100 — de l'accroissement de la consommation d'articles manufacturés dans les pays développés de 1961 à 1970.

(1) En 1961, la valeur des exportations de produits manufacturés des pays en voie de développement a tout juste dépassé 2 milliards de dollars.

La route à parcourir dans le domaine des échanges est donc encore fort longue. Certaines idées ont fait du chemin à la Conférence, sur ce point comme sur d'autres, mais il faudra attendre encore quelque temps avant qu'elles portent fruit, après un effort systématique de persuasion. Les résolutions très importantes que la Conférence a adoptées au sujet du financement du développement montrent que ce processus prendra du temps. Sur cette question, la Conférence a approuvé des mesures que les pays en voie de développement cherchaient depuis un certain temps à faire accepter. Il s'agit du volume du financement extérieur en vue du développement, du financement complémentaire et des modalités de financement.

Sur le premier point, les pays développés dont l'économie repose sur l'entreprise privée ont accepté la recommandation tendant à ce que chacun d'eux « s'efforce de fournir aux pays en voie de développement... des ressources financières d'un montant net minimal aussi proche que possible de 1 p. 100 de son revenu national ». L'Assemblée générale des Nations Unies avait déjà recommandé cet objectif de 1 p. 100, sans préciser s'il s'agissait ou non d'un chiffre net.

Aux termes de la recommandation faite à Genève, il s'agirait dorénavant de transferts nets, c'est-à-dire déduction faite des paiements d'amortissement et des capitaux privés étrangers rapatriés ou désinvestis. Cela pourrait donc aboutir à un accroissement réel et considérable des ressources financières mises à la disposition des pays en voie de développement.

Ces transferts, qui représentaient à peine 0,3 p. 100 du revenu total des pays développés en 1950, ont atteint 0,7 p. 100 en 1962. Mais si l'on déduit la perte de revenu subie par les pays en voie de développement pendant la même période du fait de la détérioration de leurs termes de l'échange, la valeur nette de l'aide fournie en 1962 par des sources étrangères retombe au chiffre primitif de 1950, soit 0,3 p. 100.

C'est là la raison de l'ardeur avec laquelle les pays en voie de développement ont cherché à faire approuver des mesures financières de compensation qui puissent contrebalancer les effets de la détérioration de leurs termes de l'échange et qui s'ajouteraient aux mesures compensatoires à court terme que le Fonds monétaire international a commencé d'appliquer.

Sur ce second point, des progrès très prometteurs ont été accomplis. C'est ainsi que la Conférence a adopté, en matière de financement complémentaire, une proposition initialement présentée par le Royaume-Uni et la Suède et qui a recueilli les suffrages des pays en voie de développement comme ceux des pays développés dont l'économie repose sur l'entreprise privée. Cette proposition reconnaît la nécessité de mesures financières supplémentaires dans les cas où un pays en voie de développement constate que ses

exportations n'atteignent pas le niveau qu'il pouvait raisonnablement espérer. En d'autres termes, lorsque le plan de développement d'un pays est fondé sur une certaine projection raisonnable de ses recettes d'exportation et que cet objectif n'est pas atteint, ce pays pourra demander que soient prises des mesures financières complémentaires, sous réserve d'une étude des faits et circonstances pertinents. Au nombre de ces faits, outre la reconnaissance explicite des prix à l'exportation, il sera tenu compte des prix à l'importation.

Pour parvenir à des propositions concrètes, la Conférence a recommandé que la Banque internationale pour la reconstruction et le développement étudie la possibilité d'exécuter ce projet ; on a mentionné notamment la création d'une caisse de financement complémentaire qui serait gérée par l'Association internationale de développement.

Les pays en voie de développement, qui ont accueilli avec satisfaction cette proposition, ont fait insérer dans le texte une recommandation tendant à ce que soient étudiées et examinées à nouveau des mesures financières de portée plus vaste, y compris des transferts non remboursables, en vue de remédier à la détérioration des termes de l'échange, ce qui pourrait aller beaucoup plus loin que l'étude à laquelle la Banque a été priée de procéder.

Le troisième groupe de mesures financières a trait aux principes et méthodes du financement du développement. La résolution pertinente a été présentée par un groupe de pays en voie de développement conjointement avec les États-Unis et elle a préconisé certaines méthodes de financement que les pays fournissant une assistance avaient souvent jugées inacceptables.

On a reconnu notamment que le financement extérieur devrait être lié aux plans de développement et que sa continuité devrait être assurée en fonction de ces plans ; on a admis qu'il devrait couvrir aussi une partie du financement intérieur, lorsque cela se révélerait indispensable ; on a reconnu aussi que les ressources financières obtenues de l'extérieur pourraient servir — sauf en cas de difficultés découlant de la balance des paiements — à l'achat de biens d'équipement et d'autres produits dans des pays étrangers, développés ou non, ou dans le pays bénéficiaire lui-même. On a recommandé également de tenir compte de la capacité globale de remboursement des emprunteurs lorsque seraient fixés les conditions d'amortissement et les taux d'intérêt des emprunts extérieurs.

Une autre recommandation a prévu qu'un pays en voie de développement pourrait demander aux organismes internationaux compétents d'étudier, en collaboration avec les pays créanciers intéressés, son endettement extérieur en vue d'aboutir à un accord portant, le cas échéant, sur le réaménagement ou la consolidation de la dette, avec des délais de grâce et d'amortissement appropriés et des taux d'intérêt raisonnables. Au cours de l'examen des problèmes de balance extérieure et des politiques commerciales des

pays en voie de développement, on a abordé la question des transports maritimes. A cet égard, la Conférence a offert pour la première fois aux pays en voie de développement et aux pays qui possèdent les flottes marchandes les plus importantes l'occasion de débattre ensemble des questions intéressant les transports maritimes. On a reconnu la nécessité de mettre en place un mécanisme approprié de consultation et on a recommandé, notamment de créer des rouages intergouvernementaux dans le cadre du système des Nations Unies, éventuellement au sein du nouveau système institutionnel portant sur le commerce et le développement. Une large entente s'est faite aussi sur l'intérêt d'une amélioration des installations portuaires et de la création ou de l'expansion de flottes marchandes dans les pays en voie de développement, en fonction de critères économiquement sains.

La Conférence a permis aussi de marquer certains progrès quant aux objectifs quantitatifs.

Il convient de noter à ce sujet que, tout important qu'il soit en lui-même, le fait de fixer à 1 p. 100 du revenu national des pays développés le chiffre souhaitable des ressources financières que ces pays devraient transférer aux pays en voie de développement, constitue une reconnaissance partielle de la nécessité de fixer des objectifs quantitatifs dans les politiques de coopération internationale. On doit espérer que de nouvelles études faites par le Secrétariat de l'Organisation des Nations Unies faciliteront l'adoption d'objectifs quantitatifs liés à l'importance de l'écart commercial.

En fait, les objectifs quantitatifs de caractère financier devraient, de préférence, être fixés sur la base d'une estimation des ressources financières internationales dont chaque pays a besoin pour compléter ses propres possibilités d'investissement et en fonction d'un taux déterminé de croissance économique. Cet appoint extérieur aux ressources internes permettra de combler une partie de l'écart commercial. Le reste devra être couvert par des exportations et, à cet égard aussi, des objectifs quantitatifs devront être fixés.

On peut signaler à ce sujet que plusieurs pays socialistes ont fixé de tels objectifs pour leurs importations en provenance des pays en voie de développement, qu'il s'agisse de chiffres globaux ou de listes de produits importants. Ces objectifs ont un caractère indicatif, c'est-à-dire qu'ils représentent une déclaration d'intentions dont la réalisation dépendra des possibilités d'exportation des pays socialistes en question.

II

Comme on l'a vu dans les pages précédentes, si, dans le domaine financier, la Conférence est parvenue à formuler des recommandations précises que l'on essayait de mettre au point depuis quelque temps, elle a également, en ce qui concerne les échanges commerciaux, frayé la voie à la mise en œuvre ultérieure des mesures concrètes qui sont absolument nécessaires.

C'est là un des objectifs fondamentaux de l'appareil concernant le commerce et le développement que l'on propose à l'Assemblée générale de créer dans le cadre de l'Organisation des Nations Unies. La portée et le rôle de cet appareil ont été définis dans le rapport que le Secrétariat a présenté à la Conférence sur le commerce et le développement. Qu'il suffise de dire que la recommandation qui a été approuvée à l'unanimité par les gouvernements participant à la Conférence va beaucoup plus loin que la formule de compromis recommandée dans ce rapport. On a accepté l'idée d'une conférence périodique et d'un Conseil permanent du commerce et du développement et on a donné à la Conférence comme au Conseil le statut d'organe de l'Assemblée générale, aspect qui n'était pas précisé dans le rapport. Ces dispositions s'entendent sans préjudice du rôle coordonnateur du Conseil économique et social des Nations Unies. Aux termes de la résolution qu'elle a adoptée, la Conférence recommande aussi de créer immédiatement, pour seconder le Conseil et la Conférence dans leurs travaux, trois commissions spéciales, à savoir : une commission des produits de base, une commission des articles manufacturés et une commission des invisibles et du financement. Dans le rapport du Secrétariat, il était indiqué que cette question serait tranchée compte tenu de l'expérience future. Le fait que la Conférence s'est prononcée, dès le début, en faveur de la création de ces commissions, doit être interprété comme l'expression du désir des gouvernements de donner immédiatement au nouvel appareil une plus grande efficacité.

On a beaucoup discuté à la Conférence de la proposition d'un important groupe de pays développés tendant à ce que l'on adopte un système spécial de vote pour certaines recommandations importantes de la Conférence et du Conseil.

Il a été proposé que les résolutions de la Conférence soient adoptées à la majorité des deux tiers de ses membres et celles du Conseil à la majorité simple de ses membres, y compris dans les deux cas la majorité de ceux des douze principaux pays commerciaux participants qui seraient présents et votants.

L'opposition que cette proposition a rencontrée parmi les pays en voie de développement a abouti, à la suite de négociations approfondies, à une solution de compromis qui a permis que la

recommandation concernant cette question soit, comme il a été dit, adoptée à l'unanimité.

Ce compromis consiste principalement en des arrangements en vue de l'institution d'un processus de conciliation devant permettre aux parties de se mettre d'accord avant que ne soient mises aux voix des recommandations « concrètes prévoyant des mesures qui affectent de manière substantielle les intérêts économiques ou financiers de certains pays ». Le Secrétaire général de l'Organisation des Nations Unies est invité à nommer un comité spécial qui présentera à l'Assemblée générale, à sa dix-neuvième session, des recommandations au sujet de ce processus de conciliation.

Il se peut que l'adoption d'une procédure de cette nature représente une amélioration importante des méthodes de travail des réunions de l'O.N.U. consacrées à des questions économiques et financières. A ce sujet, il faut tenir compte de la distinction qui a été faite entre les deux principales catégories de résolutions. On se rappellera que la première comprend les résolutions qui ont trait à toutes les questions sur lesquelles les pays en voie de développement désirent exprimer leur manière de voir ou leurs aspirations. La seconde comprend les résolutions qui viennent d'être mentionnées et dans lesquelles sont formulées, à l'intention des gouvernements, des recommandations prévoyant des mesures « qui affectent de manière substantielle » leurs intérêts économiques ou financiers.

Le processus de conciliation intéresse la seconde catégorie de résolutions et non la première. Dans la première catégorie, le fait que les décisions ont été prises à la majorité lors des réunions de l'O.N.U., tant sur le plan général que sur le plan régional, a été très important. De cette façon, on est parvenu à une conception plus claire de la nature des problèmes que pose le développement économique et social et de la direction dans laquelle il convient de chercher à les résoudre. Tel a été le cas, par exemple, en ce qui concerne la nécessité pour les pays en voie de développement de s'industrialiser et de planifier leur développement économique. Si les aspirations des pays en voie de développement n'avaient pas pu s'exprimer par un vote majoritaire, on aurait eu des difficultés considérables à faire accepter pleinement ces idées et d'autres encore.

En ce qui concerne la seconde catégorie de résolutions, il est souhaitable d'épuiser toutes les possibilités de réaliser l'entente entre les parties intéressées avant le vote, de sorte que les recommandations du Conseil ou de la Conférence puissent être suivies de mesures concrètes prises par les gouvernements. Il n'y a évidemment aucun intérêt pratique immédiat à adopter des recommandations à la majorité simple des pays en voie de développement, mais sans l'appui des pays développés, lorsque l'exécution de ces recommandations dépend de leur acceptation par ces derniers.

D'où l'importance du processus de conciliation qui doit permettre de favoriser cette entente.

Si l'entente ne peut se faire dans un délai raisonnable, ou si l'entente n'est que partielle, on pourra peut-être adopter une résolution dans laquelle les parties intéressées formuleront leur propre point de vue et feront les déclarations qu'elles jugeront pertinentes, tout en notant les points sur lesquels on a progressé dans la voie d'une entente. La recommandation adoptée à Genève au sujet des préférences à accorder aux produits manufacturés des pays en voie de développement est un exemple intéressant de ce genre de résolution. De telles résolutions pourraient faire davantage pour frayer la voie à des accords futurs que l'adoption de résolutions qui n'ont pas l'appui des pays développés. Certes, aucun pays ne peut être juridiquement tenu de donner suite à des résolutions qui mettent en jeu ses intérêts et contre lesquelles il a voté ou au sujet desquelles il s'est abstenu de voter. La reconnaissance de ce fait a déjà abouti, dans d'autres secteurs importants des travaux de l'O.N.U., à l'institution, par voie d'entente amiable, de procédures pratiques permettant de parvenir à un accord qui, bien entendu, n'excluent pas la possibilité de recourir finalement au vote si le désaccord persiste.

Il ressort d'un examen attentif que la Conférence de Genève a nettement prouvé que tant les pays en voie de développement que les pays développés ont fait un effort très soutenu pour parvenir à des accords de compromis sur certaines questions importantes. Si, dans certains cas, on a eu l'impression contraire, cela tient peut-être à ce que les diverses commissions de la Conférence ont souvent dû voter sur des résolutions avant de parvenir à un accord de compromis, afin de pouvoir achever leurs travaux sans trop de retard, compte tenu de la date limite définitive qui avait été fixée pour la clôture de la Conférence. Cependant, aussitôt après, des négociations de conciliation ont été entamées en vue de parvenir à de tels accords de compromis avant que n'ait lieu le vote définitif en séance plénière. Ces négociations se sont généralement déroulées officieusement ou confidentiellement, parfois en dehors du bâtiment des conférences. Il n'était donc pas facile pour certains observateurs ou pour certains organes d'information de savoir qu'elles se déroulaient, ce qui explique que dans certains cas, ils soient restés seulement sous l'impression du vote qui avait eu lieu dans les commissions, sans connaître tous les efforts de négociation et de conciliation que déployaient les délégations pendant la Conférence.

Ainsi, sur la base de ces négociations, les divers groupes de pays sont parvenus à des accords de compromis au sujet d'importantes résolutions, qui ont remplacé d'autres résolutions qui avaient été adoptées antérieurement, dans les commissions, et qui avaient trait aux exportations de produits de base et de produits industriels. Pour ce qui est des résolutions tout aussi importantes

concernant les questions financières, il n'y a pas eu de grandes différences entre le vote définitif en séance plénière et le vote en commission, car ce dernier avait été précédé de négociations durant lesquelles on était parvenu à des accords de compromis.

Cependant, cet esprit de conciliation s'est manifesté de la façon la plus marquante à propos du nouvel appareil concernant le commerce et le développement. Cette question est devenue la question essentielle de toutes les négociations, car une grande partie des autres résolutions de compromis prévoyaient des mesures nouvelles ou complémentaires dans le cadre du nouveau système institutionnel. Pour les raisons déjà exposées, le projet de résolution commun présenté par les pays en voie de développement a été mis aux voix tout d'abord en Commission. Le projet de résolution a été adopté par 83 voix contre 20 (y compris les grands pays industriels dont l'économie repose sur la libre entreprise), avec 3 abstentions. Mais les porte-parole des différents groupes de pays ont indiqué qu'ils ne considéraient pas ce vote comme fermant la porte à un accord. Des négociations laborieuses ont donc été immédiatement reprises : elles se sont poursuivies jusqu'à la fin de la Conférence et ont abouti à l'adoption unanime de la résolution de compromis mentionnée plus haut.

III

L'attitude de conciliation dont les pays en voie de développement ont fait preuve à Genève reflète fort bien le sentiment qui les a conduits à s'unir, au cours de la Conférence, pour former ce que l'on a appelé « le groupe des soixante-quinze » (1). Il est nécessaire de bien comprendre ce que représente ce groupe, en évitant tout jugement superficiel ou frivole qui pourrait empêcher d'en saisir l'importance.

Avant l'ouverture de la Conférence, certains milieux craignaient qu'une réunion de cent vingt pays, dont beaucoup venaient seulement d'accéder à l'indépendance politique, ne fût un chaos. On parlait volontiers de « tour de Babel », et certains prédisaient que la Conférence adopterait dans le désordre une multitude de résolutions incohérentes, du fait du manque de maturité et de l'impatience de nombreux pays en voie de développement.

(1) Le groupe a été ainsi appelé parce que soixante-quinze pays avaient signé la déclaration annexée à la résolution par laquelle l'Assemblée générale des Nations Unies a décidé de convoquer la Conférence sur le Commerce et le Développement. A la fin de la Conférence, à Genève, soixante-dix-sept pays en voie de développement ont signé une nouvelle déclaration, qui a été insérée, sur leur demande, dans l'Acte final de la Conférence.

Il ne s'est rien produit de tel. Dès le début de la Conférence, les pays en voie de développement ont cherché des dénominateurs communs qui leur permettent de coordonner leurs politiques (1). Il n'a pas été difficile de les trouver, malgré les différences bien connues des stades de développement, car tous les pays en voie de développement ont des problèmes communs d'ordre international auxquels ils doivent trouver des solutions par voie d'accord. Cela ne veut certainement pas dire qu'ils n'aient pas de problèmes qui leur soient propres, ou que leurs intérêts ne divergent jamais. Ces problèmes et ces divergences existent assurément, et un des résultats les plus positifs des premiers contacts entre les pays en voie de développement, au début de la Conférence, a été précisément que ces pays ont conclu qu'ils devaient laisser de côté ces problèmes qui leur étaient propres et ces divergences, et faire porter toute leur attention sur les problèmes qui leur étaient communs. Cette coordination des efforts a aidé, de plus, à maintenir les débats sur le plan économique et à éviter les problèmes politiques, qui auraient introduit des éléments étrangers aux buts de la Conférence et auraient sérieusement troublé les délibérations.

On peut dire qu'en agissant ainsi, les pays en voie de développement ont fait preuve d'un grand réalisme. Cette assertion paraîtra peut-être surprenante, étant donné que les revendications des pays en voie de développement ont été qualifiées d'exagérées. L'ampleur des problèmes à résoudre exige une action d'une ampleur équivalente, et ce serait manquer singulièrement de réalisme que de ne pas le reconnaître et de penser que ces problèmes pourront être résolus à l'aide de quelques rajustements superficiels.

La question de savoir si une revendication est exagérée ou non ne peut être tranchée isolément ; elle ne peut être tranchée qu'en égard à l'ordre de grandeur des obstacles auxquels se heurtent les pays en voie de développement. Il est donc nécessaire de considérer les deux aspects du problème pour pouvoir juger jusqu'à quel point les solutions souhaitées par les pays en voie de développement sont réalistes. L'encouragement de mesures qui soient à l'échelle des besoins de ces pays devrait être, à vrai dire, une des tâches principales du nouveau dispositif institutionnel.

On constate, de la part des pays industriels, une certaine tendance — fort compréhensible — à considérer les problèmes des pays en voie de développement de leur propre point de vue, et non de celui de ces pays. La résistance qu'a rencontrée, au début, le processus d'industrialisation périphérique, la répugnance à reconnaître la détérioration des termes de l'échange, les appréhensions

(1) Il y a lieu de noter à ce sujet qu'avant la Conférence et pour s'y préparer, les pays d'Afrique, d'Asie et d'Amérique Latine ont tenu diverses réunions, dont certaines organisées par les commissions économiques régionales des Nations Unies. A ces réunions régionales, les gouvernements membres ont demandé au secrétariat de la commission économique de la région de donner des avis techniques, à Genève, à leurs délégations.

souvent exprimées quant au rôle du secteur public dans les pays en voie de développement, ont été quelques exemples, entre autres, d'attitudes qui se sont maintenant modifiées.

Les pays en voie de développement doivent parvenir à se faire leur propre conception des phénomènes liés à leur développement économique et social et à trouver leurs propres solutions, en tirant parti, bien entendu, de l'expérience accumulée par les pays développés, dans la mesure où elle est applicable. En fin de compte, c'est aux pays en voie de développement qu'incombent la responsabilité fondamentale et la tâche principale d'accélérer leur développement économique et social, et ils l'ont confirmé à la Conférence.

C'est là un autre des points d'accord entre pays en voie de développement qui les a amenés à unir leurs forces à Genève. La solution essentielle de leurs problèmes ne peut pas venir du dehors et il ne peut exister d'autre conception souhaitable de la solution de ces problèmes que celle que s'en font les pays en voie de développement.

Il ne s'agit donc pas d'un regroupement éphémère ou fortuit de pays cherchant à atteindre ainsi des objectifs passagers, et ce serait une grave erreur que de le croire. Il s'agit bien d'une énorme force qui monte et cherche à s'articuler. Elle apparaît à un moment de l'histoire où les hommes, quel que soit le régime social dans lequel ils vivent, apprennent à diriger consciemment et délibérément le cours de leur développement économique et social. Les pays les plus avancés en fournissent la preuve. Ils ont réalisé, au cours des cinquante dernières années, ce qu'on aurait considéré, il y a un siècle, comme une utopie. De l'attitude des pays plus avancés dépendent maintenant, pour une grande part, la façon dont cette nouvelle force exercera son influence et l'ampleur des sacrifices qu'exigera l'action entreprise pour réaliser, dans les cinquante années à venir, la nouvelle utopie de notre siècle, c'est-à-dire la suppression de la misère et de ses maux, qui affligent encore les trois quarts de l'humanité.



Le Secrétaire général de la Conférence,

Raúl PREBISCH.



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Conferencia de las Naciones Unidas sobre Comercio y Desarrollo

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INFORME SOMETIDO AL SECRETARIO GENERAL DE LAS NACIONES UNIDAS
ACERCA DE LA SIGNIFICACION DE LA CONFERENCIA DE LAS NACIONES
UNIDAS SOBRE COMERCIO Y DESARROLLO

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Una conferencia económica mundial como la que acaba de terminar en Ginebra no podría juzgarse solamente por las medidas inmediatas y concretas que de ella han surgido. Su significación es de más vastos alcances y sus resultados tienen que valorarse necesariamente con perspectiva histórica.

Encarada con esta perspectiva, hay tres aspectos fundamentales que destacar. Primero, el haberse logrado en esta conferencia el reconocimiento explícito o implícito de la necesidad de introducir grandes transformaciones en la política de cooperación económica internacional, y la orientación que han de seguir estas transformaciones. Segundo, la creación sobre una base amplia de un mecanismo internacional como parte integrante de las Naciones Unidas, capaz de concretar esa política en materia de comercio y en sus relaciones con el desarrollo, a fin de contribuir a la aceleración del crecimiento económico de todos los países y muy especialmente de los países en desarrollo. Y tercero, el surgimiento y articulación espontáneos de formas de acción común entre estos últimos países a fin de gravitar con más eficacia en la formulación y aplicación de tal política de cooperación internacional.

Trataremos de interpretar la significación de esta conferencia en cada uno de estos tres aspectos íntimamente relacionados entre sí.

I

En cuanto al primer aspecto, la Conferencia representa una aportación de considerable importancia. Ideas que hasta hace poco tiempo eran aún objeto de controversia han sido aceptadas sin grandes dificultades como base de sustentación de esa nueva política. Son ideas que han venido desenvolviéndose gradualmente en el seno de los organismos internacionales, en los países en desarrollo y en ciertos círculos de países industriales que se han dedicado al examen de estos problemas. En ese proceso, esas ideas han ido depurándose y madurando hasta cristalizarse finalmente en esta Conferencia. Si algún mérito tiene el informe que sobre ellas presentó la Secretaría a esta última, es haberlas recogido y expuesto con sentido de unidad y convergencia de propósitos después de provechosas consultas y discusiones realizadas en un buen número de países en desarrollo y desarrollados antes de su redacción definitiva.

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El reconocimiento de esas ideas se ha traducido en una serie de resoluciones que servirán de guía al nuevo organismo de comercio y desarrollo y a la acción correlativa de los gobiernos.

El problema fundamental que es indispensable resolver es la tendencia persistente al desequilibrio exterior en el proceso de crecimiento de los países en desarrollo. Cabe discutir la magnitud que podría alcanzar este desequilibrio en el futuro, pero no su existencia misma. Pues ya no se pone en duda que la aceleración del desarrollo exige un aumento intenso de las importaciones de bienes de capital y otros bienes en los países en desarrollo, en tanto que sus exportaciones primarias crecen con relativa lentitud.

Esta brecha entre necesidades de importación y posibilidades de exportación tiene que cubrirse indefectiblemente para que la aceleración del desarrollo pueda cumplirse. De otra manera será muy difícil - sino imposible - para un gran número de países en desarrollo alcanzar las metas fijadas respecto del Decenio para el Desarrollo.

Tal es el sentido de una importante resolución sobre crecimiento y ayuda exterior aprobada por la Conferencia que refleja el consenso no sólo de los países en desarrollo sino también el de los desarrollados, y habrá así de guiar la acción de unos y otros.

En esta resolución, después de reconocer la general preocupación con respecto a la insuficiencia de la tasa mínima de crecimiento de 5% anual fijada por la Asamblea General de las Naciones Unidas para el Decenio para el Desarrollo, la Conferencia recomienda la necesidad de elevar "suficientemente la capacidad de importar resultante del conjunto de los ingresos de exportación, de los ingresos invisibles y de la afluencia de capital de que pueden disponer los países en desarrollo, teniendo en cuenta la evolución de los precios", y expresa asimismo que "las medidas adoptadas por los propios países en desarrollo deben ser adecuadas para conseguir estas mayores tasas de crecimiento. Todos los países, tanto desarrollados como en desarrollo, deberán adoptar, individual y conjuntamente, aquellas medidas que sean necesarias para conseguir ese objetivo, y deberá disponerse lo necesario para un estudio periódico de las medidas así adoptadas y de la experiencia obtenida".

¿Cómo lograr este objetivo de elevar suficientemente la capacidad de importar a fin de cerrar la brecha comercial? ¿Qué medidas ha recomendado la conferencia a los gobiernos para cumplir este propósito?

La Conferencia ha aprobado un buen número de resoluciones en este sentido, algunas respaldadas principalmente por el voto de países en desarrollo, como expresión de sus necesidades y aspiraciones y, otras, con el consenso de todos o la mayor parte de los países desarrollados. Sin menoscabar la significación de las primeras examinaremos especialmente el contenido fundamental de estas últimas, pues son las que han de conducir a una acción concreta en el futuro inmediato.

Estas resoluciones conciernen a los productos primarios, a los productos industriales y al financiamiento del desarrollo.

En cuanto a los productos primarios se ha afirmado firmemente en la Conferencia la necesidad de extender la órbita de los convenios sobre productos para "garantizar precios remuneradores equitativos y estables", "asegurar un acceso satisfactorio" a los mercados de los países desarrollados, y otros aspectos como el de la competencia de los productos sintéticos. En otros términos, ha prevalecido el concepto de un tratamiento integral de este problema, y con tal objeto la Conferencia ha previsto el establecimiento dentro del nuevo mecanismo de comercio y desarrollo del instrumento competente - la comisión de productos básicos - que deberá recomendar el programa de acción en estas materias.

No pueden desconocerse, sin embargo, las grandes dificultades que se oponen en los países desarrollados a una política que facilite el más amplio acceso de ciertos productos primarios a sus mercados mediante la reducción y eliminación gradual de las trabas a la importación y los gravámenes internos que desalientan el consumo. Habrá que desenvolver una acción muy tenaz y paciente para avanzar en este campo.

Estos hechos y las fuerzas que contribuyen al lento crecimiento de la demanda internacional de productos primarios, han llevado a poner de relieve la necesidad de estimular el crecimiento de las exportaciones industriales de los países en desarrollo. La resolución pertinente expresa en este sentido que la Conferencia: "reconoce la urgente necesidad de una diversificación y expansión del comercio de exportación de manufacturas y semimanufacturas de los países en desarrollo, como medio

de acelerar su crecimiento económico y de elevar su nivel de vida, según se prevé en los objetivos del Decenio de las Naciones Unidas para el Desarrollo", y se reconoce además "la necesidad de que las manufacturas y semimanufacturas de interés para los países en desarrollo tengan el mayor acceso posible a los mercados, a fin de que dichos países puedan aumentar y diversificar en forma estable y duradera sus exportaciones de tales productos".

En materia de acceso a los mercados, se ha llegado al pleno reconocimiento de la necesidad de eliminar las restricciones cuantitativas, así como la discriminación de tratamiento arancelario que dificulta la elaboración en los países en desarrollo de los productos primarios que exportan. Asimismo, se ha reconocido la necesidad de incluir en las negociaciones Kennedy a los productos industriales que interesan especialmente a los países en desarrollo.

Todo ello tiene importancia, pero no decisiva para resolver el problema de la brecha comercial, según la opinión expresada reiteradamente por los países en desarrollo. Compréndese así el esfuerzo intenso que desplegaron para lograr la iniciación de una política preferencial en favor de sus exportaciones industriales.

El progreso que se ha hecho en este terreno es bien significativo. Comenzó con la declaración del Reino Unido, según la cual este país está dispuesto a extender a todos los países en desarrollo el tratamiento preferencial que otorga a los países del Commonwealth. Los países de la Comunidad Económica Europea (CEE) y Dinamarca también se manifestaron dispuestos a conceder preferencias.

Esta aceptación en principio de la idea de un sistema preferencial entraña, sin embargo, ciertas diferencias importantes en cuanto a la forma de aplicar esta política. Por ello se ha encomendado a un comité de expertos que examine el problema y proponga las soluciones prácticas pertinentes al mecanismo de comercio y desarrollo cuya creación ha recomendado la Conferencia a la Asamblea General de las Naciones Unidas.

El comité de expertos deberá también examinar las objeciones que ha suscitado la política preferencial. Es de esperar que el mayor esclarecimiento de este asunto pueda contribuir a que otros países importantes lleguen a adherirse en un futuro no muy lejano a una política preferencial que requiere necesariamente su concurso para tener plena efectividad.

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Aparte de la importancia que esta política reviste en sí misma, su aplicación a todos los países en desarrollo sin discriminación entre ellos, y sin perjuicio de medidas especiales que reconozcan las diferencias de grados de desarrollo, significaría la liquidación de los sistemas de preferencias regionales, punto éste que ha preocupado constantemente a los Estados Unidos dentro de su concepción multilateral del intercambio mundial.

Así, pues, en materia de exportaciones industriales se ha dado el primer paso en esta Conferencia reconociendo la necesidad imperiosa de estimularlas; pero habrá que seguir con gran persistencia de propósitos en la consecución de los medios más adecuados para que ese reconocimiento se traduzca pronto en medidas concretas y efectivas.

Tal vez uno de los obstáculos más considerables radica en ciertas aprensiones de los países desarrollados acerca de los trastornos que podrían provocar las importaciones industriales provenientes de los países en desarrollo. También se agregan, a veces, respetables resistencias de orden doctrinario.

Podría contribuir mucho a que esas aprensiones se disiparan si se pusieran de relieve las recíprocas ventajas de esta nueva forma de intercambio.

En efecto, se ha calculado que hacia 1970 los países en desarrollo, para alcanzar aquella tasa mínima de 5% de crecimiento fijada en el Decenio de las Naciones Unidas para el Desarrollo, necesitarían importar bienes de capital y otros bienes por unos 20.000 millones de dólares más de lo que les sería posible exportar si prosiguiesen las tendencias actuales. Parte de esta brecha se cubrirá, sin duda, con recursos financieros obtenidos del exterior, pero otra parte tendrá que cubrirse principalmente con el aumento de las exportaciones industriales. Si ello no fuera así, los países desarrollados perderían la oportunidad de realizar una parte considerable de esas ventas adicionales a los países en desarrollo.

También contribuiría a disipar esas aprensiones el conocimiento de un hecho muy simple, a saber: que si las exportaciones de manufacturas de los países en desarrollo^{1/} alcanzaran hacia 1970 la cifra - para ellos muy apreciable - de 10.000 millones de dólares, o sea, la mitad de la brecha comercial, esto apenas significaría

^{1/} En 1961 los países en desarrollo exportaron manufacturas por un valor ligeramente superior a los 2.000 millones de dólares.

una proporción insignificante - entre 4% y 5% - del incremento del consumo de manufacturas de los países desarrollados entre 1961 y 1970.

Queda, pues, un camino muy largo que recorrer en materia comercial. Aunque las ideas en éste y en otro sentido se han sedimentado en la Conferencia, habrá que esperar un cierto tiempo para que fructifiquen después de un esfuerzo sistemático de persuasión.

Que se requiere tiempo en este proceso, lo demuestran las resoluciones de gran importancia que ha aprobado la Conferencia en cuanto al financiamiento del desarrollo se refiere. Al respecto la Conferencia aprobó medidas por cuya aceptación los países en desarrollo venían esforzándose de tiempo atrás. Esas medidas conciernen la cuantía del financiamiento exterior del desarrollo, al financiamiento suplementario y al régimen de financiamiento.

Respecto a lo primero, los países desarrollados de iniciativa privada han aceptado la recomendación de que cada uno de ellos debiera "esforzarse por dedicar recursos financieros a los países en desarrollo en una cantidad mínima neta que se aproxime lo más posible al 1% de su ingreso nacional". Ya la Asamblea General de las Naciones Unidas había recomendado anteriormente esa cifra de 1% como objetivo, sin especificar si era neta o no.

Estas transferencias, según lo recomendado en Ginebra, deberán hacerse ahora en forma neta, es decir, deduciéndose las amortizaciones de los préstamos así como la repatriación y la liquidación de capitales privados extranjeros anteriormente invertidos. Así, esto podría traer un incremento efectivo e importante de los recursos financieros exteriores puestos a disposición de los países en desarrollo.

Estas transferencias alcanzaron apenas al 0,3% del ingreso del conjunto de los países desarrollados en 1950, proporción que subió al 0,7% en 1962. Pero si se deducen las pérdidas de ingreso que los países en desarrollo sufrieron en el mismo período debido al deterioro de la relación de precios de su intercambio exterior, la proporción neta de la ayuda obtenida de fuentes externas en 1962 vuelve a la cifra inicial del 0,3% registrada en 1950.

Explícate en esta forma el empeño que los países en desarrollo pusieron en conseguir medidas de financiamiento compensatorio para hacer frente a las consecuencias del deterioro de los precios del intercambio, además de las medidas de compensación a corto plazo que ha comenzado a aplicar el Fondo Monetario Internacional.

Se ha realizado en este segundo aspecto un avance muy promisorio. Así, la conferencia ha aprobado con el voto de los países en desarrollo y de los países desarrollados de iniciativa privada una propuesta de financiamiento suplementario presentada originalmente por el Reino Unido y Suecia. Se reconoce allí la necesidad de este financiamiento adicional cuando un país en desarrollo se encuentra con que sus exportaciones no logran alcanzar la cuantía que razonablemente podría esperarse. En otros términos, si el plan de desarrollo de un país se basa en una determinada proyección razonable de sus ingresos de exportación y ello no se cumple en la práctica, dicho país podría acudir al financiamiento suplementario, previo examen del caso y de los factores que han intervenido en él. Entre estos, además del reconocimiento explícito del precio de las exportaciones, se tiene en cuenta el de las importaciones.

A fin de llegar a proposiciones concretas, se recomienda el examen de la factibilidad de esta iniciativa al Banco Internacional, y entre otras sugerencias se menciona la constitución de un fondo de financiamiento suplementario que podría ser administrado por la Asociación Internacional de Fomento.

Los países en desarrollo, además de haber recibido con beneplácito esta propuesta, lograron hacer incluir en el texto una recomendación para el estudio y discusión de medidas financieras de mayor alcance, incluyendo transferencias no reembolsables, para hacer frente al deterioro de la relación de precios, con lo cual podría irse más lejos que el estudio encomendado al Banco Internacional.

El tercer grupo de medidas financieras se refiere a los principios y métodos de financiamiento del desarrollo. La resolución pertinente fue presentada por un grupo de países en desarrollo conjuntamente con los Estados Unidos y en ella se aprueban modalidades de financiamiento que antes con frecuencia resultaban inaceptables para los países donantes.

Entre otras cosas, se reconoce que el financiamiento exterior ha de vincularse a planes de desarrollo y debe tener continuidad en función de estos planes; se admite que tiene que cubrir también parte del financiamiento interior, cuando ello fuere indispensable; y se reconoce, que debiera disponerse de recursos exteriores - salvo dificultades de balance de pagos - para financiar la compra de bienes de capital y demás bienes en otros países, sean estos desarrollados o no desarrollados, o en el mismo país que recibe los recursos. Se recomienda asimismo que la capacidad global de un país para hacer frente a los servicios financieros exteriores debiera tenerse en cuenta al determinar las modalidades de pago y el interés de los préstamos externos.

Según otra recomendación de la Conferencia, cualquier país en desarrollo puede solicitar a los órganos competentes de carácter internacional que, en cooperación con los países acreedores interesados, examinen su situación de endeudamiento exterior con el objeto de lograr un acuerdo cuando sea oportuno y necesario sobre nuevos plazos de amortización o sobre la consolidación de la deuda, con plazos de espera o amortización apropiadas y tasas de interés razonable.

Al abordar los problemas de equilibrio exterior y la política de comercio de los países en desarrollo, también se consideraron asuntos referentes al transporte marítimo. En este sentido, la Conferencia ofreció, por primera vez, un foro para la discusión de estos asuntos entre las grandes Potencias marítimas y los países en desarrollo. Se reconoció la necesidad de contar con mecanismos de consulta apropiados, y al respecto se recomendó, inter alia, establecer procedimientos intergubernamentales adecuados dentro del sistema de las Naciones Unidas, incluyendo el nuevo mecanismo institucional de comercio y desarrollo. También hubo amplio acuerdo acerca de la conveniencia de fomentar mejoras en los puertos de los países en desarrollo, y se acogió la idea de promover marinas mercantes nacionales constituidas a base de criterios económicos sanos.

Asimismo, en la Conferencia se logró avanzar algo en materia de metas cuantitativas.

Cabe hacer notar aquí que la determinación de la cifra del 1% del ingreso nacional de los países desarrollados como magnitud deseable de sus transferencias de recursos financieros a los países en desarrollo, además de su significado en sí

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mismo, representa el reconocimiento parcial de la necesidad de establecer metas cuantitativas en la política de cooperación internacional. Es de esperar que nuevos estudios de la Secretaría de las Naciones Unidas faciliten más adelante la adopción de metas cuantitativas relacionadas con la dimensión de la brecha comercial.

En realidad, las metas cuantitativas de carácter financiero debieran establecerse más bien a base de la estimación de los recursos financieros internacionales que cada país requiere para complementar sus propios recursos de inversión y en relación a una determinada tasa de crecimiento económico. Este complemento exterior de los recursos internos permitirá cubrir una parte de la brecha comercial. El resto tendrá que ser cubierto con exportaciones y dar lugar, asimismo, a la fijación de metas cuantitativas.

Conviene subrayar al respecto que varios países socialistas han formulado estas metas en cuanto a sus importaciones provenientes de los países en desarrollo, tanto en forma global como en relación a listas de productos importantes. Estas metas son de carácter indicativo, esto es, representan una manifestación de intenciones cuyo cumplimiento quedará subordinado a las posibilidades de exportación de esos países socialistas.

II

Como acaba de verse en las páginas anteriores, si bien en el campo financiero se ha llegado a recomendaciones concretas en favor de las cuales venía trabajándose desde hace tiempo, en materia comercial también se ha desbrozado el camino para que pueda lograrse más adelante la acción concreta que se requiere en forma ineludible.

Este es uno de los propósitos fundamentales del mecanismo de comercio y desarrollo cuya creación dentro del marco de las Naciones Unidas se propone a la Asamblea General. El alcance y la significación de este mecanismo se han expuesto en el informe presentado por la Secretaría a la Conferencia. Basta señalar aquí que la recomendación aprobada unánimemente por los gobiernos participantes en la Conferencia va más lejos que la fórmula de compromiso recomendada en tal informe. Se ha aceptado la idea de una conferencia periódica y de una junta permanente de comercio y desarrollo, y se les atribuye el carácter de órganos de la Asamblea General, punto éste que no se había definido en dicho informe. Todo ello sin perjuicio de las funciones de coordinación que corresponden al Consejo Económico y Social de las Naciones Unidas. Asimismo, en la resolución aprobada se recomienda la creación inmediata de tres comisiones especiales para coadyuvar a la tarea de la Junta y la Conferencia: la de productos primarios, la de manufacturas, y la de invisibles y finanzas. En el informe de la Secretaría se dejaba esto librado a la experiencia futura. El que se haya optado por el establecimiento de estas comisiones desde el comienzo ha de interpretarse como expresión del deseo de los gobiernos de dar la mayor efectividad inmediata al nuevo mecanismo.

En la Conferencia fue objeto de gran discusión la iniciativa de un grupo importante de países desarrollados, de aplicar un sistema especial de voto en relación con ciertas recomendaciones importantes de la Conferencia y de la Junta.

Proponíase, en efecto, que tales resoluciones debían considerarse aprobadas cuando contaran con el voto favorable de dos tercios de los miembros en el caso de la Conferencia, y de una simple mayoría en el caso de la Junta, incluidos en muchos casos la mayoría de los doce países presentes y votantes que tienen más importancia en el comercio mundial.

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La oposición que esta propuesta encontró en los países en desarrollo llevó tras largas negociaciones a una solución de compromiso que abrió el paso a la aprobación unánime de la recomendación sobre esta materia, según ya se dijo.

Este compromiso consiste primordialmente en procedimientos para el establecimiento de un mecanismo de conciliación a fin de lograr el acuerdo de las partes antes de llegar al voto cuando se trate de recomendaciones "de índole concreta para emprender una acción que pueda afectar sustancialmente los intereses económicos o financieros de determinados países".

Para proponer tal mecanismo de conciliación se solicita al Secretario General de las Naciones Unidas que constituya una comisión especial con el fin de someter las recomendaciones pertinentes al decimonoveno período de sesiones de la Asamblea General.

La adopción de un procedimiento de esta naturaleza podrá significar una mejora importante en la técnica de trabajo de las reuniones de las Naciones Unidas relativas a asuntos económicos y financieros. En este sentido, conviene tener en cuenta la distinción que se ha hecho entre dos grandes categorías de resoluciones. Se recordará que la primera se refiere a todas aquellas materias en que los países en desarrollo deseen expresar sus puntos de vista o sus aspiraciones. En tanto que la segunda abarca aquellas resoluciones que se acaba de mencionar, en que se hacen recomendaciones a los gobiernos sobre decisiones que puedan "afectar sustancialmente" sus intereses económicos y financieros.

El mecanismo de conciliación concierne a la segunda y no a la primera categoría de resoluciones. En la primera categoría ha tenido mucha importancia el voto de la mayoría en las Naciones Unidas, así en las reuniones generales como en las de carácter regional. Se ha ido creando en esta forma una clara conciencia acerca de la índole de los problemas de desarrollo económico y social y la orientación de sus soluciones. Tal ha ocurrido, por ejemplo, en materia de industrialización de los países periféricos y de planificación de su desarrollo económico. Si las aspiraciones de los países en desarrollo no hubieran podido expresarse mediante el voto por mayoría, la promoción de éstas y otras ideas hasta su pleno reconocimiento habría encontrado obstáculos considerables.

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En la segunda categoría de resoluciones es deseable agotar todas las posibilidades de acuerdo entre las partes interesadas antes del voto, a fin de que las recomendaciones adoptadas por la Junta o la Conferencia puedan ser seguidas por la acción concreta de los gobiernos. Es obvio que carece de sentido práctico inmediato el votar por simple mayoría de los países en desarrollo, y sin el voto favorable de los países desarrollados, recomendaciones cuya ejecución depende de la aceptación de estos últimos. De ahí la importancia del mecanismo de conciliación a fin de promover este acuerdo.

Si en un tiempo razonable no se lograra acuerdo o éste fuera sólo parcial, se podría llegar a una resolución en que las partes interesadas expresaran sus respectivos puntos de vista e hicieran las declaraciones que creyesen pertinentes fijando, además, los puntos en que se hubiera logrado avanzar en búsqueda de un acuerdo. La recomendación aprobada en Ginebra sobre preferencias para las manufacturas de los países en desarrollo constituye un caso interesante de este género de resoluciones.

Estas resoluciones podrían contribuir mejor a abrir paso a futuros acuerdos que el voto de resoluciones que no contaran con el concurso de los países desarrollados. Evidentemente, no se puede obligar legalmente a ningún país a cumplir resoluciones que afectan sus intereses y respecto a las cuales ha votado en contra o se ha abstenido de votar. El reconocimiento de este hecho ha llevado ya en otros aspectos importantes de la actividad de las Naciones Unidas a establecer por acuerdo de caballeros procedimientos prácticos para llegar a un acuerdo, lo cual no excluye, por cierto, la posibilidad de ejercer finalmente el derecho de voto en caso de persistir el desacuerdo.

Si bien se mira, la Conferencia de Ginebra ha demostrado claramente que los países en desarrollo, así como los desarrollados, han realizado un esfuerzo muy sostenido para llegar a acuerdos de compromiso en ciertos asuntos importantes. Si en algunos casos podría desprenderse la impresión contraria, se debe posiblemente a que las distintas comisiones de la Conferencia tuvieron con frecuencia que votar resoluciones antes de llegar a acuerdos de compromiso a fin de concluir sus tareas sin grandes demoras, dado el plazo improrrogable para la terminación de la Conferencia. Pero inmediatamente después prosiguieron las negociaciones

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conciliatorias para llegar a estos acuerdos de compromiso antes del voto definitivo en sesión plenaria. Estas negociaciones se realizaron generalmente en un plano oficioso o confidencial, y algunas veces fuera de la sede de la Conferencia, por lo cual este proceso no pudo ser fácilmente captado por algunos observadores y los órganos de información pública. Explícate así que en algunos de ellos haya quedado sólo la impresión de la votación en las comisiones, sin percibir los intensos esfuerzos de negociación y conciliación que las delegaciones participantes desplegaron en el curso de la Conferencia.

Así, a raíz de estas negociaciones, se llegó a acuerdos de compromiso entre los diversos grupos de países en resoluciones importantes cuyos textos reemplazaron algunos de los que se habían aprobado previamente en las comisiones en materia de exportaciones de productos primarios y de productos industriales. En el caso de las resoluciones de similar importancia concernientes a asuntos financieros, no hubo gran diferencia entre la votación definitiva en plenaria y el voto en la respectiva comisión, pues este último había sido precedido por negociaciones en las cuales se llegó a acuerdos de compromiso.

El caso más notable de espíritu de conciliación se ha presentado, sin embargo, en lo concerniente al nuevo mecanismo de comercio y desarrollo. Este asunto se convirtió en el punto clave de todas las negociaciones, puesto que gran parte de las otras resoluciones de compromiso preveían una acción futura o complementaria dentro del nuevo mecanismo institucional. Por las razones ya mencionadas, se votó primero en la comisión correspondiente el proyecto de resolución unificado que presentaron los países en desarrollo. Esta resolución fue aprobada por 83 votos a favor, 20 en contra (incluidos los de los grandes países industriales de libre iniciativa) y 3 abstenciones. No obstante, los voceros de los respectivos grupos de países indicaron que no consideraban que dicho voto cerraba las puertas a un acuerdo. En consecuencia, se reabrieron inmediatamente laboriosas negociaciones que duraron hasta el final de la Conferencia, y gracias a las cuales pudo llegarse a la aprobación unánime de la resolución de compromiso a que antes se hizo referencia.

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III

La actitud conciliatoria de los países en desarrollo en Ginebra expresa muy bien el ánimo que los ha llevado en esta Conferencia a reunirse en lo que se ha dado en llamar "el Grupo de los 75"^{2/}. Debe entenderse correctamente el sentido de esta agrupación, eludiendo interpretaciones superficiales o ligeras que impedirían discernir su verdadera significación.

En vísperas de la Conferencia solía temerse en algunos círculos que una reunión de 120 países, muchos de los cuales apenas inician su experiencia política como naciones independientes, resultaría sencillamente caótica. Acudíase a menudo a la imagen de la torre de Babel, y se pronosticaban una multiplicidad de resoluciones incoherentes votadas en desorden por obra de la inmadurez y la impaciencia de muchos países en desarrollo.

Nada de eso ha ocurrido. Desde los momentos iniciales de la Conferencia, los países en desarrollo se esforzaron en encontrar comunes denominadores que permitieran la coordinación de su acción^{3/}. No fue difícil encontrarlos a pesar de notorias diferencias en los grados de desarrollo, pues todos esos países tienen problemas comunes en el plano internacional que requieren soluciones adoptadas de común acuerdo. Esto no significa ciertamente que no existan problemas particulares o diferencias de intereses entre ellos. Antes bien, existen esas situaciones y uno de los resultados más positivos de los primeros contactos de los países en desarrollo al comenzar la Conferencia fue precisamente la convicción de que esos problemas particulares o diferencias de intereses debieran dejarse de lado a fin de concentrar la atención en los problemas comunes. Esta coordinación de esfuerzos, por otro lado, contribuyó a mantener las discusiones en el plano económico, eludiendo problemas políticos que hubieran introducido elementos ajenos a los objetivos a la Conferencia y perturbado seriamente sus deliberaciones.

^{2/} Denominación derivada del hecho de que fueron 75 de los países que suscribieron la declaración que se anexó a la resolución de la Asamblea General de las Naciones Unidas, por la cual se decidió convocar la Conferencia sobre Comercio y Desarrollo. Al clausurarse ésta en Ginebra, 77 países en desarrollo suscribieron una nueva declaración cuyo texto ha sido incluido en el Acta Final de la Conferencia a solicitud de dichos países.

^{3/} Cabe recordar al respecto que, con anterioridad a la Conferencia y como paso preparatorio para su participación en ella, los países de África, Asia y América Latina celebraron diversas reuniones, entre ellas las organizadas por las respectivas comisiones económicas regionales de las Naciones Unidas. En dichas reuniones regionales, los Gobiernos de los Estados Miembros pidieron que la secretaría de la respectiva comisión económica regional prestara su asesoramiento técnico en Ginebra a las delegaciones participantes.

Al proceder en esta forma, por lo demás, los países en desarrollo lo hicieron con gran sentido realista. Tal vez sorprenda esta afirmación, pues también se ha atribuido exageración a las demandas de los países en desarrollo. La magnitud de los problemas por resolver exige medidas de similar envergadura, y sería lamentable falta de realismo desconocerlo y suponer que tales problemas se resolverán con algunos retoques superficiales.

Si una demanda tiene o no dimensión exagerada, no podría determinarse por ella en sí misma sino en relación a la dimensión de los obstáculos que enfrentan los países en desarrollo. De ahí la necesidad de una confrontación de ambos términos del problema a fin de evaluar el grado de realismo de las soluciones a que aspiran los países en desarrollo. En realidad, la promoción de medidas que correspondan adecuadamente a las necesidades de los países en desarrollo debe ser una de las principales tareas del nuevo mecanismo institucional.

Por lo demás, hay una cierta tendencia muy comprensible en los países industriales a mirar con su propia óptica los problemas de los países en desarrollo y no con la óptica de estos últimos. Las resistencias que encontró en los primeros tiempos el proceso de industrialización periférica, la renuencia a reconocer el deterioro de la relación de precios del intercambio, las aprensiones con que suele encararse el papel del sector público en los países en desarrollo, son ejemplos, entre muchos otros, de actitudes que se han ido modificando.

Los países en desarrollo tienen que procurar la propia interpretación de sus fenómenos de desarrollo económico y social y elaborar sus propias soluciones, aprovechando - desde luego - toda la experiencia de los países desarrollados en la medida que ella fuere aplicable. Al fin y al cabo, la responsabilidad primordial y los principales esfuerzos por acelerar su proceso de desarrollo económico y social recaen sobre los propios países en desarrollo, y así lo reafirmaron éstos en la Conferencia.

Este es otro de los puntos de coincidencia que han acentuado la necesidad de coordinar las fuerzas de los países en desarrollo en Ginebra. La solución fundamental de sus problemas no puede venir desde afuera, ni proyectarse otra imagen que la de los mismos países en desarrollo.

No se trata, pues, de un aglutinamiento episódico o circunstancial de países que buscan en esta forma objetivos transitorios. Sería un grave error juzgarlo así. Es una fuerza enorme que se levanta y trata de articularse. Surge esa fuerza en un

momento histórico en que los hombres, sea cual fuere el sistema social en que viven, están también aprendiendo a dominar consciente y deliberadamente el curso del desarrollo económico y social. Lo están demostrando así los países más avanzados. Se ha logrado en ellos en los últimos cincuenta años lo que hace un siglo era una utopía. De la actitud de esos países más avanzados depende ahora en gran parte cómo esa nueva fuerza podrá ejercitarse, qué grado de sacrificio humano se requerirá en este esfuerzo para lograr en el curso de los próximos cincuenta años la nueva utopía de este siglo, esto es, la extirpación de la miseria y sus males inherentes que aún prevalecen para las tres cuartas partes de la humanidad.



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Report to the Secretary-General

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A world economic conference such as that just held at Geneva cannot be judged solely by the immediate, concrete measures that emerged therefrom. It has a much vaster significance, and its results must be viewed in a historical perspective.

Seen in that perspective, there are three basic aspects of the Conference which should be underlined. First, there was recognition, expressed or implied, of the need for great changes in international economic co-operation policy, and of the direction in which the changes should go. Secondly, the Conference called for the establishment on a broad basis of an international machinery as an integral part of the United Nations qualified to apply that policy to trade and to its relations with development, so as to contribute to the acceleration of economic growth in all countries and particularly in the developing countries. And thirdly, the Conference saw the spontaneous emergence and articulation of forms of common action among the developing countries, designed to give them more effective influence in the formulation and application of such policy.

We shall try to interpret the meaning of this Conference in terms of each of these three closely interrelated aspects.

I

So far as the first aspect is concerned, the Conference represents a contribution of considerable importance. Ideas which only a short time ago still were controversial were accepted without much difficulty as basic underpinnings of the new policy. They are ideas which have been gradually taking shape in international bodies, in the developing countries and in certain circles of the industrial countries that have brought their close attention to bear on these problems. In this process, the ideas had been evolving and maturing until they finally crystallized at this Conference. If the report on them which the Secretariat submitted to the Conference had any merit, it lay in the fact that these ideas were there assembled and presented with a sense of unity and convergence of purpose after useful consultations and discussions held in a large number of developed and developing countries before the final draft was prepared.

The recognition of those ideas has been reflected in a series of resolutions that will serve to guide the new trade and development body and the corresponding action of Governments.

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The basic problem requiring solution is the persistent tendency towards external imbalance inherent in the process of development of the developing nations. There is room for discussion about the possible future magnitude of this imbalance, but not about its existence. For it is no longer questioned that, whereas the acceleration of development requires a sharp increase in imports of capital goods and other products in the developing countries, their exports of primary commodities rise slowly in comparison.

This gap between import needs and export possibilities must be bridged without fail, if development is to be speeded up. Otherwise it will be very difficult, if not impossible, for many developing countries to achieve the targets set for the Development Decade.

That is the idea behind an important resolution on growth and aid approved by the Conference which reflects the consensus of opinion not only of the developing countries but also of the developed countries, and must thus guide the action of both.

In this resolution, after recognizing the wide concern expressed regarding the inadequacy of the minimum growth target of 5 per cent per annum fixed by the General Assembly of the United Nations for the Development Decade, the Conference recommends that "the import capacity resulting from the combined total of export proceeds, invisible earnings and capital inflow available to the developing countries taking into account the evolution of prices should rise sufficiently", and further recommends that "the measures taken by the developing countries themselves should be adequate to enable these higher rates of growth to be achieved. All countries, developed and developing should undertake, individually and in co-operation, such measures as may be necessary to ensure this, and the provision may be made for a periodic review of the measures so taken and the experience gained".

How is this objective of increasing the capacity to import to be achieved in order to close the trade gap? What measures did the Conference recommend Governments to take in order to achieve this end?

The Conference adopted a large number of resolutions on this subject, some supported mainly by the developing countries, as an expression of their needs and aspirations, and others having the agreement of all or most of the developed

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countries. Without minimizing the significance of the first-named resolutions, we shall give special attention to the basic content of the last-named, since it is they which must lead to concrete action in the immediate future.

These resolutions concerned primary commodities, industrial products and the financing of development.

As far as primary commodities are concerned, the Conference firmly stated the need to extend the range of commodity agreements in order to "secure remunerative, equitable and stable prices" and "assure satisfactory access to the markets of the developed countries", and stressed other aspects such as the competition from synthetics. In other words, the idea which prevailed was that this problem should be dealt with as a whole, and to that end the Conference envisaged the establishment within the new trade and development machinery of a competent organ - the committee on commodities - to recommend the programme of action on these matters.

One cannot ignore, however, the great difficulties which in the developed countries stand in the way of a policy designed to provide greater access to certain primary commodities in their markets through the gradual reduction and elimination of obstacles to imports and of internal taxes which discourage consumption. A very tenacious and patient campaign of action will have to be developed in order to make progress in this field.

These facts, and the forces that contribute to the slow growth of international demand for primary commodities, resulted in the emphasis being placed on the need to stimulate the growth of the developing countries' industrial exports. The relevant resolution states that the Conference "recognizes the urgent need for the diversification and expansion of the export trade of developing countries in manufactures and semi-manufactures as a means of accelerating their economic development and raising their standards of living as contemplated in the objectives of the United Nations Development Decade", and recognizes further "the need for increased access on the largest possible measure to markets for manufactured and semi-manufactured products of interest to developing countries, so as to enable these countries to increase and diversify their exports of these products on a stable and lasting basis".

Regarding access to markets, there was full recognition of the need to eliminate quantitative restrictions and discriminatory tariffs, which make it

difficult for the developing countries to process the primary commodities they export. There was also recognition of the need to include industrial products of special importance for the developing countries in the Kennedy Round negotiations.

All this is important, but not sufficient in itself to solve the problem of the trade gap, according to the view repeatedly expressed by the developing countries. It is understandable, therefore, that they should have made an intensive effort to get agreement on a preferential policy in favour of their industrial exports.

The progress made in this area was very significant. It began with the United Kingdom's statement that it was prepared to extend to all developing countries the preferential treatment it grants to the Commonwealth countries. The countries of the European Economic Community (EEC) and Denmark also indicated their willingness to grant preferences.

This acceptance in principle of the idea of a preferential system was accompanied, however, by certain important differences regarding the way in which such a policy should be applied. A committee of experts is therefore to undertake the examination of the problem and to propose practical solutions to the trade and development machinery which the Conference recommended the United Nations General Assembly to establish.

The Committee of Experts will also have to consider the objections put forward to the preferential policy. It is to be hoped that further clarification of this matter will help to persuade other important countries to associate themselves in the not too distant future with a preferential policy, which necessarily requires their support if it is to be fully effective.

Apart from the importance of this policy in itself, its application to all the developing countries without discrimination, and without prejudice to special measures taken in recognition of differences in degrees of development, would mean the dismantling of regional systems of preferences - a point of constant interest to the United States in the context of its multilateral conception of world trade.

Thus, so far as industrial exports are concerned, the first step was taken at this Conference in recognizing the urgent necessity of stimulating such exports; but it will be necessary to continue with great persistence to seek the best way of translating this recognition promptly into concrete and effective action.

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Perhaps one of the greatest obstacles arises out of certain apprehensions on the part of the developed countries regarding the disturbances that may be created by industrial imports from the developing countries. There is also, sometimes, opposition on respectable doctrinal grounds.

Much could be done to allay these apprehensions if emphasis were placed on the reciprocal advantages of this new form of trade.

It has been calculated, indeed, that by approximately 1970 the developing countries, in order to achieve that minimum growth rate of 5 per cent fixed for the United Nations Development Decade, will have to be importing some 20 billion dollars worth more of capital goods and other products than they will be able to export if present trends continue. Part of this gap will be filled, no doubt, by financial resources obtained from abroad, but the rest will have to be covered mainly by an increase in industrial exports. If this did not happen, the developed countries would lose the opportunity to make a considerable part of those additional sales to the developing countries.

It would also help to allay these apprehensions if a very simple fact were more generally known, namely, that if by approximately 1970 the developing countries' exports of manufactures^{1/} reached the figure - a very considerable one for them - of 10 billion dollars, or half the trade gap, this would represent only an insignificant proportion - between 4 and 5 per cent - of the increase in the consumption of manufactures by the developed countries between 1961 and 1970.

There is still very far to go, therefore, in the field of trade. Though certain ideas gained greater acceptance at the Conference in this and other areas, we shall have to wait some time for them to bear fruit, after a systematic effort of persuasion. The fact that time is needed for this process is shown by the very important resolutions adopted by the Conference on the matter of development financing. In this area the Conference approved measures which the developing countries have been trying to get accepted for some time. They concern the quantity of foreign finance for development, supplementary financing and the system of financing.

^{1/} In 1961 the developing countries exported just over 2 billion dollars worth of manufactures.

Regarding the first, the developed private-enterprise countries accepted the recommendation that each of them should "endeavour to supply ... financial resources to the developing countries of a minimum net amount approaching as nearly as possible to 1 per cent" of its national income. The General Assembly of the United Nations had earlier recommended this figure of 1 per cent as a target, without specifying whether it was to be net or not.

According to the recommendation made at Geneva, these transfers should now be net, that is to say, after deduction of amortization payments, and of repatriation and disinvestment of private external capital. This could thus lead to a real and considerable increase in the financial resources available to the developing countries.

Such transfers amounted to barely 0.3 per cent of the total income of the developed countries in 1950, rising to 0.7 per cent in 1962. But if one deducts the loss of income suffered by the developing countries during the same period because of the deterioration in their terms of trade, the net value of the aid obtained from foreign sources in 1962 falls back again to the original 1950 figure of 0.3 per cent.

This explains the earnestness with which the developing countries sought approval of compensatory financing measures to offset the consequences of the deterioration in their terms of trade, in addition to the short-term compensatory measures which the International Monetary Fund has begun to apply.

Some very promising progress was made on this second aspect. Thus the Conference adopted, with the developing countries and the developed private-enterprise countries voting in favour, a proposal on supplementary financing originally submitted by Sweden and the United Kingdom. This recognizes the need for additional financing when a developing country finds that its exports fall short of reasonable expectations. In other words, if a country's development plan is based on a certain reasonable projection of its export earnings and this is not achieved in practice, it may call upon supplementary financing, subject to consideration of the case and of its attendant circumstances. In addition to explicit recognition of export prices, the relevant circumstances include import prices.

In order to arrive at concrete proposals, it is recommended that the International Bank should study the feasibility of this scheme, and among other things there is a suggestion for the establishment of a supplementary financing fund to be administered by the International Development Association.

The developing countries, which welcomed this proposal, succeeded in including in the text a recommendation for the study and further discussion of more far-reaching financial measures, including non-reimbursable transfers, for dealing with the deterioration in the terms of trade, an undertaking which could go much further than the study the Bank was invited to make.

The third group of financial measures concerns the principles and methods of development financing. The relevant resolution was submitted by a group of developing countries together with the United States, and endorsed certain methods of financing which had frequently been found unacceptable to countries providing assistance.

Among other things, it was recognized that external financing should be linked to development plans and should have continuity in relation to those plans. It was admitted that it should also cover part of internal financing, where that was essential. It was recognized that financial resources obtained from external sources should be made available, except where there were balance-of-payments difficulties, to finance purchases of capital goods and other products in other countries, whether developed or not, or in the country actually receiving the resources. It was also recommended that the over-all repayment capacity of borrowers should be taken into account in establishing repayment terms and interest rates for external loans.

Another recommendation provided that developing countries may request competent international bodies to review, in co-operation with creditor countries concerned, their external indebtedness with a view to securing agreement, where appropriate and necessary, on the re-scheduling or consolidation of debts, with appropriate grace and mortization periods and a reasonable rate of interest. In dealing with problems of external balance and trade policies of developing countries, questions of shipping were also considered. In this connexion, the Conference provided for the first time a forum for the discussion between developing nations and the major shipping nations of issues relating to maritime transport. The need for appropriate

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consultation machinery was recognized and it was, inter alia, recommended that inter-governmental procedures be established within the United Nations system, including the new institutional machinery for trade and development. There was also wide agreement on the desirability of port improvements in developing countries and the development of national merchant fleets based on sound economic criteria was welcomed.

Some progress was also registered at the Conference with respect to quantitative targets.

It should be noted here that the fixing of 1 per cent of the developed countries' national income as the desirable figure for the amount of their financial resources to be transferred to the developing countries, apart from its importance in itself, represents a partial recognition of the need to establish quantitative targets in policies for international co-operation. It is to be hoped that new studies by the Secretariat of the United Nations will facilitate the adoption of quantitative targets related to the size of the trade gap.

In point of fact, quantitative financial targets should be established preferably on the basis of an estimate of the international financial resources that each country requires in order to supplement its own investment resources and in relation to a specific rate of economic growth. This external supplementing of internal resources will make it possible to cover part of the trade gap. The rest will have to be covered by exports and will likewise entail quantitative targets.

It should be noted in this connexion that several socialist countries have fixed such targets for their imports from the developing countries, both in aggregate form and for schedules of important items. These targets are of an indicative nature - that is, they represent a statement of intentions the fulfilment of which will depend on the export opportunities of the socialist countries.

II

As we have seen in the preceding pages, although in the financial field the Conference arrived at specific recommendations which had been worked towards for some time, in matters of trade it also cleared the way for later achievement of the concrete action that is unavoidably required.

This is one of the fundamental purposes of the trade and development machinery which it is proposed that the General Assembly should establish within the United Nations framework. The scope and significance of this machinery were explained in

the report presented by the Secretariat to the Conference on Trade and Development. Suffice it to say, here, that the recommendation approved unanimously by the Governments participating in the Conference goes much further than the compromise formula recommended in that report. The idea of a periodic conference and a permanent trade and development board has been accepted and they are given the status of organs of the General Assembly, an aspect which was not defined in the report. All this is without prejudice to the co-ordinating functions of the United Nations Economic and Social Council. The resolution approved by the Conference also recommends that three special committees be established immediately to help the Board and Conference in their work - namely, a committee on commodities, a committee on manufactures and a committee on invisibles and financing. In the secretariat's report, this was left to be decided in the light of future experience. The fact that the Conference opted, from the beginning, for the establishment of these committees is to be interpreted as an expression of the desire of Governments to give the new machinery greater immediate effectiveness.

There was much discussion at the Conference concerning the proposal of an important group of developed countries that a special system of voting should be adopted for certain important recommendations by the Conference and the Board.

It was proposed that such resolutions should be considered adopted if they had the support of a two-thirds majority of members in the case of the Conference and of a simple majority of members in the case of the Board, including in both cases the majority of those of the twelve principal trading countries taking part which were present and voting.

The opposition which this proposal encountered among the developing countries led, by way of extensive negotiations, to a compromise solution, which paved the way for unanimous approval of the recommendation on this subject, as has already been said.

This compromise consists principally in arrangements for the establishment of conciliation machinery designed to secure agreement between the parties before a vote is taken in the case of recommendations "of a specific nature for action substantially affecting the economic or financial interests of particular countries". The Secretary-General of the United Nations is requested to appoint a special committee to submit recommendations on such conciliation machinery to the General Assembly at its nineteenth session.

The adoption of a procedure of this nature may mean an important improvement in the method of work at United Nations meetings on economic and financial matters. In this connexion, it is necessary to keep in mind the distinction that has been made between two main categories of resolutions. It will be recalled that the first consists of those relating to all the matters on which the developing countries wish to express their points of view or their aspirations. The second includes those just mentioned in which recommendations are made to Governments regarding action "substantially affecting" their economic or financial interests.

The conciliation machinery relates to the second and not to the first category of resolutions. In the first category, the vote of the majority in the United Nations, both at general and at regional meetings, has been of much importance. In this way there has been achieved a clearer awareness of the nature of the problems of economic and social development and the direction in which their solutions are to be sought. This has occurred, for example, with regard to the developing nations' need to industrialize and to plan their economic development. If the aspirations of the developing countries had not found expression through a majority vote, the progress of these and other ideas towards full recognition would have encountered considerable obstacles.

For the second category of resolutions, it is desirable to exhaust all the possibilities of securing agreement among the parties concerned before the vote, so that the recommendations adopted by the Board or the Conference may be followed by concrete action on the part of Governments. There is obviously no immediate practical purpose in adopting recommendations by a simple majority of the developing countries but without the favourable votes of the developed countries, when the execution of those recommendations depends on their acceptance by the latter. Hence the importance of the conciliation machinery as a means of promoting such agreement.

If agreement is not reached within a reasonable time, or the agreement is only partial, it may be possible to adopt a resolution in which the parties concerned express their respective viewpoints and make such statements as they consider relevant, noting, at the same time, the points on which progress towards agreement has been made. The recommendation adopted at Geneva on preferences for the manufactures of the developing countries is an interesting example of this type of resolution. Resolutions such as these could do more to pave the way for future

agreements than the adoption of resolutions which lack the support of the developed countries. Obviously, no country can legally be obliged to comply with resolutions which affect its interests and on which it has cast a negative vote or abstained. Recognition of this fact has already resulted, in other important fields of the United Nations work, in the establishment by gentleman's agreement of practical procedures in order to arrive at an agreement which does not, of course, exclude the possibility of ultimately exercising the right to vote if disagreement persists.

A careful appraisal shows that the Geneva Conference has clearly demonstrated that both the developing and the developed countries have made a very persistent effort to arrive at compromise agreements on certain important matters. If in some cases the contrary impression has been given, it may be due to the fact that the various committees of the Conference often had to vote on resolutions before arriving at a compromise agreement, in order to finish their work without great delay, bearing in mind the unextendable deadline for the close of the Conference. But immediately afterwards conciliatory negotiations were started in order to arrive at such compromise agreements before the final vote in plenary. The latter were generally conducted on an unofficial or confidential basis, sometimes outside the conference building. It was therefore not easy for certain observers and information media to realize that this process was taking place; and this explains why in some cases they were left only with the impression of the vote taken in the committees, without realizing what great efforts at negotiation and conciliation were made by the participating delegations during the Conference.

Thus, on the basis of these negotiations, compromise agreements were reached among the various groups of countries on important resolutions, which replaced others that had been approved previously, in the Committees, on exports of commodities and industrial products. In the case of the equally important resolutions on financial matters, there was no great difference between the final vote in plenary and the vote in Committee, since the latter had been preceded by negotiations during which compromise agreements were reached.

The most notable manifestation of the spirit of conciliation, however, was in connexion with the new trade and development machinery. This matter became the key item in all negotiations, since a large part of the other compromise resolutions envisaged future or complementary action within the new institutional machinery.

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For the reasons already mentioned, the joint draft resolution submitted by the developing countries was voted on first in committee. The resolution was approved by 83 votes in favour, 20 against (including the big free-enterprise industrial countries), and 3 abstentions. Nevertheless, the spokesmen for the different groups of countries indicated that they did not regard this vote as closing the door to an agreement. There was therefore an immediate resumption of laborious negotiations, which lasted until the end of the Conference and resulted in unanimous approval of the compromise resolution referred to earlier.

III

The conciliatory attitude of the developing countries at Geneva expresses very well the feeling which led them to combine at the Conference and form what came to be known as the "group of seventy-five".^{2/} It is necessary to understand the significance of this group correctly, avoiding superficial or trivial interpretations which might obstruct a realization of its true importance.

Before the Conference opened, fears were current in some circles that a meeting of 120 countries, many of which were just beginning their independent political careers, would be simply chaotic. The Tower of Babel was an image much resorted to, and it was predicted that there would be a multiplicity of incoherent resolutions adopted in disordered fashion because of the immaturity and impatience of many developing countries.

Nothing of the kind happened. From the very beginning of the Conference, the developing countries endeavoured to find common denominators which would enable them to co-ordinate their policies.^{3/} It was not difficult to discover them,

^{2/} The group got its name from the fact that seventy-five countries signed the declaration annexed to the resolution of the United Nations General Assembly in which it was decided to convene the Conference on Trade and Development. When the Conference at Geneva closed, seventy-seven developing countries signed a new declaration, which was included in the Final Act of the Conference at their request.

^{3/} It may be noted in this connexion that, prior to the Conference and in preparation for it, the countries of Africa, Asia and Latin America held various meetings, including some organized by the United Nations regional economic commissions concerned. At these regional meetings the member Governments asked the secretariat of the regional economic commission involved to give its technical advice, at Geneva, to the participating delegations.

despite the well-known differences in degrees of development, since all developing countries have common problems at the international level which make it necessary to find solutions by common agreement. This is certainly not to say that they have no individual problems or that their interests never differ. On the contrary, such problems and differences do exist; and one of the most positive results of the first contacts between the developing countries, at the beginning of the Conference, was precisely the conviction that these individual problems and differences must be set aside in order that attention might be concentrated on common problems. This co-ordination of effort, moreover, helped to keep the discussions on an economic plane and to avoid political problems, which would have introduced elements foreign to the aims of the Conference and seriously disturbed its proceedings.

Furthermore, in acting in this way, the developing countries were being very realistic. This assertion may be thought surprising, since the claims of the developing countries have been described as exaggerated. The magnitude of the problems to be solved makes action of similar scope necessary; and it would be lamentably unrealistic to disregard this and to suppose that such problems could be solved with a few superficial readjustments.

The question of whether or not a demand is exaggerated cannot be determined in isolation; it can be decided only in relation to the dimension of the obstacles confronting the developing countries. Thus it is necessary to consider both aspects of the problem, in order to judge how far the solutions at which the developing countries aim are realistic. Indeed, the promotion of measures commensurate with these needs, should be one of the main tasks of the new institutional machinery.

There is a certain - very understandable - tendency on the part of the industrial countries to look the developing countries' problems from their own viewpoint and not from that of the developing countries. The resistance which the process of peripheral industrialization at first encountered, the reluctance to recognize the deterioration in the terms of trade, the apprehensions customarily expressed regarding the role of the public sector in the developing countries - such are a few examples, among many, of attitudes which have been changing.

The developing countries have to arrive at their own interpretation of the phenomena of their economic and social development and to work out their own solutions, taking advantage, of course, of all the experience of the developed countries, in so far as it is applicable. In the end, the fundamental responsibility and the main task of accelerating their economic and social development are for the developing countries themselves, and this they confirmed at the Conference.

This is another of the points of coincidence which accentuated the necessity of co-ordinating the forces of the developing countries at Geneva. The fundamental solution to their problems cannot come from outside, nor can any image be projected which is not that of the developing countries themselves.

This was not, then, a temporary or chance association of countries seeking in this way to achieve transient objectives. It would be a great error to think that it was. This is an enormous force which is rising up and trying to articulate itself. It is arising at a point in history at which men, whatever the social system under which they live, are learning to control, consciously and deliberately, the course of their economic and social development. This is being demonstrated by the most advanced countries. They have achieved in the last fifty years what a century ago was a Utopia. On the attitude of these more advanced countries now depends, in large part, how this new force can exert its influence - what degree of sacrifice will be required in this effort to achieve, in the course of the next fifty years the new Utopia of this century, which is the elimination of that poverty and its accompanying evils still prevailing among three quarters of mankind.



Raúl Frebisch
Secretary-General of the Conference



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JOINT RESPONSIBILITIES
FOR LATIN AMERICAN PROGRESS

By RAUL PREBISCH

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JOINT RESPONSIBILITIES FOR LATIN AMERICAN PROGRESS

By Raul Prebisch

THESE are decisive years for Latin America's economic, social and political future and for its relationships with the great powers. Time is running out, and much of it has already been lost, especially by those in Latin America who have been hoping vainly for external solutions to our problems; it has been lost, too, by those who advised us from abroad to ensure the free play of economic forces so that our development could be strongly supported by foreign private enterprise. It is not that a clear vision of the problem has been lacking. There is a growing conviction in Latin America that, while we do need ample international coöperation, development has to be brought about by our own efforts and our own determination to introduce fundamental changes in the economic and social structure of our countries.

Certainly some people in the United States have been thinking along the same lines, but no common language has been agreed upon. The days of Franklin D. Roosevelt have long been left behind. Now, however, the urgent need to find such a common language has been recognized, as is evident from the high-level pronouncements recently made in Washington. Already there is apparent agreement on one fundamental point: a policy of international coöperation cannot be inspired by the desire to favor privileged groups within our countries or to preserve the present order of things; its objective should be to help Latin American countries to change the existing order so that economic development will be speeded up and its fruits enjoyed by the broad masses of the population.

A very significant change in attitudes is involved. Until now, the typical nineteenth century concept has prevailed. This was that the industrialized countries were interested in the development of peripheral countries when it involved the exploitation of superior natural resources or provided a favorable opportunity for expanding trade. This concept was entirely consistent with the old order, which was characterized by export-oriented economies; no superficial political change could alter the favorable conditions for economic exploitation.

Entirely different concepts are necessary in Latin America

today. They must be responsive to the deep currents of desire for economic and social reform. I do not say that these currents are widespread in governing circles, although there are individual leaders of stature toward whom our hopes are anxiously turned. If opportunities are lost by those who could now undertake these changes, they will be made by others who are swept into power on the rising tide of popular aspirations. It is no longer a question of whether or not such changes will take place, but of who will make them, by what methods and under what political philosophies. In the great majority of cases, these changes will be brought about by men who believe in personal and political liberties and are willing to defend them, but who are not content with these alone. They believe fundamentally in individual initiative but frankly disagree with some of the forms it takes in Latin America. They are not convinced that development problems can be left entirely to the free play of economic forces. They do believe in energetic action by the state, and in the need for the planning of development. At a time when man is reaching unsuspected heights in his dominion over natural forces, they are convinced of the need for conscious and deliberate action with regard to economic forces, if their development goals are to be achieved.

The most profound convictions, however, may be shaken in the face of adverse circumstances. Development cannot be accelerated simply by transforming the economic and social structure. There must also be a rapid assimilation of new technology. This requires a prodigious effort to train the masses of the population and to increase the relatively scanty productive capital available in our countries. Although our own resources are limited, there is no doubt that they could be substantially increased if consumption were restricted—not only among those of high income where much could be done in this regard, but also among the rest of the population where the possibilities are very much less because of the low average per capita income. The farther one wants to go in this direction, the greater will be the need to resort to various kinds of coercive measures; and the more these are employed, the greater the danger to the democratic process.

International resources can play a decisive role here. If they are used with other measures to bring about a rapid rise in the average per capita income over the next few years, then we can not only raise standards of living but also increase the amount of

our own resources available for capital investment. I am convinced that if this policy were continued steadfastly over a number of years—not too many in most Latin American countries—it could generate the savings required to maintain a satisfactory rate of economic growth, without any need for drastic measures having dangerous implications. Herein lies the most important political key to the entire process.

But that is not all. It is not just a question of increasing the scope of international coöperation for development but of changing its orientation. The desire of foreigners to find new fields for private capital investment in Latin America is a legitimate one, but it cannot be the principal aim nor the one which most influences policy. The basic objective must be to enable the Latin Americans gradually to do for themselves what the more advanced countries can already do. One of the things that has most fired the imagination and enthusiasm of our people, particularly the younger generation, has been the very significant lesson to be learned from the Soviet method of economic development: No matter how rudimentary the technology in underdeveloped countries, no matter how high the rate of illiteracy, there is nothing which in time these countries cannot learn and practice—from the exploitation of their natural resources to the most complex industrial techniques.

Potentially very powerful elements of social dynamics are involved in this desire to activate our own vital forces; some might describe it as nationalism. Whatever the name, it represents our determination to find our own solutions to Latin America's great economic and social problems and to implement them by our own hands and our own free will.

II

Although there is a growing conviction that major changes in the economic and social structure of our countries cannot long be postponed, there are formidable obstacles to be overcome. Entrenched social and economic forces opposing change are very strong in some countries. Traditionally, these forces have drawn their strength from the unequal system of land tenure, but they have recently been reinforced by others which have emerged in the process of industrialization. Industrialization is an inescapable requirement of economic development and it will not only have to be speeded up but will also have to assume increasingly

more elaborate and complex form. This requires a firmly managed policy of protection. But instead, the series of measures that have been taken have usually been haphazard and improvised and therefore furnished incentives that in many cases were clearly exaggerated and damaging. High tariff walls, restrictions and prohibitions, together with relatively small markets, have all led to business practices stifling competition.

The high commercial and industrial profits which are typical in many of our countries are therefore only partly due to technical improvements in production methods. They are frequently due to the conditions just described, or to inflation which, in Latin America as everywhere else, is a powerful instrument for regressive income redistribution. The role of the Latin American businessman is generally a useful one but he expects—and usually gets—a disproportionate return. If to all this we add the consequences of certain perverse forms of state intervention in economic life, then we have the principal causes of the great disparities in income so common in Latin America. Even in the few countries where the rate of economic development has recently been satisfactory, these disparities have increased rather than lessened.

It is clear that taxation could be a useful instrument for reducing such disparities; but one must go to the root of the problem and attack the sources from which these disparities arise. This must be done not only to correct inequalities but also because these disparities cause the serious misuse of productive resources and thereby retard economic development.

First of all there is the problem of land tenure. On the one hand there is a limited number of large estates covering a high proportion of the productive land, while on the other there is a large number of small holdings covering a very small proportion. The vast estates tend to be inefficiently cultivated, since their size gives the owners a substantial income without great effort; the other holdings are too tiny for efficient operation. Hence there is a great waste of land and manpower.

Sound redistribution, then, has to be the starting point for technical progress in agriculture, where productivity is at present exceedingly low. However, in the urgent effort to find solutions, no general formulas can be applied because the problem is different in each country. Strong forces are opposed to any solution. Governments which have been willing to face the problem have

often had to confine their efforts to the costly opening up of new and distant land, leaving untouched vast tracts of easily accessible land; or they have had to be content with expropriating only such land as could be paid for on a cash basis out of current budgets. These are simple palliatives which do not lead very far. Yet, in dealing with this problem there is a need to go very far in Latin America!

In addition, great care has to be taken with regard to farm mechanization. In many of our countries the density of population on the land is very heavy and, if mechanization were carried beyond certain limits, it could cause serious problems of surplus labor. The same is true in other areas of the economy. Modern technology has been developed in countries having a great capacity for capital formation and a variety of reasons for wanting to save labor. It is this same technology which our countries have to absorb, notwithstanding the fact that capital is relatively scarce and labor abundant. Hence capital must be used rationally so that investments resulting in labor saving may bear a sound relationship to investments which will absorb excess labor. In the developing countries this certainly is not a problem that can be solved entirely by the free play of economic forces.

The degree of mechanization of agriculture that can be encouraged, then, depends on the rate of industrial development, not only because industry absorbs labor but also because of the influence which it exerts on the development of other productive activities. But the problem is difficult; even in those Latin American countries where industrial growth is greatest, relatively little surplus labor from the land has been absorbed; it has come instead from small crafts and other urban occupations having a low productivity.

Hence, there is a need to give the greatest possible impulse to industrialization, while at the same time correcting the serious deficiencies from which it has been suffering. It is not merely a question of finding a rational protection policy to promote competition but of seeking a basic solution which will cause the gradual disappearance of the 20 water-tight compartments into which Latin America has been divided.

Fortunately some good work has already been done; the Central American countries have decided to achieve a common market within a relatively short period and another seven Latin American countries, including several of those of greatest eco-

conomic importance, have taken steps in the same direction. Nevertheless, the latter are proceeding with a parsimony which—even though it can be explained by circumstances—could limit the effectiveness of this great enterprise unless they resolve to demonstrate the audacity and determination which have been shown by the Western European countries. These efforts can help considerably to achieve more efficient production by expanding markets, encouraging specialization and facilitating competition.

The resulting reduction in industrial costs will have an important bearing on Latin America's position in the export market. Increased exports of industrial products are becoming imperative for the Latin American countries, particularly those which have made the greatest industrial progress. Under the pressure of circumstances, industrialization has been directed inwards and not outwards, so that emphasis has been on replacing imports with goods of local manufacture—first consumer goods, then intermediate products and more complex capital goods. The Latin American common market will facilitate this process by ensuring coördinated efforts. But the need to produce import substitutes would not be quite so acute if our countries could add industrial exports to their traditional primary ones, which tend to grow slowly.

This, then, is an opportune moment to seek new formulas for trade between Latin American countries and the great industrial centers. Upon this depends fundamentally whether our increased industrial effort continues to be directed towards the domestic market or whether it will also look towards export markets, with mutual advantages to all.

III

There are still those among us who believe that no great step forward to industrialization can take place without continuing the chronic inflation which has been so evident in many of our countries. This is certainly a serious mistake, but no more so than the opposite position frequently preached from abroad. According to this view, inflation is a phenomenon of purely monetary origin, quite independent of the serious structural obstacles which stand in the path of economic development.

This thesis has recently been put into practice in some Latin American countries with very adverse results. These failures have encouraged the belief that monetary stability is incompatible

with economic development. Obviously, a vigorous effort had to be made to contain inflation, which was provoking ever more acute social tensions, but unfortunately this was followed by the more serious ones arising from contraction of the economy. Inflationary investments had to be stopped, but they should have been replaced by others covered by genuine savings so as to avoid interrupting economic development. This would have involved decisive use of the instruments of taxation in order to encourage private investment and provide the state with greater investment resources; but this either was not done at all, or was done with insufficient vigor. Foreign resources were also required, but almost always those who could have provided them preferred to await the outcome of the stabilization policy, when in fact such aid was essential for achieving economic stability. The same was true for attacking the structural obstacles to development, principally those which contribute to external disequilibrium. But why bother if the contraction in income had the virtue of restoring the equilibrium?

Once again orthodoxy showed its misunderstanding of the realities in Latin America and of the forces at work there. In order to break the inflationary spiral of prices and wages, the latter were stabilized—a necessary step, although the level was not always well chosen. But fixed wages generally mean a sacrifice by the mass of the people and, if this was to be accepted, reasonable measures should have been taken to see that the burden was shared by other social groups. However, profits and dividends continued to be distributed in the normal way and large rents were derived from the unequal distribution of the productive land.

In a rational policy of economic development, the instrument of taxation is of substantial importance, but as a rule it is not at all well used in the Latin American countries. On the one hand the tax system tends to be exceedingly inequitable; it neither moderates the excessive spending of powerful groups nor encourages them to realize the potential of their savings. On the other hand, even in those countries where the tax structure is adequate, its implementation frequently is not, allowing considerable opportunity for tax evasion. It would be a serious mistake, however, to assume that adequate administration of the tax instrument would reduce in any dramatic way the amount of international assistance that Latin America requires. Our needs are simply too

vast. To take just one example, there is the need for investment in human resources, which have been so much neglected in our countries. First of all, illiteracy is still very high and an unrelenting attack on it must be made. Secondly, there must be an intensive and systematic endeavor to broaden the opportunities for technical training at all levels.

This neglect of popular education, despite the many enlightened voices in our countries which clamor insistently for it, provides further evidence of the social forces hampering development. Reform of the system of land tenure and the technical training of the popular masses will free an enormous human potential that is today largely wasted. The system of individual initiative does not respond to a static conception, and where there is little social mobility it languishes. It can be restored by the initiative of new men, able men who will emerge in that process of liberating social forces which has been so slow in reaching Latin America.

IV

All these changes in the economic and social structure will gradually eliminate those obstacles which at present form such an impressive barrier to the development of the Latin American countries. But this will not, of itself, result in an acceleration of the rate of development. If we are to avoid new tensions, even more serious perhaps than the present ones, the vital forces thus liberated must be effectively harnessed to expanding economic activity. To do this, investments have to be raised substantially and this objective can be achieved within the present institutional framework only by a considerable increase in the contribution of the international community.

Fortunately, there is already wide agreement on this point. Tentative estimates have been made as to the amount which should be provided from foreign sources over the next few years. But the time has come to set aside this kind of appraisal and to base calculations on concrete data. Each country will have to prepare its own development plan and estimate the international resources needed to complement its domestic savings. The need for planning has finally been recognized after years of dogmatic resistance and loss of valuable time. But to prepare a long-term plan takes time and therefore a start will have to be made with preliminary plans that can be drawn up in a few months. Such

plans can determine the more urgent economic and social needs, particularly at those strategic points where investment is essential in order to halt inflation and at the same time step up rates of development.

For planning to succeed, each country must know with certainty that for the duration of the plan it can count on those international resources which are indispensable for putting it into practice. As a rule, international credit institutions have been reluctant to assume global obligations of this kind, but without them the plan would rest on a very uncertain foundation. It is clear that the obligations must be reciprocal; the intrinsic merit of a particular plan must be considered, in terms both of the magnitude of a country's own efforts towards capital formation, and of measures to remove obstacles to development. Although it is necessary for credit institutions to assume obligations on the basis of what is planned, these obligations are clearly conditional on the firm and effective application of the plan by the recipient country.

Once each country's needs have been determined, a global program for Latin America as a whole can be drawn up. This operation cannot be carried out at the political level. The decision as to how much each country is to receive must emerge from the technical examination of each plan by financial experts.

It is undoubtedly the responsibility of governments to discuss and reach agreement on fundamental principles of development policy, the direction of structural reforms and other measures essential to success. This process is part and parcel of the policy of international coöperation, if it is to be inspired by the fundamental objective of collaborating with the Latin American countries in changing the existing order, so as to speed the rate of development and ensure that the broad masses of the population participate adequately in the results.

If this objective is to be fulfilled, we shall need to reappraise and revise prevailing concepts about the respective roles of foreign and domestic private initiative in Latin American development. Great emphasis has often been placed on the former whereas the need for revitalizing Latin America's own private initiative has not been sufficiently stressed. After all, the strengthening of private enterprise depends less on arguments as to its abstract merits than on how effective it is in our own countries. International coöperation has a significant role to play here. As

things stand, the Latin American industrialist finds himself at a disadvantage in trying to meet foreign private competition. Healthy competition must be based on equality of conditions; otherwise it leads to the destruction or subordination of the weaker part. The resulting conflicts then overflow into political fields, causing tensions and antagonisms.

I am far from denying the useful role of foreign private initiative, particularly when it stimulates the spread of technology. However, the more it participates in the internal development of our countries—to which it has so far contributed very little—the greater the need for intergovernmental assistance as a means of strengthening Latin American private enterprises through credit on reasonable terms and adequate technical assistance. The Chilean steel industry is a good example of what might be done on a larger scale. Starting as a state enterprise with the help of Export-Import Bank loans and technical assistance furnished by private United States concerns, it is today in private hands operating on a solid foundation and employing Chilean technicians who know their work and are obviously enthusiastic about it.

Latin American objections to a common market are frequently based on an awareness of the disadvantages under which the Latin American industrialist operates, and on the fear that foreign companies will take advantage of the new opportunities to the detriment of the local entrepreneur. This fear is not unfounded. In important manufacturing centers of Latin America, industries which were originally in national hands have passed to foreign ones. No doubt in most cases this has resulted in technical progress, but an extension of the process could create political complications which would adversely affect economic development and international coöperation itself. Furthermore, competition is not usually improved by such changes, since the foreign firms continue to enjoy the same excessive protection as did the former national ones, but with the aggravating factor that profits may now become a charge on the balance of payments. The problem is not simple and several solutions should be explored. One which warrants special consideration might be to define in the economic development plans those activities which would be open to foreign private enterprise and those which would preferably be left to national initiative.

A more difficult problem is that raised by foreign enterprises

which exploit natural resources or operate public utilities. There is a strong feeling in Latin America that public utilities should be in national hands. From personal knowledge, I know that in 1940 President Roosevelt had decided to support this idea. Then the war came and this and other proposals were set aside. Two decades later there is even less justification for public utilities to be held in foreign hands; their technical operation is now well known and there is no reason at all why the Latin American countries cannot carry it on successfully.

If public utilities passed into national hands, there might open up new prospects for Latin American public enterprise. In the past this has generally been viewed unfavorably by international credit institutions. Public enterprise in some activities dates back a long time; sometimes this resulted from an effort by countries with relatively weak economies to avoid concentration of private economic power; in other cases, it seemed the best way of overcoming technical and economic backwardness; or again, public enterprise in some fields was necessary for economic development. Even those who believe in private initiative have often had to resort to public enterprise, despite its defects, because there was no other alternative. With assistance from abroad, private national initiative could fill this gap. But measures for encouraging private enterprise should be linked with others for encouraging competition or ensuring effective state control in cases where the very nature of the activity precludes genuine competition.

Enterprises exploiting national resources pose another problem, not only because they generally involve an elaborate technology, but because of the complexities of the international market. Nevertheless, I cannot accept the idea that there is no possible escape from the dilemma of continuing the present state of affairs, or nationalizing foreign-held corporations. Other formulas can be found. Of course, this is a controversial issue. On the one hand, there is admiration for the technology and organization of these enterprises, and for the higher wages which they frequently provide. On the other hand, their operations are geared to their own particular interests, even though the important decisions they make involve the nation as a whole. To allow this situation to continue is likely to lead to extremist solutions.

Let us not forget that economic development should be essentially a process of learning to do everything that other more ad-

vanced areas are already able to do. In some cases the process may be rapid, in others it may take rather long, but in every case we should look ahead and do what we can to make sure that development occurs with a minimum of disturbance. Our goal is by no means to close the door to foreign enterprise; far from it. We all can see how that monument of wisdom, the Marshall Plan, helped to raise the technology of Western Europe to the level of the United States, and how foreign private enterprise now lives harmoniously with its European counterpart. This has to be Latin America's final goal, too.

There must be positive evidence that a fundamental aim of the policy of international coöperation is not so much to open new fields of investment for foreign capital as to develop the capabilities and resources of the Latin Americans themselves within a system of private enterprise and individual initiative. Unless this can be accomplished in a dynamic way, the policy of international coöperation, no matter how vast the resources involved, will continue to lack an essential quality: the ability to reach the popular masses, to fire the imagination and encourage the constructive efforts of the younger generations in Latin America, particularly those who now tend to break impetuously out of the present restrictive environment.





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INTERNATIONAL TRADE AND PAYMENTS
IN AN ERA OF COEXISTENCE
COMMERCIAL POLICY IN THE UNDERDEVELOPED
COUNTRIES

By RAÚL PREBISCH*

United Nations Economic Commission for Latin America

I. *Industrialization*

Historically, the spread of technical progress has been uneven, and this has contributed to the division of the world economy into industrial centers and peripheral countries engaged in primary production, with consequent differences in income growth. We are now at a transitional stage, in which this division is being gradually weakened, but it may take rather a long time to disappear. As the spread of technical progress into the periphery—limited originally to exports of primary commodities and related activities—is advancing more and more into other sectors, it brings with it the need for industrialization.

Indeed, industrialization is an inescapable part of the process of change accompanying a gradual improvement in per capita income. In response to differences in the income elasticities of demand and in rates of increase in productivity, the active population is tending to shift—chiefly through the distribution of its increment—from occupations with a relatively low income elasticity of demand—principally primary production—to industry and other activities where this is relatively high.

This process has characterized the development of the industrial centers and is now advancing into the periphery. Industrialization of the centers is not a matter of dispute: it seems quite obvious that industrial countries should continue to industrialize. On the other hand, industrialization of the periphery has always been a controversial subject, not only in the centers, but also in the peripheral countries themselves. Although the opposition is receding, there are still some who consider industrialization to be a harmful diversion of productive resources from primary activities. Those who promote industrialization

* I am indebted for valuable criticism and constructive suggestions to: Professor Hollis B. Chenery, Stanford University, and to my Deputy at the Economic Commission for Latin America, Mr. Louis N. Swenson, as well as to Dr. Hans Singer and Mr. Sidney Dell, of the United Nations Department of Economic and Social Affairs. I am further pleased to place on record here the coincidence of ideas of this paper with the main lines of argument in Dr. Singer's paper on "Industrialization—The Other Side of the Coin," presented at the recent ECAFE Working Party on "The Role of Industrialization in Economic Development," which was received after this one had been written.

of the periphery are still credited with odd or ill-founded motives: the belief that industry makes nations wealthy while agriculture is a source of poverty; animosity towards the countryside, reasons of prestige, or the desire to achieve self-sufficiency or to imitate the centers.

Let the peripheral countries increase productivity in their primary activities through much-needed technical progress and thus expand their exports. Their rate of development will then be accelerated on a sound basis. So runs the argument.

Technical progress in export activities of these peripheral countries has undoubtedly been a great stimulus to their growth. But if this process is extended to other primary activities for internal consumption, where productivity is usually very low, and industry is not developed to absorb redundant manpower, then the inevitable outcome will be more disguised unemployment or downright unemployment.

Thus the plea for technical advance in primary production as an alternative to industrialization in order to improve standards of living defeats its own purpose, as some of the fruits of such technical advance will usually be transferred from the peripheral countries to the outer world, unless it is buttressed by a vigorous process of industrialization and increasing productivity in industry. The greater the inelasticity of demand for peripheral exports, the larger the proportion of the fruits that is so transferred.

Industry and technical advance in primary production are thus complementary aspects of the same process. And in this process industry plays a dynamic role, not only in inducing technical progress in primary and other activities, but in the new attitudes fostered by industrial development.

As in the centers, industrial development at the periphery responds to the same disparities in income elasticity as regards internal demand; and in addition to that, to the effects of similar disparities in foreign trade. It is a well-established fact that the income elasticity of demand for imports of Latin American primary commodities by the centers is generally lower than the income elasticity of demand for Latin-American imports of industrial products from these centers. This difference is frequently accentuated by measures to protect primary commodities in the centers, whereas, as will be shown later, it is reduced by protection in peripheral countries, provided this is established between certain limits.

Let us take one instance: the case of Argentina. This country has followed the very mistaken policy of trying to stimulate industrialization to the detriment of agriculture, instead of promoting a balanced growth of both. In the recent ECLA study prepared at the request of

the Argentine government, we examined a series of measures that might considerably increase exports through mechanization and other technical advances in agriculture. But even so, exports would only grow at the rate of 1.1 for every 1 per cent of growth of income, while the demand for imports was estimated with a coefficient of income-elasticity of 1.4 per cent, given the projected rate of income growth up to 1967 as compared with 1955. Similarly high elasticities for imports have been found in ECLA's studies for Brazil, Mexico, Colombia, and Peru.

In other words, in addition to the need for industrialization arising from the internal growth of Argentine income, there is the further need, because of the disparities between exports and imports just described, for substituting domestic production for imports of industrial goods.

The other aspect of this process is to be found in manpower figures. Indeed, the active population employed in agriculture in Argentina in 1955 represented 26 per cent of the total. Although this is rather a low figure for Latin America and exports are supposed to grow at a very high rate, we have estimated that, in the period considered, due to technical progress only about 10 per cent of the increment of active population will be absorbed in agriculture, whereas industry will have to absorb some 47 per cent of it.

Import substitution (defined here as an increase in the proportion of goods that is supplied from domestic sources and not necessarily as a reduction in the ratio of imports to total income) is the only way to correct the effects on peripheral growth of disparities in foreign trade elasticity. Let us take a numerical example to clarify this aspect of our problem. For the sake of simplicity, we shall assume that there is only one center and a periphery, having equal rates of population growth. Assuming that the center's rate of income growth is 3 per cent yearly and the income elasticity of demand for imports of primary commodities is 0.80 and that there is no import substitution, then the rate of growth of these imports will be 2.40 per cent ($3 \text{ per cent} \times 0.80 \text{ per cent}$) per year.

Suppose now that at the periphery income elasticity of demand for industrial goods from the center is 1.30. If, in a balanced development process, the rate of growth of these imports is to be no higher than that of exports, then peripheral income cannot increase faster than 1.84 per cent per year. This is the rate which, combined with that coefficient of elasticity, gives the limit of import growth—that is to say a rate of 2.40 per cent, the same as that for exports.

Should peripheral income grow at a rate, say, similar to the 3 per cent of the center, its demands for imports of industrial products would grow at the rate of 3.90 per cent ($3 \text{ per cent} \times 1.3 \text{ per cent}$) while ex-

ports of primary commodities would increase at the rate of only 2.40 per cent. To bridge the gap between these two rates, either the rate of increase of demand for imports would have to fall by 1.50 per cent, by means of import substitution, or industrial exports would have to be added to the primary ones, or a combination of the two.

We have assumed the same rates of population growth at the center and periphery. If the rate is higher at the latter, as is the case in Latin America, industrialization has to be intensified in order to have the same per capita rate of income growth as the center. This is particularly necessary if the present differences in per capita income are to be gradually narrowed down.

We have seen that import substitution tends to correct the disparity in income elasticities of demand for imports and for exports. This does not mean that industrialization is not necessary in the exceptional cases—at least in Latin America—where there is no such disparity. It has been shown that industrialization also responds to internal disparities of demand. If exports of a particular country grow faster than its demand for imports, industry will still have to grow, but its contribution towards meeting total demand for industrial goods will decline while that of imports will increase. By contrast, when demand for imports tends to grow at a faster rate than exports, import substitution is necessary to correct this disparity, and then imports constitute a declining proportion of total demand for industrial goods.

On the other hand, a country whose exports grow at a very fast rate and constitute a relatively high component of its aggregate product is in a better position than others to accelerate its rate of economic growth; but this acceleration may induce a rate of increase in the demand for imports higher than the increase in exports, requiring import substitution to correct the disparity.

The acceleration of the rate of growth will be the more necessary if exports absorb only a small fraction of the increment of population. This is the peculiar case of Venezuela, where fast growing oil exports constitute 32 per cent of its total product, whereas they employ only 2.6 per cent of the total active population.

II. *Protection*

In the changing pattern of employment associated with the process of development, a declining proportion of the continuously increasing active population is needed for the growth of existing activities for the internal market, due to improvements in productivity. Therefore a part of the growing manpower is not required in these existing activities. Moreover, there is manpower that for the same reason is not needed to produce the present level of exports. All this redundant manpower has

to be employed in the expansion of these exports and in new branches of industries for substitution purposes, as well as in other new activities. These new forms of employment are geared to internal and external demand elasticities and to different rates of increase in productivity.

In other words, in a dynamic economy redundant manpower is continually emerging as a result of technical progress, and it tends to be absorbed to meet the increasing demand generated by that very same technical progress.

In addition, there is a second form of manpower that has to be so absorbed. There are indeed vast numbers of marginal workers of low productivity rendering poorly paid personal services, as well as people engaged in other forms of precarious employment or disguised unemployment of a precapitalist character who should be moved to new jobs.

In the process of growth, at every level of per capita income, a certain proportion of this manpower is made available for transfer to other forms of employment, through shifts in demand as well as through technical changes in production.

For the sake of brevity, we will use the term "surplus manpower" to describe both these sources of labor and we will confine ourselves to that part of the surplus to be transferred to exports or new branches of industry for import substitution.

Redundant manpower as such does not produce any income and the real measure of the fruits of technical progress is the increment that accrues to the community when such manpower is transferred to new forms of employment. In addition to this increment, there is the net increase in income obtained by transferring available manpower from these precapitalist forms of employment of very low productivity to exports or industrial activities of much higher productivity.

Let us first clarify one important point. Industrial costs higher than import prices do not necessarily mean that an industry is not economic for a country as is sometimes assumed.¹ Of course the smaller the difference the better.

The problem has to be considered from another angle. It is not really a question of comparing industrial costs with import prices but of comparing the increment of income obtained in the expansion of industry with that which could have been obtained in export activities had the same productive resources been employed there.

I am afraid that it is not possible to arrive at the optimum solution of this problem if market forces are left unrestricted. The classical mechanism of the free play of market forces, either in its original form of wage adjustments or in its contemporary version of price adjustments

¹This was the assumption made by the Currie Mission on the iron and steel industry in Colombia, in the report presented to the International Bank some years ago.

through exchange rate movements, does not bring about that optimum solution. On the contrary, the periphery transfers to the outer world a greater part of the fruits of increased productivity than if the market forces had been contained at a certain point, either through customs protection or some other form of interference in the process.

Let us see briefly how exchange depreciation would work. Depreciation itself is considered as an outcome of market forces. If disparities in elasticities cause the demand for imports to grow faster than exports, let the exchange rate depreciate and find its own equilibrium level, when the surplus manpower will be fully absorbed.

As regards the absorption of manpower in exports, internal price increases due to exchange depreciation will bring higher profits and stimulate expanded production and exports. It is conceivable that this increase in exports could happen without any, or only a very small, decline in external prices. This, however, would mean a very high elasticity for export demand, which is quite unrealistic in the light of Latin-American experience. Income elasticity is generally low and so is price elasticity. Consequently, only a part—and not a very large one—of the surplus manpower can be employed in exports at given prices, and beyond that limit prices decline.

On the other hand, higher import prices will now make attractive those new branches of industries which were not so before because their costs were higher than import prices.

In this process, competitive equilibrium will be reached at a point where returns for export producers will equalize those for these new industries. However, this is not the optimum point for the periphery. Indeed, the marginal increment of income, arising out of successive increments of employment in export activities, has been falling faster than prices. And it can be demonstrated (see appendix) that, at the equilibrium point, except in very extreme cases, the marginal increment of income in those activities is lower than in industrial ones. It may even be negative if elasticity is very low.

Therefore, the optimum solution is attained before competitive equilibrium at a point where marginal increments are the same in both activities. In other words, the maximum gain for the periphery as a whole falls short of the equilibrium position where marginal costs and marginal revenues are equated.

The best solution for the periphery would be to stop the increase of exports beyond that optimum point of maximum gain. Some advocates of exchange rate adjustment to correct the disparity in foreign trade elasticities recommend that an export tax be imposed, high enough to deprive exporters of the profit incentive for continuing to expand production.

By and large, an export tax of this kind means a clear interference with market forces and acts in the same way as a protective duty on imports. If this import duty is levied at the optimum point, where marginal increments of income are equal, it will divert manpower to industrial activities and hence curtail employment in exports, just as the export tax does. (Throughout this process I have assumed constant costs, in order to avoid unnecessary complication.)

Again, if an export tax has an effect similar to protection, I have strong doubts about the advisability of exchange rate adjustments as an instrument to correct foreign trade disparities in demand elasticities. The main appeal of depreciation as compared with protection is that it leaves private initiative rather than government agencies to decide which branches of industry will be profitable substitutes for imports. But this could also be achieved through a uniform protective duty.

Protection (or subsidies) seems a more direct and simple solution, as it limits the adjustment to those new branches of industries that should be developed within a given period of time. To obtain the same result, depreciation forces the adjustment of the whole price system. In my view, a policy of depreciation or devaluation should be used only to correct an externally overvalued currency and not as an instrument for effecting structural changes in the economy.² A selective protection policy is a preferable instrument, notwithstanding the obstacles that have to be overcome in practice; and if it is applied gradually, higher import prices, affecting a relatively small proportion of imports each time, could be absorbed by general increments of productivity without affecting the price level of the entire economy, provided that protection has not been exaggerated to shelter inefficiency.

In any event, this is not relevant to our main line of argument. What is highly relevant is that the cost of spontaneous industrialization—by the unrestricted play of market forces through exchange depreciation—is a transfer abroad of part of the increment in real income derived from the employment of the surplus manpower, and that this transfer could be reduced or avoided by protection, subsidies, an export tax, or other forms of interference.

We have explained before that this increment of income represented the fruits of increased productivity. Therefore, the periphery transfers part of these fruits through the unrestricted play of market forces, in order to employ the surplus manpower whenever exports must increase beyond the limit at which external prices remain constant.

The classical mechanism in its original form of wage adjustment works, in the last instance, in the same way as its new version of ex-

² The difference is really between present and future equilibrium prices.

change rate depreciation. In both cases the level of wages in foreign currency has to drop in order to bring industrial costs down to a level competitive with imports, both expressed in foreign currency.

Setting aside other aspects of the classical mechanism, it is essentially the pressure of the surplus manpower which in this mechanism forces the fall in wages (in domestic as well as foreign currency, since it is assumed that there is monetary stability). This fall makes new industries attractive and stimulates exports, with the consequent price decline. All this is based on quite unrealistic assumptions concerning labor mobility and willingness to accept nominal wage reductions, whereas the mechanism of exchange depreciation does not require these assumptions. As a result of depreciation, the level of wages falls in foreign currency and, at the same time, this is accompanied by the fall of external prices. This is compatible with imperfect labor mobility and different levels of wages, and so is more realistic than the old classical mechanism.

Wage reduction does not mean a corresponding fall in real wages. In the classical mechanism the nominal fall is supposed to be largely offset by the fall in the level of prices, except in new branches of industry where costs are higher than import prices.

In the depreciation version, the level of real wages is restored through wage adjustments compensating for the effect of higher import prices on the cost of living. Of course, since imports constitute merely a fraction of the cost of living, wages need to increase less than import prices do. If in the process of adjustment wages rise more than the cost of living, the protective effects of depreciation are lost and a new depreciation might then be necessary.

In other words, internally there is no change except that real costs in new branches of industry will be higher than in existing ones. But externally the fall of wages in export activities, as a counterpart to the fall in prices (both in foreign currency), reflects the process of transfer of real income through the deterioration in the terms of trade.

In order to clarify this transfer process, we have to introduce concepts of the physical productivity ratio (henceforth called the "productivity ratio") and wage ratio. The productivity ratio expresses the relationship of physical productivity per man between the periphery and the center. There is a wide range of such ratios. For instance, exports of primary commodities at the periphery may have a range of, say, from 3 times the productivity at the center to only 0.50; and these exports of less relative productivity will be made if the level of wages is proportionately lower. So if the level is only half that at the centers, those export activities having only half the productivity of the center will be

developed; while those having a higher productivity ratio will tend to transfer part of the difference to the center through the free play of market forces. (To avoid complications, I have not included land rental, since it cannot be transferred.)

There is a similar range of industrial productivity ratios. Industries having a ratio of 0.50 or higher at the periphery could develop without protection, but those having less, say 0.40, would need it. We have seen that if these marginal industries are necessary for the full employment of the surplus manpower, the free play of the market forces will bring a wage deterioration, in terms of foreign currency, so far as this is necessary to offset the lower productivity ratio as compared with export activities (another way of expressing costs higher than import prices). Thus, to make marginal industries competitive, wages in foreign currency must decline so as to reduce the wage ratio from 0.50 to 0.40 and this process is accompanied by the decline of export prices. This is the case of transfer of real income that we have seen before.

Let us take now the other case. Let us assume that technical progress in exports advances in such a way that the productivity ratio of marginal export activities is increased from 0.50 to 0.70, without any increase in the industrial productivity ratio, which is also 0.50 at the margin. In this case, also, it will be the differential productivity of exports in relation to industry which tends to be transferred.

We may simplify the two cases in a broad generalization: Whenever the productivity ratio in exports is higher than in the marginal industries needed to employ the full surplus manpower, the real income corresponding to the difference in productivity will tend to be transferred abroad in the unrestricted play of market forces. This occurs either when the surplus manpower has to be employed in industrial branches where the productivity ratio is lower than in exports of primary commodities, or when the latter improves faster than does the ratio of industrial productivity. Therefore, it would be a very mistaken policy to advocate technical progress in primary activities without a parallel policy of industrialization. The higher the technical progress in those activities, the greater is the surplus of manpower. If this surplus is absorbed only in relatively small proportions by export activities—as is usually the case—industrial development is even more necessary because, as we have seen before, without it the fruits of technical progress in primary activities will be lost wholly or in part. We have also seen that to a certain extent this transfer is avoided by protection. But protection by itself does not increase productivity. On the contrary, if excessive, it tends to weaken the incentive to produce. Therefore, in order to maintain at the periphery the major fruits of technical progress in

primary activities and especially in exports, similar progress has to be made in industrial activities in order to improve their productivity and increase the level of wages in foreign currency. This will allow a parallel increase in wages for export activities; thus preventing a corresponding transfer of real income.

The need for technical progress in industrial activities has been duly emphasized in the infant industries argument. As productivity improves, protection may decrease until it is completely eliminated. This argument seems to overlook the need for helping exports to retain the fruits of technical progress. Indeed, if industrial productivity increases and wages do not rise proportionately, due to reduction or elimination of protection, exports will transfer their differential productivity.

Let us revert to our previous example to clarify this matter. If the productivity ratio in marginal exports is 0.50 and the wage ratio is the same and industries have to be developed with a productivity ratio of 0.40, then the difference must be offset by protection. Now, if technical progress at the periphery increases the productivity ratio of the marginal industries to 0.50, protection will no longer be needed. But then the wage ratio will continue to be 0.50. If, on the contrary, protection is maintained, the wage ratio will have increased in accordance with the productivity ratio and in this way, if exports also increase their productivity ratio, the periphery will retain the fruits of this increase up to the new level of wages.

Furthermore, when higher productivity is translated into higher wages rather than into lower protection, there is the additional advantage of forcing similar increases in productivity in other activities lagging behind. But all this requires a very cautious and selective policy of protection and does not conflict with the possibility and advisability of reducing and eventually eliminating protection in those industries having a faster rate of technical progress.

In all the reasoning of this section we have, for the sake of simplicity, considered a center and a periphery as a whole. But there are great differences between the centers. Secondary centers, as distinct from the main ones, may have some problems similar to those of the peripheral countries, when in order to fully employ their surplus manpower they have to engage in activities where costs are higher than import prices. This raises problems which, although interesting, are outside the scope of this paper.

On the other hand, there are also great differences between peripheral countries. A peripheral country might advantageously employ the whole increment of its manpower in increasing exports without industrialization, provided that too many others do not do the same. But we are

considering the general need of the peripheral countries for industrialization.

III. *Terms of Trade*

In the last instance, the pressure upon export prices and the corresponding tendency towards deterioration in the terms of trade in the peripheral process of growth subject to the unrestricted play of market forces is the result of disparities in income elasticity of demand and the uneven form in which technical progress has spread into the world economy, bringing very great disparities in technological densities. That is to say, the amount of technological knowledge as well as the real aptitude for using it in production.

Let us imagine a world without such disparities. In it we will not find any tendency to deterioration. Let us assume that there is a country A which is prevailingly industrial and a country B which is prevailingly primary. The wage rate is the same and trade is in equilibrium at a point where marginal productivity is the same in both countries. Then the productivity ratio at that margin is 1.0 and the wage ratio is the same. The productivity ratio is such that in A there is a full range of activities, principally industrial, where productivity is, say, up to three times as high as that of B. And in B there is another range of activities, principally primary, where productivity is also up to three times that of A. Therefore, there are no technological disparities. Neither are there any disparities of elasticities and the demand for goods is equally divided between primary commodities and industrial products. Finally, population and per capita income grow at the same rates in both countries.

Given these assumptions, there is no reason for a deterioration in the terms of trade working against primary production. Indeed, demand for primary products grows at the same pace as industrial demand, and consequently, the given increment of manpower at B does not need to be diverted from primary production, where the productivity ratio is favorable to B, to industry, where the productivity ratio is unfavorable for the same country.

Furthermore, as technological density is the same and productivity improves at the same rate in A and B, there is no differential productivity from this source to be transferred from the one country to the other.

Let us assume now that income elasticity of demand for industrial products is higher than for primary commodities, without any other change in the remaining assumptions.

If country B is unable or unwilling to send to A manpower which

would increase the latter's rate of industrialization, it has no other way out than to decrease the proportion of manpower in primary activities in favor of industry, through a different distribution of the increment than was formerly the case.

Here comes the important aspect. In B, manpower is transferred from primary occupations with a favorable productivity ratio to industrial occupations with an unfavorable ratio. Consequently the pressure of the surplus manpower will force employment down on the productivity ratio curve from 1.00 to say 0.80, with the wage ratio falling correspondingly at the new competitive equilibrium point. In the process of this adjustment to 0.80 of the wage ratio, export prices will fall, transferring income to country A. The contrary happens in country A. In response to a higher rate of industrial demand, manpower will flow from primary production to industry, where the productivity ratio is more favorable, thus improving the wage ratio.

Note that, according to our original assumption, the rate of increase of productivity is the same in both countries. Yet wages will increase less than productivity in the primary producing country due to the downward pressure of the surplus manpower, while they will increase more than productivity in the industrial country due to the pressure upwards.

This tendency to deterioration will be accentuated if, in addition to disparities in elasticity, we introduce disparities in technological densities. Suppose that in country B the export productivity ratio continues to be the same as in primary activities in our original assumption in relation to A but that the industrial productivity ratio is much lower than in the previous case. Thus in country B one of the important characteristics of a peripheral country appears.

It is obvious that if the industrial productivity ratio is more unfavorable than before, the level of wages has to drop more steeply in country B, hence increasing the transfer of real income to country A. Therefore, the combination of disparities in income elasticities of demand and in technological densities put the periphery in a weaker position vis-à-vis the center, as regards the terms of trade.

The center is in a better position to retain the fruits of its general increase in productivity because the increment in manpower does not need, as in the periphery, to press on occupations with a lower productivity ratio to the detriment of the wage level. In other words, general improvements in productivity tend to be fully reflected in the increment of the wage rate at the center, while at the periphery a part of the fruits of these improvements is transferred through the fall of export prices and the corresponding deterioration in the terms of trade.

In addition to this tendency, if productivity for export increases faster than marginal productivity of industry, then the fall of export prices will also tend to be more severe. The same may happen at the center, but the greater degree of technological homogeneity suggests that this phenomenon is likely to be less intense than at the periphery.

Furthermore, protection at the center gives additional force to the peripheral tendency towards a deterioration in the terms of trade. If there is free play of market forces at the center, some marginal primary activities there might disappear because of competition from increased peripheral exports at lower prices. But if these marginal activities are protected at the center, the possibility of increasing exports in the periphery will be less, and consequently a greater part of the surplus manpower will have to seek employment in industrial activities with a lower marginal productivity ratio, which would entail a further decrease of the wage level in foreign currency, with a further deterioration in the terms of trade.

This tendency of the terms of trade at the periphery to deteriorate in a process of spontaneous growth may be offset by compensatory forces in the free play of the market. One of these forces is of a Ricardian character. Even if wages deteriorate in foreign currency, the terms of trade may improve for the periphery if growing demand for some products prompts a resort to agricultural or mining land with lower returns. The other is connected with the center. Technical progress in some export activities at the center may advance faster than general productivity, resulting in a transfer of differential productivity of the same type as at the periphery although, probably, much less intense due to greater technological homogeneity at the center.

Interference with market forces may also counteract the tendency to deterioration. As we have explained, this is the effect of protective duties or export taxes. Combinations to restrict or eliminate competition in export activities may have similar effects, provided that not all of the profits are transferred abroad. Moreover, labor union action to increase wages in export activities may maintain the terms of trade, and, last but not least, international action to defend primary commodities may have this same effect.

On the other hand, a policy to reduce or eliminate primary protection at the center may, through the expansion of peripheral exports, absorb a greater part of the increment of manpower at the periphery, so alleviating the tendency towards deterioration of the terms of trade.

All this is very tentative but it offers a working hypothesis for inquiring into the past. A higher rate of increase of productivity in export than in domestic activities, coupled with a rather weak industrial-

ization process, may in the past have been powerful forces contributing to the deterioration in the terms of trade for some products. Further deterioration may occur in the future if efforts are concentrated on technical improvements in primary production without a vigorous development of industries and their technical advance, accompanied by a cautious policy of interference with the free play of international market forces to support the prices of important primary commodities.

IV. *Reciprocity*

Protection has different meanings in the peripheral countries and in the industrial centers. In the former it is, up to a certain point, the instrument for correcting the effects of the disparity in income elasticity of demand for exports of primary commodities and for imports of industrial goods and does not hamper the rate of growth of world trade. In the industrial centers, by contrast, protection of primary production accentuates this disparity and tends to depress peripheral development and to decrease the rate of growth of world trade.

The reduction or elimination of such protection at the centers has an implicit element of reciprocity, since the resultant increase in exports of primary commodities from the periphery will be followed by a corresponding increase in its imports of industrial goods, in response to their high income elasticity of demand, and there is no need for any reduction or elimination of duties to obtain this result.

The traditional form of reciprocity, under which peripheral countries are asked to grant duty concessions similar to those introduced by the centers, does not take into account this implicit element of reciprocity.

Moreover, these reciprocal duty concessions may have an unfavorable influence on the periphery's rate of growth. The development process requires a continual change in the composition of imports. These changes usually start with the decline in the proportion of imports of light consumer goods in favor of imports of basic material, capital goods, and durables. At more advanced stages of industrialization, when import substitution of these light consumer goods has been nearly completed, new changes relating to the other categories of goods are necessary, so that by reducing or eliminating imports of some of them it is possible to increase imports responding to the needs of the development process. Now, if these duty concessions interfere with these changes, then the increased peripheral capacity to import resulting from duty concessions at the centers instead of helping to attain a higher rate of growth might be accompanied by a real decline in the rate of industrial development. This might be a very harmful use of the increase in the periphery's capacity to import deriving from such

duty concessions at the centers. What is needed is a policy to encourage these changes in composition in order to accelerate the rate of economic growth, so that imports are adapted to the need for greater technical progress in primary production and for more intense industrial development.

I do not mean to suggest that existing duties and restrictions at the periphery should be untouchable. Far from it. Instead of the ideal of a rational and selective policy, there has frequently been shortsighted expediency and sheer improvisation. And in some cases indiscriminate or massive protection has gone far beyond the optimum point, to the serious detriment of exports and world trade. Therefore, although the periphery cannot influence the centers in a positive way, it may have a definite negative influence. The centers can actively stimulate the rate of growth of peripheral countries through trade and investment, but the latter cannot influence in a similar way the rate of growth of the centers and bring about any increase in their demand for primary products. However, if the periphery develops industry through protection beyond the optimum point, to the detriment of imports from the centers, this may have an unfavorable consequence on the center's rate of growth.

Under the conditions just described, protection at the periphery, instead of merely correcting disparities of income elasticity in relation to the centers, creates new disparities in the opposite sense and the centers are forced to adopt defensive protective measures to maintain their own rates of growth.

Of course, duty concessions granted by the centers afford a good opportunity of inducing peripheral countries to correct these anomalies. But much more is needed: a definite readjustment of commercial policy based on the clear recognition that, instead of trying to crystallize the existing pattern of peripheral imports, an effort should be made to help promote those changes in composition which are indispensable for fostering the rate of economic development.

All the foregoing requires a long-term outlook that may jeopardize short-term private trading interests. However, this would not be the first time that fundamental policy considerations have prevailed over those short-term interests, however legitimate they may be.

The centrally planned economies have, in this respect, a better means of adjusting their imports and exports to the needs of developing economies. And it is to be hoped that these countries, since they have long-term plans, will disclose projections of their probable demand for primary commodities, so as to enable producing countries to base their

policy decisions on sounder foundations than they have been able to do to date.

V. *Multilateral Trade*

Multilateral trade is the result not so much of adherence to a principle as of the trade policy of the most important countries. In this respect, the most significant behavior is that of the principal dynamic center of the world; that is to say, the center which because of its magnitude and technological progress has a greater influence on the rate of growth (as well as on the short-run fluctuations) of the other centers and of the periphery of world economy.

If the principal center, through the high level of its own imports, creates a great import capacity for its products in countries in the rest of the world, these countries may not only have a relatively high coefficient of imports (in relation to their income) from the center, but also from each other. World trade then constitutes a relatively high proportion of world income and multilateralism flourishes.

But if the principal center has a low level of imports, the countries in the rest of the world are forced to reduce their coefficient of imports from the center, and under the multilateral trade principle they are also forced to restrict imports from each other, as they cannot discriminate against the principal center.

Of course, every country, great or small, which has no disparities in foreign trade elasticities to correct and which resorts to protectionism has an unfavorable influence on world trade. But the greater the country the larger is its influence and the greater its responsibility.

Far-reaching changes have occurred in the pattern of world trade. In the nineteenth century, under the aegis of the United Kingdom as the world's principal dynamic center, trade developed at a very fast rate. The center's import coefficient was very high, which made it easy for the other countries of the world to have a high coefficient, too, not only with the center, but also with each other.

Moreover, the principal center's import coefficient increased continuously throughout almost the entire century, offsetting in the peripheral countries the effects of the lower income-demand elasticity for their primary commodities.

By contrast, the United States has always been a country of relatively low import coefficients, because of its natural resources and protectionist policy. Furthermore, this coefficient has been continually dropping. Nevertheless, at the time of British trade hegemony this decline had no apparent effects on world trade. Indeed, the extraordinary rate of growth of the United States economy tended to compensate for these effects, and its imports from the rest of the world grew at a very

fast pace. On the other hand, this rate of growth, so much higher than that of the rest of the world, considerably enhanced the relative importance of the United States in world economy, transforming it eventually into the principal dynamic center.

A principal center with a relatively low level of imports from the rest of the world in relation to the latter's income necessarily exerts a powerful influence on the pattern of world trade. This influence began to be felt as the rate of growth of the United States economy was gradually losing its nineteenth-century impetus, due to the decline in the rate of population increase, while at the same time this country was increasing its competitiveness on world markets.

This process reached a crisis with the great world depression. A further compression of the United States import coefficient and a rather lengthy pause in the growth of the economy have had a considerable impact on world trade and economy. And the world suffered considerable hardship in adapting to these events at the new dynamic center.

Bilateral trade emerged. It was a precarious and largely unsuccessful attempt to maintain trade among other countries, while imports from the United States were adjusted to the capacity to import. Multilateralism and the gold standard were destroyed and can only be restored—on a new basis—once structural changes in world trade and payments have been finally adapted to the new dynamic center with its very low import coefficient.

The long overdue formation of common markets in Europe—based on preferences—means that that inorganic bilateral reaction is being transformed into a rational policy of restricted multilateralism, with intense trade between its members and a coefficient of imports from the principal center geared to the capacity to import generated by it. Let us hope that the coefficient of imports from the rest of the world will not be unnecessarily forced down.

Destruction of world multilateralism and the decline in the relative importance of world trade has had serious consequences for the Latin-American countries. Their capacity to import is very low indeed in relation to their needs, given the present structure of production. This has been one of the major obstacles retarding the pace of industrial growth. Furthermore, it has forced countries to increase the proportion of domestic industrial production within total industrial demand through a more intense process of import substitution than would have been advisable under more favorable conditions of world trade.

On the other hand, this process of industrialization has been carried out without destroying the old pattern according to which each of the Latin-American countries is orientated in its trade towards the industrial centers, with very weak mutual trade. Trade between Latin-Amer-

can countries forms only 10 per cent of their total foreign trade, and industrial exports are relatively very small by contrast with countries such as Italy, Japan, and others with similar income levels. All this has resulted in the splitting of the industrialization process into as many watertight compartments as there are countries, without the advantages of specialization and the economies of scale.

The response to this should be the enlargement of national markets through the gradual establishment of a common market. But the common market, just as in Europe, cannot be established on the basis of the principle of universal multilateralism. Preferential treatment is needed inside the area to promote specialization in industrial products and primary commodities. European countries need preferences between them mainly to restore a pattern of very intensive mutual trade, which has been impaired in the way we have seen, whereas Latin America needs preferences to develop new forms of reciprocal trade, mainly in industrial products, that practically did not exist before.

Latin-American protectionism and preferences, if kept within reasonable limits inside a common market, will not hamper world trade. Imports from the centers will continue to depend on Latin-American exports to them—a clearly passive situation. The only changes—and these will be very important indeed—will take place in import composition, and through them countries will specialize in industrial products as well as agricultural ones. Without the common market, there will be a continued tendency by each country to try to produce everything—say from automobiles to machinery—under the sheltering wing of very high protection.

These are not the only considerations making the common market appear imperative. Paradoxically enough, the more advanced Latin-American countries are tending to become more externally vulnerable because of the form that industrialization has taken. In the process of import substitution, accentuated by adverse trade conditions, they have compressed their import requirements to a series of goods absolutely essential for the maintenance and growth of their economy and have lost the margin for the further reduction in imports which they had when they imported consumer goods. Thus an unfavorable fluctuation in exports tends to have critical effects on economic development far more so than when, as in former times, vulnerability was more on the demand side. The common market by diversifying trade within the area can gradually correct this situation. This is without detriment to the possibilities of developing industrial exports to countries outside the region that the common market may foster through the reduction of industrial costs.

The favorable attitude shown by the United States government, as

well as others, towards the formation of a Latin-American common market is most encouraging and may be a very important element in the framing of a commercial policy geared to the need for accelerating the rate of Latin-American development.

A vigorous policy of industrialization is required as an inevitable complement to technical progress in primary production. In this connection, the decisive support given by the United States government (through the Export-Import Bank) to the establishment of the iron and steel industry in some Latin-American countries is a noteworthy step in the right direction. Its significance lies in the fact that not only was a positive stand taken as regards heavy industry in the region, which has been and still is the subject of considerable controversy, but that financial and technical support were given to Latin-American entrepreneurs. While the contribution of foreign enterprises to development is highly valuable, it is essential for the promotion and consolidation of free enterprise to encourage the ability and initiative of the Latin-American entrepreneur as well.

Industrialization needs a dynamic policy of protection, which should be continually adapted so as to introduce new changes in import composition as the economy develops and disparities in the income elasticity of demand play their role. Trade treaties should not try to crystallize existing situations but should be flexible enough to promote these changes in import composition in an orderly, selective, and rational way.

As for the common market, there is no fixed blueprint. Help is needed within the GATT and other bodies to explore new paths in accordance with Latin-American conditions and potentialities.

In all the foregoing, there is ample room for new forms of reciprocity. Duty concessions by the centers, apart from their influence on a sound protection policy in Latin-American countries, may become a very useful instrument for inducing measures of trade liberalization and economic integration between these countries. And the gradual relaxation or elimination of the preference given to certain imports from the United States in some Latin-American countries may serve this purpose very effectively.

APPENDIX

Let us see how the process of spontaneous industrialization might operate according to the classical mechanism, assuming that there is free mobility of labor and unrestricted competition. We are concerned here only with the alternative employment of the surplus manpower in export production and industrial activities: for the sake of simplicity, other aspects will be overlooked. For this same reason, we have

resorted to a simplified diagram (Figure 1) in order to illustrate our point.

In this diagram, the surplus manpower to be employed in both activities over a given period of time is represented by the axis OP . Growth of income at the center and its income elasticity of demand

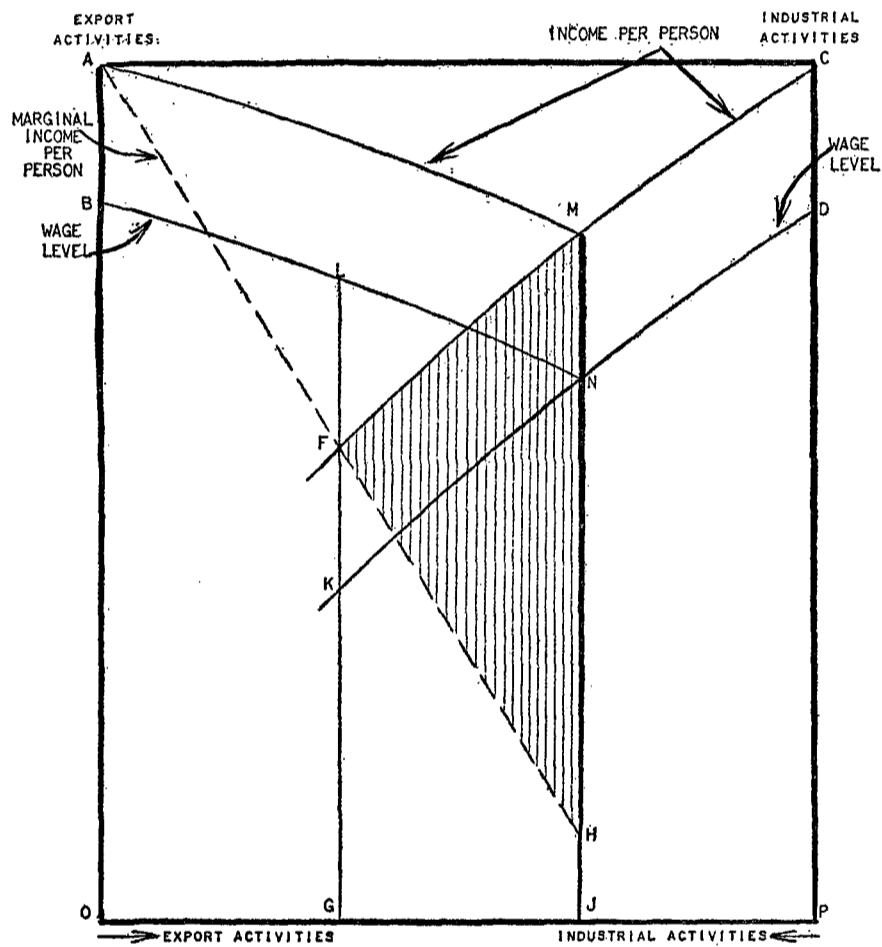


FIGURE 1

will determine up to what point additional production for export at the periphery could be sold at constant prices. This is assumed to be point O . From O towards P , beyond this point of constant prices, successive increments of employment are added to export activities; and in the opposite direction, from P towards O , successive increments of employ-

ment are added to industrial activities in new branches of production.

Furthermore, we assume, for the time being, that real income per person employed in export activities, represented by AO , is the same as CP in industrial activities at the beginning of the process, and that real wages, BO and DP , respectively, are also the same.

As increments of employment are added in export activities beyond the point of constant prices, the fall in prices exerts a downward pressure on per capita income along the line AM , and wages accordingly decline in a parallel manner along the line BN . Constant unit profits have been assumed in order not to complicate our reasoning. Given the high mobility of labor, the decline of wages in exports permeates into industry.

Let us see what happens there. At point P industrial costs are competitive with import prices. But new branches of industry have costs higher than import prices and per capita income there is lower than at that point P . As wages fall, those branches with the smaller difference between cost and import prices will be first affected, followed by others with inferior productivity, measured by the decline of the curve CF of per capita income (corresponding to a declining productivity ratio with the center).

In this way, per capita income in export activities falls correspondingly with the decline in prices; the same thing happens in industrial activities due to higher costs of successive new branches of industry. H is an equilibrium point at which the surplus manpower is distributed between the two activities.

Meanwhile marginal income per person has been declining faster than income per person employed in export activities, along the line AH ; and at the equilibrium point it is represented by HJ , which is much smaller than NJ ; that is to say, marginal income in industrial activities. Indeed, after employment in export activities has proceeded beyond point G , marginal income per person in these activities has been lower than in industry.

Income per person employed in export activities is the result of successive increments of employment leading to constant increments of physical exports, at diminishing prices.

Marginal income per person, on the other hand, is the result of every addition of income per person to previous export income, less the transfer of part of this latter due to the fall of prices. It so happens that, while per capita income continually diminishes, that transfer of income to the outer world becomes steadily greater due to the fact that the fall in prices affects increasing aggregate physical exports.

In this way, marginal income declines faster than per capita income and may even be negative if, after a certain point, employment in ex-

port activities continues to augment, thus reducing instead of increasing the aggregate export income.

In industry, marginal income per person is the same as per capita income, from the point of view of the economy as a whole. Indeed, there is no such transfer of real income to the outer world as in the case of exports. The fall of wages has brought also a decline of prices in existing industries; but this involves a purely internal transfer, whereas in export activities there is an external loss of income which reduces the increment of income due to the employment of the surplus manpower.

This transfer could have been reduced if the surplus manpower in exports had been stopped at point G , where the marginal income per person from exports is equal to marginal income in industry. It is true that if employment in the latter had been extended from J to G , marginal income per person there (as well as per capita income) would have continued to decline, due to higher costs as compared with import prices. But even so, the aggregate marginal income thus generated by industry, represented by the area $FGJM$, is greater than that which would have been generated by exports, represented by the area $FGJH$, if employment increments had proceeded up to J . The difference between the two areas, FHM , is the net loss due to the spontaneous process of industrialization.

The optimum solution is to stop exports at point F , where their marginal income per person is the same as in industry. This is the point of maximum increment of real income derived from the employment of the surplus manpower; before or beyond that point, the increment will be less. However, at this point wages in exports, GL , are above the level that could make it attractive to invest in extending employment up to this point G . Therefore it would be necessary at this optimum point to levy import duties high enough to allow industry to pay the same level of wages as exports. In other branches to the right of G , which have better productivity, the need for protection would be less.

The real magnitude of the outward transfer of income depends chiefly on the income and price elasticities of demand for exports and the difference between internal costs of industrial production and import prices. The larger this difference and the lower the elasticities, the higher is the transfer of real income to the outer world.

We have assumed equality of income per person in exports and industry at the beginning of the process. To abandon this assumption does not modify our reasoning, except in cases where per capita income in exports and the price and income elasticity of demand of these are so high that marginal income per person is still greater than the rate of wages at the equilibrium point (N). It does not seem that this

case is typical in Latin America. It is true that in some mineral exports per capita income is relatively high, due to a great proportion of land rent, but elasticities are not high and furthermore these activities absorb only a relatively small part of manpower; thus employment of a substantial proportion of its increment in increasing exports may reduce prices in such a way that marginal increments of income might decrease at a very fast rate and intersect marginal increments of income in industry much before the equilibrium point.

OCTOBER 1955



Reprinted from

THE REVIEW OF THE RIVER PLATE

(October 31 and November 11, 1955)

A report on Argentine economic and financial conditions, with recommendations for a new policy, submitted by Doctor Raúl Prebisch to the Provisional Government.

October, 1955

The Prebisch Report

A Letter to the President

"Supplementing the first impressions which I had the honour of conveying verbally to you on October 7 last in the presence of H. E. the Vice-President of the Nation, Rear-Admiral Isaac Rojas, and the members of your Cabinet, I have pleasure in submitting the final text of this preliminary report, which is to be followed by another of wider scope, as soon as I am in possession of all the data required for the purpose.

"In this task I have had the valuable co-operation of the Consultative Board which the Minister of Commerce, Dr. Cesar Bunge, had previously appointed to act in an advisory capacity, and I have also had at my disposal the information supplied by those Government officials whom I have been able to consult in the time available, taking advantage of the ample authorisation which Your Excellency was pleased to grant me to this end.

We have by no means exhausted the useful sources of information and counsel available. I consider it indispensable, in addition to the co-operation of the Administration's experts, to obtain the opinion of other persons specialising in the matters under discussion, and very particularly the representatives of private economic activity, in its diverse forms, before presenting to Y.E. a programme for the country's economic recovery. In the meantime the present report may serve as a basis for the consideration of measures whose adoption cannot be postponed and will enable public opinion, as Y.E. intends it should, to form an accurate impression of the country's economic situation.

"I have endeavoured to be strictly impartial. The problems with which the country is afflicted in this respect are to a large extent the consequence of an economic policy which must be examined in a critical light. But in this I shall proceed with the same objective criterion as has guided me in other Latin American countries, without allowing personal sentiments to affect the oath of impartiality and political independence by which, in common with all United Nations officials, I am bound.

"I hope in that way the better to fulfil the trust with which Y.E. has seen fit to honour me. In any case, the opinions ventilated in this report do not commit in any way the international institution in which I have the honour of serving. In order to facilitate the understanding of this report, I am presenting in the first place a section setting forth the problem in general terms, followed by the full text of the report proper."

I - The Problem Stated

1. — Argentina is experiencing a crisis of unparalleled gravity affecting her economic development; more acute than that which President Avellaneda solved by "saving on hunger and thirst;" or that of 1890, or that of a quarter of a century ago, in the depth of the world crisis. In those days, the country's productive potential was intact. Such is not the case to day; with the dynamic factors of the economy seriously endangered, an intense and persistent effort will be required to restore a vigorous rate of development.

That effort can and must be made. But, in the first place it is necessary to dispel certain dangerous illusions. The country has been seeking to maintain an intense upward trend in its consumption without augmenting its production to a sufficient degree to render that increase possible. The product per inhabitant^x in the present year so far is only 3.5 per cent. higher than it was a decade ago, and in order to achieve a consumption in excess of its product Argentina is unwisely incurring foreign indebtedness and is engaged in a serious process of decapitalisation.

2. — The country possesses a well-established economic potential which must be efficiently applied in order to speed up production and so meet the growing needs of the popular consumer demand, thus giving to its economic development a strong ingredient of social progress. For the time being, however, there are formidable obstacles to this goal. Firstly, it is not possible to expand imports of raw materials and fuel to the extent required in order to raise the rate of production. Secondly raising the rate of production implies the need for imports of machinery and equipment, and the country's precarious foreign exchange situation renders it impossible to grant exchange permits for the introduction of capital goods. Thirdly, even though such goods could be imported in substantial quantities, the necessary electric power would be lacking for running the machinery and equipment thus acquired owing to the gravity of the power crisis. And fourthly, the increased production could not be moved owing to the serious decapitalisation of the transport system. Excessive consumption has also been taking place at the expense of basic capital investment.

3. — The precarious foreign exchange position is manifest in a deficit of some 186 million dollars in the balance of payments for the current year. Adding this deficit to the commitments from previous years, we arrive at a foreign indebtedness total of some 757 million dollars by the end of the present year, comprising immediate and relatively short-term obligations. Vis-a-vis these commitments, the gold and dollar reserves available amount to only 450 million dollars, with the possibility of an eventual recovery of some 150 million dollars which the Central Bank had to advance to the private banks when foreign credit was cut off as a result of Argentina's interruption of her foreign payments in 1949.

4. — How, it may be asked, has this difficult situation of unbalance in the overseas payments situation come about, preventing the country from increasing its rate of production? Why are exports insufficient to cover essential import needs?

There are three explanations for this situation. In the first place, at this stage in her economic development Argentina needed vigorously to pursue her industrialisation effort, but in doing so she unnecessarily impaired the efficiency of her farming production and caused a reduction in exports to the extremely critical level at which they now stand, thus intensifying the consequences of the unfavourable trade trend provoked by the drop in prices for her overseas sales.

^x In this report the term "product per inhabitant" is employed as the equivalent of income, in order to avoid technical distinctions which would be out of place here.

Secondly, Argentina has not pursued a sound and balanced production policy designed to substitute imports; nor have the basic industries been created that are indispensable in order to strengthen the national economy. And thirdly, the exploitation of the country's petroleum resources has not received the strong stimulus which it required, with the result that foreign oil absorbs an over-large share of the country's import trading capacity.

5. — The economic policy followed in the past decade has caused certain very serious structural defects. The State has exercised a considerable influence on capital investment, but has failed to channel or effect such investment in the manner most conducive to the acceleration of the country's rate of development and the attenuation of her vulnerability to international influences, which latter condition has now become acute. In addition, part of the considerable resources which Argentina had at her disposal after the war were wasted in ill-advised or unproductive investment, and the rest was devoted to the repatriation of foreign debt and capital already invested in the country, whereas it was a matter of urgency to promote new investment, especially in agriculture, transport, electric power and housing.

6. — Over and above this mistaken investment policy, certain forms of State intervention have been increasingly pursued, perverting by bureaucratic excess the functioning of the economic system; and inflation, as also the exchange permit system and other regulations, have created spurious sources of profit which conspire against the orderly development of the economic system, to the serious detriment of its efficiency.

7. — Inflation in Argentina stems from two sources. On the one hand, wholesale increases in wages and salaries, unaccompanied by any increase in productivity. On the other, the expansion of bank credit to cover deficits accruing from the disposal of the crops (4,000 million pesos); the transport deficit (2,000 million pesos); and mortgage credit operations (4,500 million).

8. — The country has possibilities of increasing productivity, which has seriously declined, and of avoiding the disturbing effects of cost inflation. Increased productivity, however, entails the movement of labour into the expanding sectors of production, and, so long as machinery and equipment, and the power required for their operation, are lacking and the country is thus prevented from recovering its dynamic impetus, it will be unable to take full advantage of these possibilities of improving productivity standards.

II - Present Obstacles to Argentine Economic Development

Diminished Rate of Development

Income per inhabitant in 1955, according to preliminary calculations based on the figures for the first half of the current year, is barely 3.5 per cent. higher than 10 years ago, as will be observed from the accompanying table, the data being expressed in constant values on the basis of 1950 prices. These figures have been taken from a report which the Argentine delegation appointed by the previous Government submitted to the sixth meeting of E.C.L.A., recently held in Bogotá.

ARGENTINE NATIONAL INCOME

Years	Gross Nat. Income, in Millions of pesos at 1950 prices	Income per inhabitant in pesos at 1950 prices
1943	44,497	2,991
1944	49,532	3,274
1945	48,028	3,121
1946	54,106	3,456
1947	62,654	3,930
1948	65,890	4,041
1949	62,757	3,750
1950	62,249	3,621
1951	64,046	3,632
1952	59,715	3,310
1953	62,971	3,423
1954	65,914	3,516
1955	68,550	3,588

Income "per capita" was at a peak in 1948, aided by external factors of unusually favourable proportions. Thereafter a recession set in and continued in being up to 1952. This was followed by a gradual recovery in recent years, without, however, restoring the maximum figure mentioned, and showing only the small improvement referred to above (3.5 per cent.) for the whole of the past decade.

The fundamental problem facing Argentina's economy is how to attain the vigorous rate of growth which the country's great possibilities and the productive capacity of the people permit. In order to do this, many obstacles have to be overcome. These derive mainly from the country's precarious foreign exchange position, the electric power crisis, and the decapitalisation of the transport system. We may now briefly consider each of these aspects of the problem in turn.

A Critical Exchange Situation

The country's balance of payments is heavily in deficit the amount of which, it is estimated, will reach 186 million dollars by the end of the current year, as indicated in the following table.

BALANCE OF PAYMENTS IN TERMS OF DOLLARS

	1953	1954	1955
	— (In millions) —		
Exports	1,166	1,062	906
Other receipts	114	91	114
Total receipts	1,280	1,153	1,020
Imports	877	955	1,104
Other payments	48	128	102
Total payments	925	1,083	1,206
BALANCE	354	70	-186

Including this deficit, pending commitments at the end of the year will amount to approximately 757 million dollars. It might be said that, at this figure, these foreign commitments are not unduly burdensome, having regard to the country's economic potential. But it is not so much the amount that is disturbing as the prompt and short-term nature of these obligations, at a time when the balance of payments is already in deficit. The following are the pertinent figures:

PENDING FOREIGN PAYMENTS COMMITMENTS

	<i>Millions of dollars</i>
Credit availments under bilateral trade agreements ..	233
Debt in respect of deferred-payment imports	409
Owing to Export-Import Bank	57
Sundry items	58
Total .. .	757

These commitments are payable as follows:

<i>Years</i>	<i>Millions of dollars</i>
1956 .. .	260
1957 .. .	173
1958 .. .	145
1959 .. .	104
1960 and later	75

In addition to these commitments, there are arrears of financial services, the transfer of which has been promised by the State, and which amount to approximately 2,000 million pesos, of which, however, some part may have been re-invested.

Against these foreign obligations calling for immediate or comparatively short-term payment, the country's monetary reserves in gold and foreign exchange amount to only 450 million dollars, of which 360 million are in gold and the rest in foreign exchange. This, undoubtedly, is a small sum relative to the country's needs, and one has to go back many years to find a monetary reserve position of similarly reduced proportions, if we except the exiguous level touched in 1952.

At the end of the war, the country's monetary reserves had risen to the equivalent of 1,682 million dollars (1946). The heavy recession denoted by the current figures is due not only to the deficit in the balance of payments and to the repatriation of foreign capital, but also to the fact that the reserves have been deprived of approximately 150 million dollars which the Central Bank found it necessary to disburse as a consequence of the interruption of the country's foreign payments in 1949. Ever since the moratorium on the foreign debt caused by the crisis of 1890, the country had punctually and regularly complied with its foreign obligations. Argentina's credit placed it in the forefront of nations, in respect both of public and private financial operations. This enviable reputation, maintained at great sacrifice during the world depression, was abruptly destroyed, however, by the country's sudden failure to comply with its obligations under documentary credits opened by banks abroad in favour of those of this country in order to assist import trade operations.

Since then, Argentina has been deprived of this source of credit, and the Central Bank was under the necessity of placing considerable sums at the disposal of the local banks—estimated at 150 million dollars—in order to enable them to supply their clients with the means for the advance payment of their imports. We thus find a peculiar situation: on the one hand, costly deferred-payment import operations are effected, and on the other the country has had to pay in advance for other imports to the detriment of its diminished monetary reserves.

Deferred-payment imports, in addition to contributing heavily to the burdensome accumulation of foreign commitments, have involved a substantial surcharge in the prices which the country has had to pay for such supplies pur-

chased abroad. Bilateral agreements have had a similar effect. These agreements, by segregating trade into watertight compartments, have, not infrequently, resulted in prices bearing little relation to those ruling on the international market. This element of price distortion is less marked in the case of export produce, now that the conditions of scarcity ruling some years ago have disappeared, but it appears to be appreciable as regards import prices. It is estimated that, due to these two factors, import prices have been increased by a margin of at least 20 per cent. Thus the terms of trade, which had deteriorated owing to international factors beyond the country's control, have been rendered still more adverse by a series of practices which have had the effect of seriously weakening Argentina's foreign bargaining position.

Factors Leading to the Exchange Crisis

The three main factors that have led to the precarious foreign exchange situation in which the country is placed are: 1) a considerable reduction in exports and the deterioration of the terms of trade; 2) the orientation of the industrialisation policy, and 3) the heavy increase in oil imports necessitated by the country's failure to take full advantage of its resources in this respect.

So far as exports are concerned, Argentina is suffering the consequences of an economic policy which has discouraged agricultural production generally and also failed to develop an export trade in manufactured goods.

As is well-known, the exchange and price policies deprived the Argentine "camp" of the incentives and resources indispensable for its technical development, both as regards the machinery and equipment needed to increase output per worker and methods designed to increase yield per hectare. The result is seen in an aggravation of the technical backwardness of the country's agricultural and pastoral farming production, on which visiting foreign experts, after studying conditions ruling here in relation to those obtaining in other countries comparable with Argentina, have commented.

Actually, in the planning of the country's economic policy since the end of the war, a fact of vital significance has been overlooked, namely, that the earlier development stage when production could be rapidly expanded, through the simple expedient of taking in new land, had long since passed. With the passing of that stage, a new and more systematic effort became necessary to meet the exigencies of the next and considerably more complex stage, in order to ensure a substantial and sustained increase in productivity. This called for the combined intervention of three factors: 1) the technical action of the State; 2) the encouragement of producers, and 3) the resources which the latter required to enable them substantially to expand investment on a scale commensurate with technical progress.

The following figures will suffice to give an idea of the consequences of this policy. The physical volume of Argentine exports during the past five years—1950-54—is barely 64 per cent. of that for the five years immediately preceding the second world war. If the figures are calculated on a "per capita" basis, it is found that in recent years the share of each inhabitant in the export trade is only half what it was in the pre-war period.

It is a well-established principle of economic development that technical progress in agriculture is the essential basis for industrialisation in the Latin American countries,

for two compelling reasons. In the first place technical progress, by increasing productivity, renders possible a better employment of labour and thus enables an increasing proportion of the annual increment of the labour force to be absorbed into industry and other activities. In the second place, the higher level of farm incomes results in an expansion of the internal market for the products of industry. One of the most serious errors in Argentina's economic policy has consisted in ignoring this close bond between industrial growth—which is an indispensable requisite for economic development—and the technical progress of agriculture. Argentine farming enterprise has been provided neither with the necessary incentives nor with the resources required for its technical development, and it has also been deprived of the labour which could only have been released through an enhanced productivity. In this way an attempt has been made to intensify the vigorous rate of growth already attained by the industrialisation process since the second world war, without broadening its basis or adjusting its structure to the demands of development, and, at the same time, entirely neglecting the support of the rural production sector, which, however, was indispensable for the industrialisation programme.

It must be admitted, in all fairness, that steps were later taken to rectify the error, although not to the extent, nor with the resolution required for effectively repairing the damage done to the production sector. It is thus necessary to restore the balance between agriculture and industry, and the complementary nature of their respective functions, so that both may contribute with maximum efficiency to the rehabilitation of Argentina's economy and the speeding up of its rate of development.

A Mistaken Industrial Development Policy

But these are not the only reasons why the foundations of Argentine industrialisation have been rendered precarious. It was of course essential that the process should be shaped towards ensuring a diminution of the traditional vulnerability of the country's economy to foreign factors. Argentina had previously completed the first stage of the industrialisation process, this consisting of the comparatively simple substitution, through local manufacture, of its earlier imports of consumer goods. It then became necessary to face the problem of substituting a number of basic imports, and the production on an economic basis of essential raw materials.

An eminent Argentine citizen, General Savio, had already drawn up a plan, prior to the second world war, for the establishment of a steel industry. Unfortunately, the commencement of this project has been delayed until comparatively recently, and in order to carry it out a foreign loan has had to be sought. I am far from believing that this loan is disadvantageous, but I cannot refrain from pointing out that if, some years ago, the plan had been financed by the use of the resources that were absorbed by certain repatriation operations, the country would to-day have its steel industry, and the ancillary enterprises, enabling it the better to endure the vicissitudes to which the factors of instability affecting its foreign trade economy have given rise.

The same applies to certain basic chemical industries, newsprint, pulp, and other primary lines, in which action has been tardy, dilatory and inadequate.

These deficiencies characterising the development of the industrialisation process have contributed to the foreign payments difficulties by which the Argentine economy is at present afflicted.

Petroleum

The third contributory factor responsible for this situation has been the slow rate of expansion of petroleum production relative to the considerable growth of national consumption. Imports of oil and coal have come to absorb almost one fifth of the value of the total imports in the past five years, whereas the proportion was only one tenth prior to the war. The participation of imported fuel in the country's total power consumption rose from 39 per cent. in pre-war years to 49 per cent. in the past quinquennium.

The deficit in fuel production has thus accentuated the vulnerability of the Argentine economy to international influences.

The Power Problem

To this growing dependence on foreign oil supplies must be added the electric power crisis which the country is experiencing, the gravity of which has been growing from year to year. The two problems are closely related, in as much as a high proportion of the electric power is generated by means of petroleum products, and a very high proportion of the power-houses using the latter are centred in the Littoral provinces. The most acute aspect of this problem occurs in Greater Buenos Aires, where some 70 per cent. of the country's electricity is consumed and where the deficiency in the power supply has led, among other effects, to serious obstacles to the development and efficiency of production. The installed capacity for public use is some 840,000 kW., and it is estimated that some 300,000 more are required to meet the unsatisfied demand and provide an efficient service. Of those 300,000 kW. of unsatisfied demand in Greater Buenos Aires, some 150,000 would be required immediately to meet the needs of production while maintaining the present restrictions on the use of electric current in other sectors of consumption. These increases do not allow for any reserve, thus violating all technical rules.

Unfortunately, the San Nicolás power plant will not provide any immediate relief, for although it is estimated that its equipment will be fully installed by April, 1956, owing to the failure to provide in time for the necessary transmission connections, it is unlikely that the 200,000 kW. which it is intended to assign to the consumption of Greater Buenos Aires will be available before mid-1957, at the very earliest.

In the interval, however, the demand will have increased still further, for which reason there are no grounds for hope of any appreciable relief from the present electricity consumption restrictions which are acting as a brake on economic activity.

Deficiencies in the electric power supply also exist in various cities in other parts of the country, but the solution, in general, is less difficult in such cases in view of the various projects that are in course of execution; this will render possible the installation of some of the new industries which the country must establish in order to improve its foreign payments position.

Summarising, it may be said that the State has not effected the investments indispensably required to provide the country with the power supplies requisite for its economic growth; neither have conditions been created to induce private enterprise to do so; moreover it has failed to undertake—in many instances of critical importance—a complete technical study of these problems, with the consequent considerable delay in devising the pertinent solutions.

Decapitalisation of the Transport System

The formidable difficulties which the country has been experiencing in the matter of transport are common knowledge. The railways are decapitalised; they are 25 years in arrears as regards rolling-stock renewals, and even more in the case of the permanent way. To give an idea of the extent of this decapitalisation, it will be sufficient to point out that technical experts regard as a matter of urgent necessity the implementation of a programme of renewals at a total cost of 22,000 million pesos, this including 1,400 million dollars for imported material.

The deficiencies in the Argentine transport system date from many years ago and, as is public knowledge, are not confined to the equipment factor. The antiquated management of the British companies has been succeeded by the impressive inefficiency of the State administration; but this is a matter for study. We need only recall here that the railway nationalisation arrangement adopted was not the only one available. The archives of the Central Bank must contain documents relating to other solutions which, if adopted, would have enabled the country to secure immediate control of the railways against a cash payment of only part of their cost and the remainder of the resources arising from the accumulation of blocked sterling during the war could have been used for the renewal of equipment. If such a policy had been followed the Argentine railways would now undoubtedly be in much better shape for serving the interests of the national economy.

If we add to the foregoing the insufficiency of numbers and the obsolescence of the motor lorries in service, it will readily be appreciated why the transporting of the products of the soil to the ports and centres of consumption has been a problem of increasing gravity.

In addition to the problem of renewals, there exists in the management of the country's transport system—both as regards the railways and the urban transport services of the city of Buenos Aires—a considerable deficit, estimated, for the current year, at 3,500 million pesos, of which 2,000 million is accounted for by the financial deficit and 1,500 million by the additional deficit which would arise if amortisation charges were calculated on the basis of replacement prices, and not of historical cost.

The experts who have been consulted consider that, on the basis of the present tariffs and organisation of the transport system, and if the renewals programme to which reference is made above were carried out in its entirety, it would require 15 years to eliminate the annual deficit by means of the revenue proceeds of the system alone.

Deficient Utilisation of Productive Resources

It is apparent from the general picture of the situation as regards agricultural production, industrialisation, petroleum, power, the transport system, and the well-known housing deficit, that the country has failed to employ its resources judiciously, nor has foreign credit been used for productive purposes in order to lessen the vulnerability of the economy to international influences and so create the most favourable conditions for accelerating the rate of economic growth and social progress. Furthermore, in the measure that the utilisation of those resources has raised the rate of capital per person employed, the downward trend of productivity has largely cancelled out the favourable effects which might otherwise have been expected from this increase in the rate of capital per man.

At the end of the war, the country was in need of considerable capital, for to the exiguous imports of machinery and equipment during its duration was added a back-log of unsatisfied needs from the years of the world crisis. These combined needs were not met in the measure and form required by Argentine development. Actually, a considerable portion of the resources in gold and foreign exchange accumulated during the war, and the considerable capital influx which occurred after hostilities ceased, thanks to the great improvement in the terms of trade, was devoted to the repatriation of investments of foreign capital already existing in the country, instead of employing it for the expansion of investment.

If we except the case of the railways, in which the accumulation of blocked sterling made it possible to fulfil a national aspiration of long standing, these repatriation operations were premature. It would seem that in certain sectors of public opinion sentiment prevailed over reason, usually a highly dangerous proceeding in economic affairs. Resources held abroad were thus employed in acquiring capital already in the country, while agriculture, transport, and power production lacked the machinery and equipment indispensably necessary for their normal development.

The repatriation of foreign investments coincided with the adoption of a hostile attitude towards the idea of foreign loans. Events, however, have led the country into more undesirable forms of foreign indebtedness, as has already been seen. The amount involved in the repatriation operations, including the railways, was 764 million dollars. In general these were old commitments, amortisable at a slow rate and with a comparatively low interest rate. The 757 million dollars of foreign obligations which the country has accumulated through the operation of bilateral agreements and deferred-payment imports, on the other hand, require immediate or comparatively short-term repayment, as already pointed out, and the interest rate in such cases is not usually moderate, quite apart from any consideration relating to the exceedingly high prices which the country has had to pay for the goods imported under such credit facilities.

III - State Intervention and Inflation

State Intervention in Economic Activities

Excessive and inefficient State intervention has seriously disrupted the Argentine economic system to the detriment of its efficiency, and, combined with inflation, has given rise to activities yielding inordinate profits, which contrast with the aims and purposes of social policy. State intervention is undoubtedly necessary to accelerate the rate of development and direct it towards the fulfilment of social objectives, but there are two types of intervention—under one, the State seeks to rule the conduct of individuals in the economic process, as has occurred in this country during the period under review, while, under the other, the State assists economic development by efficiently manipulating the main controls of the system through its fiscal policy, its policy relating to exchange, credit, Customs duties, the investment policy, and the Government's technical intervention, all combining to create the basic conditions and the stimuli and incentives required by private economic enterprise for its maximum functional efficiency, and directing it towards the attainment of certain fundamental objectives of economic development.

It frequently happens that when the State engages in the first-mentioned type of intervention, it ends by erring in its handling of the principal controls, and instead of providing guidance and incentives, leaves the economy adrift, disrupted by the vagueness, the inconsistencies and the improvidence of an intervention that finally defeats its own purposes.

The control of the import trade by means of exchange permits; the control of prices to check the consequences of inflation; the regulation of domestic and foreign financial movement; provisions which hinder the free action of the factors of production in the economic activities of both the urban and rural sectors, and other forms of intervention which have led the State into engaging in commerce and industry, have perverted private economic activity by bureaucratic excess and encouraged certain propensities which have gravely disrupted the sound development of the economy and the Administration. It is not the State, impersonal, infallible and omniscient that makes and carries out decisions of significance for the economy, but ordinary human beings who, when exercising their functions in the field of private activity, assume considerable discretionary powers which transcend the purely economic sphere.

The granting of exchange permits at rates far removed from reality on the official market, and of authorisations to import "without use of exchange", has resulted in substantial profits for the beneficiaries of those permits and authorisations. Apart from the obvious implications of this fact, the effects thereof on the functioning of the economic system have been extremely grave, tending, as they have, to divert endeavour towards that type of easy business to the detriment of productive employment and of the efficiency and increased productivity of the latter, which constitute the essential justification of the profit motive in economic activities. Those evils have been further aggravated by the consequences of inflation, which produced its own arbitrary effects on the distribution of income.

Responsibility for the decline in productivity which has occurred in the Argentine economy is frequently attributed exclusively to the workers. This is undoubtedly a one-sided explanation, since the easy profits which inflation has offered in past years to vast sectors of business management, and those which, until recently, certain groups obtained through the official regulations in question, have discouraged attempts to improve productivity or reduce costs.

To the indirect responsibility which pertains to the State for this decline in productivity must be added the direct responsibility attaching to its own Administration. It is no secret that a considerable expansion has occurred in State expenditure; until a thorough study of this matter has been effected, suffice it to say that in 1954 public expenditure throughout the country absorbed the high proportion of 22 per cent. of the gross national income, without taking into account the deficit of State trading agencies and public utilities, a figure this which would be appreciably increased if wages and salaries were to be raised in those divisions of the Administration where sub-normal earnings have been the rule. It is well-known that there is a substantial number of redundant employees in the Administration, which, precisely, is one of the reasons why an adjustment in the remuneration of Government employees and workers has not been feasible.

It is estimated that of the 48,000 persons working in the Buenos Aires transport system at least 15 per cent. could be dispensed with. Some 200,000 persons work on the railways, and it is calculated that ten per cent. of that figure

represents employees engaged in years of maximum activity who have retained their jobs although their services are not now indispensable. Similarly, there appears to be redundant personnel in the "frigoríficos," which is one of the factors rendering necessary a State subsidy of approximately 470 million pesos per annum in this industry.

In the field of strictly private activity numerous cases could be cited, but it will suffice to mention in this report the obvious example of the building trades. While the housing shortage has become increasingly acute, it appears that the number of working hours required for each square metre of covered area has been almost doubled. Thus, if it were possible to return to previous productivity levels, dwelling-house construction could be substantially increased, although some difficulties relating to supplies of building materials might occur, complicating, but hardly preventing, a solution of the problem.

It is not intended to imply that the productivity problem could be solved, either in the official Administration or in private enterprise, by the simple expedient of resorting to mass dismissals; it will be explained in due course why this is far from being the solution, whether considered from an economic standpoint or because of its social implications.

Inflation

Inflation in Argentina is also a consequence of misdirected State intervention in the country's economic life. The two factors which have given rise to it are a consequence of the form that State intervention has taken.

One of these factors is monetary in character; the other pertains to the policy for wages and salaries.

As regards the monetary factor, the inordinate expansion of the money supply is attributable mainly to the deficits accruing from the State's trading operations in farm products and from losses on the transport systems; also from the manner in which mortgage operations are financed. The combination of these three factors will involve in 1955 an increase of approximately 9,700 million pesos in the money supply, the break-down of which is as follows:

	1954	1955
	(Millions of pesos)	
Deficit in grain operations	4,500	3,500
Deficit in transports(1)	1,600	2,000
Financing of mortgage operations	3,800	4,200
Totals	9,900	9,700

It is common knowledge that the deficit in grain operations arises from the fact that the State paid the producers prices apparently higher than those obtained by the sale of their produce on the international market, but this was exclusively due to the over-valued rate of exchange applicable to exports; the average of these rates is approximately 7.45 pesos per dollar, which obviously bears no relation to present-day, exchange reality although this does not necessarily imply that the quotation of approximately 30 pesos to the dollar ruling on the clandestine market is a true reflection of the reality of the matter.

It would appear that the reluctance of the authorities in the past to adjust the exchange rates to a more realistic level

(1) This does not include 1,500 million pesos in respect of provisions for renewals on the basis of replacement prices, as explained in the text.

has been inspired by the essentially commendable purpose of guarding prices from further inflationary pressure. But it will be seen, on closer scrutiny, that a rise in prices has not been averted, in as much as when the Central Bank issues currency to cover the deficit in the official grain operations this increased monetary pressure necessarily leads to higher prices.

The transport deficit produces the same monetary effects, and a similar result is brought about by the financing of mortgage credit operations, which must now be effected by means of Central Bank issues, after destroying the former *Cédulas Hipotecarias* system which proved so beneficial for the country during its application over a period of more than half a century. In addition to these inflationary factors, credit has also been expanded for purposes of private investments. During the whole of 1954, means of payment created totalled 13,714 million pesos, of which 4,832 million were absorbed, leaving a net increase of 8,882 million.

It may be remarked that the Administration's budget has not had a direct inflationary influence, due to the fact that the placing of bonds has been directed to the Pension Funds, as a means of ensuring monetary equilibrium. This does not imply, however, that such a method of financing does not create a serious problem, for, by devoting the very considerable savings represented by the Pension Funds revenue to Government expenditure, of which only a part is capital expenditure, the remainder being used to cover the Budget deficit, such savings are being mis-used.

As this report is not concerned with the detailed study of financial and monetary aspects, which will have a place in another document, it will be sufficient to point out that the bonds thus issued account for a considerable portion of the total of 47,000 million pesos which the national consolidated public debt has reached, to which must be added 28,000 million pesos of official indebtedness to the banking system on various counts, chief among them being the I.A.P.I. indebtedness. Thus the total public consolidated and floating debt may be estimated at an approximate minimum of 70,000 million pesos, against 9,000 million at the end of 1945.

The remaining inflationary factor, as has already been remarked, derives from all-round increases in wages and salaries. If these increases are not accompanied by enhanced productivity, or absorbed by profits, they are immediately reflected in higher prices. This has occurred in respect of the increases granted in March, 1954, amounting to an average of 20 per cent. for industry and 16 per cent. for commerce. They were no sooner granted than the upward trend of prices was resumed with the result that, in the interval, prices have risen by 20 per cent., a result to which the other inflationary factors mentioned have also no doubt contributed.

It is not intended to suggest that all social sectors are back where they were before the general increases were granted. The figures issued by the National Statistical Service actually show that on the average reckoning for industrial workers, real wages have been maintained despite the higher prices; according to the same Statistical Service this appears to be partly due to higher productivity and partly to the effect of an increase in hours worked, which latter had previously declined to an abnormally low level.

Nevertheless, it can hardly be assumed that these conditions have also characterised other sectors of employment. In the case of Government employees, for instance, real wages must have fallen to the full extent of the rise in prices, as there increases in wages and salaries have been only

partial. Actually, the case of the industrial workers is characterised by special features; whereas real *per capita* income for the whole country has risen by 3.5 per cent. in the past ten years, the real income of industrial labour has risen in the same period by 47 per cent., or by 37 per cent. if pension fund contributions are allowed for. If a numerically important sector of the population has been able to increase its real income to such an extent in face of an insignificant expansion of the average income per inhabitant, it is clear that the average income of other sectors of the community must have suffered a reduction. These are the sectors that have been "left behind" in the inflationary race, comprising rural producers and numerically important groups of middle-class workers in particular.

However, in order to reach a clear understanding of the social consequences of this trend and of the changes produced by the redistribution of income process which it has involved, a very detailed analysis would be necessary. Nothing of the kind has yet been effected in this country although such a study is necessary in order to serve as a guide in directing the anti-inflationary policy and the adjustments which will be necessary to ensure that such a policy be established on firm foundations.

I consider it necessary further to clarify my point of view in this matter: formerly the proportion of the Argentine national income accounted for by wages and salaries was comparatively low. Thus in 1945 it amounted to 46.7 per cent., and in 1954 it reached 59.6 per cent., including pension fund contributions, thus approaching the level attained in advanced nations such as the United States, where wages and salaries account for 69 per cent. of the total income.

There has, therefore, been a net improvement in the participation in the national income of that sector of the population comprising workers and employees, a trend this which has also occurred in other countries as an outcome of economic development.

The nature of this process is well-known. As productivity increases, an increasing part of the increment is transferred to the working classes, both through forces which act spontaneously and through the operation of taxation and the influence of the trade unions, and this is of decisive importance in remedying the distributive defects of the capitalistic system when it functions with a full sense of its collective responsibility.

Unfortunately, the manner in which this phenomenon has occurred in Argentina has given rise to serious problems. In the first place, the higher participation in the total income represented by wages and salaries has not been accompanied by an increase in the average productivity per inhabitant, for it has been shown that the average income advanced by barely 3.5 per cent. in ten years. The higher participation of wages and salaries noted, therefore, has been achieved mainly at the expense of the income of rural producers, with the grave consequences arising therefrom, as also at the cost of a serious decapitalisation process, especially as affecting the transport system and agriculture itself. Secondly, although the wages and salaries aggregate denoted an increased participation in the national income, there is evidence of considerable disparity between the various employment groups which it comprises.

It is to be hoped that this social process will continue, but also, instead of disrupting the dynamic forces of the Argentine economy, that it may contribute towards a greater efficiency in its operation, promoting a greater increase in

productivity and a more substantial expansion of real income. This is an essential condition for the solution of the problem of the equitable distribution of income.

SECOND PART

Immediate Solutions

A Preliminary Assessment

1. The grave problems with which the country is faced in the economic field require two types of measures—those of an immediate order, designed to alleviate the present precarious situation and impart a timely stimulus to the operation of the economic forces, and long-term measures, which must follow the first in order to correct the structural defects of the economy and restore the free interplay of its dynamic forces.

In this report the most urgent measures of an immediate order are suggested, and mention is made of others that are under study. As regards long-term measures, these will be incorporated in a recovery programme which will have to be drawn up with the least possible delay.

2. The immediate measures are urgent. In the first place, strong incentives must be provided for farming production, substantially raising prices by modifying the artificially over-valued exchange rates and thus enabling this sector of the economy to restore its present diminished capitalisation capacity; moreover, it must be allowed freely to import the production goods it needs and which national industry cannot supply on suitable terms.

It is not sufficient merely to seek to expand in this way the export possibilities of the traditional products. It is indispensable to encourage new exports, especially of manufactured goods. This is one of the ends which the re-establishment of a free exchange market is intended to serve, a market through which exporters of such articles may sell the exchange they create without let or hindrance. Another motive underlying the establishment of the free exchange market is to begin in this way to work progressively towards the eventual liberalisation of exchange.

3. The free market will serve, on the other hand, for the urgent importation of capital goods and their spares. In addition to production goods intended for farming activities, there are other indispensable imports which are urgently needed to relieve conditions of acute difficulty in other sectors of economic activity, especially transport and electric power. Imports of motor-cars have been effected of late through the clandestine market, which is to be substituted by a free market. For the time being, however, it will be imperative severely to limit such imports in order that production goods may be introduced.

4. It is not to be expected, however, that it will be possible for all the capital goods that are urgently required to be imported through the free market. Recourse to foreign credit will thus become a matter of indispensable necessity.

5. In this connection, the oil industry constitutes a very special instance of urgently needed capital equipment. According to the experts, for 1955, the country's oil production will total 5.3 million cubic metres, including natural gas, and, if all the appropriate and necessary measures are taken in the interval, this could be raised by 1958-59 to a

figure which is conservatively put at some 10 million cubic metres, from known reserves and with a normal drilling programme.

The solution of the present serious problem of oil supplies resides in transport rather than in production. To achieve it, the building of pipelines for oil and gas and other investments will be necessary. At the same time, the planning of the expansion of future production through new prospecting and drilling operations should be undertaken. Such operations will call for very heavy investment, over and above the normal expenditure demanded by current production, of the order of 200 million dollars for imported equipment and 3,000 million pesos of local expenditure. The increased national production envisaged would afford a saving in foreign exchange possibly exceeding 100 million dollars per annum. To the extent that it may not be possible to arrange credit financing on satisfactory terms for the dollar part of the investment, recourse to the use of the monetary reserves would be justified for purchasing such equipment abroad, provided the technical and economic validity of such projects, and that of the estimates on which they are based, is fully vouched for.

6. All this requires that steps be taken without delay. In another order of ideas, a start could be made on the progressive dismantling of the mechanism of State intervention. In addition to the move towards a liberalisation of exchange, it would be advisable to take immediately certain steps, of a similar kind, as applying to prices and other related matters with a view to giving the factors of production, especially in the agrarian sector, a greater fluidity.

7. In addition to credit expansion there is another inflationary factor, as has already been said: rising wages and salaries. There is no doubt that the adjustment of the exchange rates will cause prices to rise, but everything points to the fact that the increase will be moderate. If, in order to compensate it, general adjustments of wages and salaries were to be made, the cost and price spiral would again be put in motion. The stimulus to agrarian production would thus disappear, and further monetary devaluation would be inevitable. Such disturbing effects must be avoided at all cost, but it is not possible to ignore the situation of certain groups of workers and employees whose remuneration has not hitherto been adequately adjusted in line with the reality of the present situation. In these cases it will be necessary and advisable to effect a moderate revision of the rates of remuneration. On the other hand, the elimination of restraints affecting production and distribution, together with increased productivity, should absorb part of the devaluation impact, thereby ensuring that its full incidence will not be transferred to prices to the detriment of real wages.

8. It will also be necessary to take immediate steps to circumscribe inflationary pressure until it can be checked and eliminated. On the monetary side, the modification of the exchange rates, in addition to permitting higher prices, will eliminate the cause of the deficit in the commercial disposal of agricultural and pastoral produce; as regards the expansion of credit for mortgage operations, this could be covered to a considerable extent by means of the bonds which the new Pension Funds will issue, although this measure might lead to a temporary increase in the inflationary pressure. There remains the deficit in the transport system, and the expansion that will be caused by indispensable investment. This may be offset, however, by the normal absorption factors, chiefly in the form of higher savings, and by

the increase in the currency needs of the public. From a monetary point of view, therefore, the inflationary process could be stayed by the adoption of a firm policy, which, however, should not be a deflationary policy. It is possible, by means of certain measures, to put an end to monetary inflation without the action taken leading to a contraction of economic activity or causing unemployment.

It will not be possible entirely to prevent price increases arising from the modification of the exchange rates, in as much as it is indispensable to encourage agrarian production by transferring to it part of the real income of the other sectors of the economy. But it will be necessary to ensure that this burden is fairly distributed; and, above all, it will be essential that all high income groups shall share in the sacrifices which the programme of national economic recovery will entail.

9. The immediate measures having been applied, it will then be necessary to draw up the economic recovery programme. An estimate must be made of the investment required in order to raise agrarian production to a high level of efficiency, without which any programme of economic recovery must fail. Estimates will also have to be made of the investment needed for the renewal of transport equipment and the elimination of the deficit on the operation of the services; for the solution of the electric power deficit and the provision of the normal needs of the consumer demand in this respect; for relieving pressure on the foreign payments position, through the substitution of imported goods by local manufactures, and generally to improve productivity standards, creating the conditions and the necessary incentives for an acceleration of the country's economic development and the progressive correction of its vulnerability to foreign economic influences. As these steps produce the desired results, a vast plan of dwelling-house construction will have to be developed, in order to combat the grave crisis affecting housing in Argentina.

It should not be supposed that Argentina will be able to undertake this massive task of investment with her own resources. The prospect, of upwards of a decade ago, that because of the considerable degree of economic maturity attained then, the country might soon be in a position of relative independence of foreign capital, has again receded, probably for a good many years.

Foreign capital has been a controversial subject in Argentina, and it is advisable that public opinion should be enlightened as to its role. In order rapidly to overcome the present crisis affecting the country's economic development, foreign loans and capital investment are required. If it is desired to avoid recourse to such outside aid, the country will have to resign itself to the indefinite continuance of its present precarious condition. Such is the nature—and the magnitude—of the problem and it cannot be modified.

If the country elects the first of these alternatives, it will have to create favourable conditions for the influx of foreign capital, starting by curbing inflation and taking severe measures to achieve equilibrium in the balance of payments.

In this way it will be in a position to negotiate loans with honour and dignity, avoiding onerous private financial arrangements incompatible with national prestige, and attracting spontaneous investment requiring no special privileges. International confidence in Argentina's possibilities is returning, and a sound programme of rehabilitation, firmly enforced, will contribute to its consolidation.

Exchange Readjustment and Export Incentive

It is a matter of urgency to put an end to the fictitious and distorting over-valuation of the Argentine currency. Inflation has already caused it to lose a considerable part of its domestic purchasing power and it is imperative that its external value be correspondingly adjusted by modifying the export exchange rates. The necessary study for that purpose has already been made with a view to ascertaining the level to which those rates should be adjusted. It would not be wise to raise all agricultural prices to an extent commensurate with the increase in the exchange rates without leaving a margin within which those prices may gradually rise to the extent that internal costs may rise. In the meantime this margin might provide resources for a Fund, the proceeds of which could be used to finance part of the economic recovery programme.

This adjustment of the exchange rates will serve a double purpose. On the one hand it will serve to eliminate the deficit in the grain operations and on the other it will raise the prices paid to agricultural producers, giving the latter the necessary incentive for a rapid increase in production, and making available to them the necessary means for promoting the technical improvement of production methods. The exchange adjustment will undoubtedly have certain repercussions on domestic prices, a matter this which will be dealt with later.

The proposed measure (modification of the export exchange rates) should be accompanied by others designed to prevent the evasion of exchange, which appears to have attained considerable proportions. This can be remedied by establishing the amount of the exchange to be delivered to the State per unit of each product shipped, leaving exporters free to dispose of the remainder in a free exchange market; all exporters will thus be placed on an equal footing for the fulfilment of the provisions relating to the delivery of foreign exchange.

This, of course, involves the establishment of a free exchange market for the unrestricted remittance of funds to and from foreign countries, and the elimination of clandestine operations which, otherwise, it is absolutely impossible to prevent; nor would there be any advantage in attempting to do so. In this way, together with the Official Exchange Market, which must continue to be subject to control pending a substantial improvement in the balance of payments situation, there will be a Free Market in which, in addition to financial transactions, it will be possible to effect certain export and import operations.

Regarding financial transactions, the country, as mentioned elsewhere, has accumulated obligations relating to private financial service remittances for previous years which it has not been possible to transfer owing to the impecunious condition of the balance of payments; the Free Market will render possible these remittances, but this should only be done in a gradual manner, for the sudden wholesale transfer of these commitments might have unsettling consequences which it is advisable to avoid. Meanwhile, current financial services, as well as the transfer of funds actually in existence, between accounts of foreign holders, may be effected without the need for special permission and without limitation.

It has already been explained that a comparatively small part of the exchange created by exports may be sold on the Free Market, in order to prevent evasions. This concerns exports of traditional products but, there are, in addition, many articles which the country is in a position to export,

or the export of which could be expanded, especially in the field of industrial products.

This does not refer entirely to new export trade lines: the list includes products which have been exported in the past, and the overseas sale of which might be stimulated by means of the higher rates of exchange. Exchange control as applying to these exports in the Official Market might prove difficult and cumbersome, but this will be avoided if exporters are permitted to dispose of their exchange, without restriction, on the Free Market. The higher quotations ruling for foreign currencies in that market would serve as an incentive to intensify production and exports; but, so long as exchange is in short supply for imports of raw materials, it would be advisable to eliminate from the new system those articles in which imported raw materials account for a substantial part of their value.

Equilibrium of the Balance of Payments

In addition to the element of export incentive which these measures involve, they will also undoubtedly encourage the investment of private foreign capital, and prompt the return of Argentine funds invested abroad, especially when events have proved that the Government is determined firmly to enforce the measures which the present situation requires, thus strengthening foreign financial confidence in this country.

The equilibrium of the balance of payments will not be attained by those means alone. It will also be necessary firmly to limit imports against current resources, so far as that may be practicable without detriment to essential activities, and so long as the export trade has not recovered to a satisfactory level. Unfortunately, the position of the balance of payments is such that, in the absence of a substantial improvement, which seems improbable, it will not be possible in 1956 to use any part of the Official Market exchange resources for imports of capital goods. Those resources will have to be exclusively applied to imports of raw materials and fuel, and even these will have to be submitted to a rigorous scrutiny with a view to the elimination of all items which are not strictly indispensable, without prejudice to vigorous action to prevent evasion.

Finally, there is another and exceedingly important aspect: that of the artificial raising of the cost of imports owing to the special trading regime to which they are subject. As has been seen elsewhere, there are two factors enhancing the cost: bilateral agreements, and deferred-payment arrangements. There is at present a movement towards the revision of such agreements. Brazil has concluded, with the United Kingdom and the Netherlands, a series of arrangements involving a move away from a bilateral and towards a multilateral system, marking the initial extension to Latin America of certain advantages of the European Payments Union. It is a timely departure, and one that may favour Argentina's negotiations in the same field.

As regards deferred-payment imports, these are not, in general advisable, at least not in the same form as hitherto. It would be preferable in such cases to keep the credit arrangement separate from the commercial operation, and when this is not possible, further recourse to these operations might be permissible, provided they are effected under favourable price conditions and on the basis of a payments arrangement with which the country will be able to comply without running into future difficulties.

Once the most urgent requirements of imported capital

goods have been ascertained—i.e., imports which, as will be seen later, cannot be purchased out of current exchange earnings—it will be possible to make an estimate of the foreign credits that would be required for such imports and of the manner in which these commitments could be arranged, having regard to the probable trend of the balance of payments. This matter will have to be the subject of further study, for which, however, additional information to that available for the preparation of this preliminary report will be required.

Pending Commitments

It has been stated elsewhere that the overseas commitments totalling 757 million dollars which the country has accumulated in recent years do not in themselves constitute an excessive sum, although they create a delicate problem owing to the prompt, or comparatively short-term nature of those commitments. This matter also will have to be the subject of careful study with a view to devising arrangements by which payment may be staggered in order to restore the normal functioning of the balance of payments, creating the surpluses by means of which provision for these obligations may be conveniently made and the country's foreign credit thereby more solidly established.

In another order of ideas, this will also allow normal operations to be resumed between the country's banks and overseas banking institutions, facilitating in particular the opening of documentary credits under normal conditions and thereby permitting the gradual recovery of the 150 million dollars which the Central Bank was obliged to make available to the banks for the advance payment of imports. This will contribute to the re-constitution of the country's monetary reserves.

Imports of Production Goods

The need for attaining equilibrium in the balance of overseas payments in 1956 will not permit, as has already been stated, the utilisation of the current exchange resources of the Official Market for imports of capital goods, despite the country's enormous unsatisfied needs of such goods; nor will it be possible to effect, with such resources, imports of spares and accessories and other production goods which the country requires. As the speedy relief of the economy demands that certain imports be promptly effected, two ways of doing this have been devised: first, by authorising Free Exchange Market operations and second, by contracting foreign loans.

After an interval of so many years during which Free Market operations have been suppressed it will be impossible to establish, for the time being, the extent of the market's capacity, but the fact that during recent years motor-car imports have been paid for through the clandestine market—since that, in general, was the significance attaching to imports effected "without use of exchange"—suggests that the Free Market exchange resources will allow of imports of production goods, especially if it is borne in mind that part of the exchange obtained from staple exports will also be negotiated on that Market, as likewise the exchange from those exports specifically assigned to the Free Market.

Moreover, by stopping the exchange evasion, which at present occurs, both in the export and the import trades, the tendency will be to reduce the supply now available

the clandestine market, thus partly neutralising the effect of the sale of export exchange that is envisaged in this report.

Nevertheless it would be desirable to restrict, at least temporarily, the volume of permits for motor-car imports, in order to introduce production goods, and until such time as the capacity of the Free Market can be ascertained.

These motor-car imports could be restricted by establishing a tax for an amount similar to that of the unjustified profit which now occurs in this market. The proposed tax, however, would be devised for application on a rising scale, the higher rates of levy being proportionately applicable to the more expensive vehicles, the tax thus functioning also as an impost on luxury consumption expenditures of the high income groups. The amount of the tax would undoubtedly have to be very high, but it is pertinent to consider that the profits accruing in the past to those who were able to secure import permits were also high. The difference resides in the fact that, instead of falling into private hands, these profits will now benefit, as should be the case, the community as a whole.

Among the imports of production goods which it is recommended should be made through the Free Market, priority must be given to those required for farming production. The unrestricted import of spares for agricultural machinery might quickly restore the supply situation to normal, without an increase in price in the majority of cases, since, up to now, the cost of these items has been inflated by the intervention of intermediaries despite the preferential exchange rate by which such imports were favoured.

The same might be done in the case of spares for motor lorries, as well as imports of motors therefor, mainly with a view to facilitating the moving of the coming harvest. In the same way imports of other articles contributing to the technical progress of agriculture could be assisted, without prejudice to the adoption of long-term measures. This refers in particular to imports of seed for forage grains and hybrid grain varieties, as well as weed-killers and pest-killers, the importation of which is at present subject to limitations, although the sums involved are not large and despite the desirability that these aids to better production should be available.

Actually Argentina is very far behind the most advanced livestock-raising countries where artificial fodder has considerably increased livestock production per hectare. The Argentine "camp", moreover, figures amongst the "dirtiest" in the world, although generalised recourse to the use of suitable weed-killers could swiftly eliminate the loss of productivity thus occasioned; but this would be only a small beginning in a series of important decisions which the economic recovery programme must include in favour of the agricultural production sector.

The freeing of some of these imports might affect the domestic production of similar articles. The fact that the imports in question would be effected through the Free Market, however, would undoubtedly constitute a sufficient degree of protection for the latter, and this might be reinforced by means of an additional tax, although this should not be of such proportions as to cause prices to exceed their present level. This tax would be established on a temporary basis and would be applicable until such time as a study of the possibilities of national industry could be made, to determine the definite Customs duties required to protect those activities.

In addition to these imports in the Free Market, aimed at favouring farming production, it would be advisable also to liberalise imports of spares for all types of machinery, allowing them to be effected unrestrictedly through this Market. This same measure might be applied, when the capacity of the market is known, to certain items of machinery and equipment, without prejudice to the facilitating of immediate imports in those cases where the alleviation of pressing needs may dictate such a course. The possibility might also be considered of extending those freer importing conditions to certain indispensable raw materials and to newsprint, as has been suggested, independently of the official market quotas.

The foregoing measures are those recommended for prompt adoption. The larger problems of the import trade and its connection with economic development plans, and particularly with the promotion of industry, will be considered in the economic recovery programme.

Capital Goods: Urgent Needs

It will be inferred from the foregoing that it would not be wise to rely on the possibility of effecting immediately through the Free Market, all the imports of capital goods which the country will require in order to avert a deterioration of the present difficult situation and restore the normal balance of economic activity. It will consequently be necessary to consider recourse to foreign credit operations, provided they do not result in an unduly heavy increase in the burden of indebtedness which the country must account for in the next few years.

To this end it will be necessary to consider the imperative need of effecting imports of capital goods for the petroleum industry, the electric power industry and the transport services, without prejudice to the recommendations that may latter be submitted in regard to these matters in the economic recovery programme.

Considering, in the first place, the case of petroleum: in the matter of foreign capital participation it is necessary clearly to distinguish between capital invested under conditions of free competition and the capital investments of large international groups whose influence, in the countries in which they operate, is sometimes inconvenient for the countries concerned. A most open policy vis-a-vis the first type of investment is not incompatible with an attitude of extreme caution towards the second. Until very recently, Argentina's attitude, in this matter of petroleum, has been characterised by this element of caution, and, fortunately, there are no apparent or valid reasons for abandoning it. The prospects for increased oil production would appear to be very favourable, according to the experts of the State Oilfields Department (Y.P.F.). Our oilfields produce some 5,300,000 cubic metres of petroleum and natural gas (oil equivalent), of which 700,000 cubic metres represent the private companies' production, against a total consumption of 13,000,000 cubic metres; but, according to those experts, production could easily be increased by some 5,000,000 cubic metres, including natural gas from Campo Durán. It is estimated that that additional production could be made available by 1958-59, with a consequent saving in foreign exchange of the order of 100 million dollars per annum. It is thus evident that the petroleum problem is not so much one of production as of transport difficulties, which could be remedied by the construction of pipe-lines

for oil and gas. Furthermore, the known reserves are such that, by the end of the present decade the country should be able to produce a quantity equal to its present-day consumption. In the interval, of course, consumption too will have increased, so that it will be necessary to intensify the work of drilling and exploitation.

The programme for speeding up oil production requires heavy capital investments, estimated at some 200 million dollars in respect of imported materials, and involving 3,000 million pesos of local expenditure, at present prices.

As regards the financing of this capital expenditure, it will be necessary in the first place to explore the possibilities of foreign credit, but if it should not be possible to obtain such facilities on convenient interest and repayment terms, or if the prices of the equipment were unduly increased because of the credit, or if the latter entails other disadvantageous terms, I would not hesitate to recommend that, in the prudent utilisation of the country's gold reserves, priority be given to the necessity of meeting this expenditure.

So far as concerns the peso expenditure part of the petroleum development programme, this could be partially covered by the proceeds of the disposal of certain commercial and industrial enterprises which the State has created, or which it has appropriated, and which might be transferred to private ownership, since there is no common wealth interest to be served by their continued operation by the State. The latter, however, is certainly and obviously the case with oil. These proposals, however, would, in the normal course of prudent procedure, require to be endorsed by qualified experts before final decisions were taken. I see no difficulty as regards the participation, in the construction of oil and gas pipe-lines, of foreign firms, in addition to national enterprises, since this would come into the first category of foreign capital investment as mentioned above.

In addition to these instances of capital expenditure which must be effected urgently in order to achieve a prompt increase in petroleum production, it will also be necessary to review the possibility of economising in fuel consumption, which appears to be excessive in some cases owing to the obsolescence of the electric generating equipment in use; it will also be necessary to consider the problem of other fuels, especially coal. All this will be dealt with in the economic recovery programme.

As regards electric power supplies, it has been explained elsewhere that the present critical situation will only be possible of alleviation, and even then not to any very marked extent, by the winter of 1957, when production from the San Nicolás plant will be available for Greater Buenos Aires.

In view of this delay, the possibility has been considered of importing generating units to remedy the most urgent needs, mainly in the sphere of industrial activity. In normal circumstances this is not the most advisable solution, but in the present grave crisis the possibilities of such a recourse must be taken into account, although only on the basis of a rigorously selective criterion aimed at obtaining the maximum advantage therefrom.

These expedients will constitute a certain relief in the present situation, but will not provide a solution to the problem of adequate power supplies for Greater Buenos Aires. (To achieve this it will be necessary to increase the capacity of the thermal power-houses, and some years will elapse before the additional capacity can come into production). Actually, should the plans for an expansion of

310,000 kW. in the existing power-houses be promptly approved—after the pertinent legal and financial problems have been settled—it is estimated that an approximate balance between production and consumption would not be attained before 1959-60. To avoid future repetitions of the crisis affecting electric power supplies, it would be advisable to consider forthwith plans for the solution of the supply problem beyond 1960. To that end, three possible alternatives may be considered: an expansion of thermal generating capacity; exploitation of the Salto Grande falls; and the utilisation of nuclear power. These alternatives will be discussed in the report relative to the economic programme.

With reference to the urgent necessity for transport material, it has also been seen elsewhere in this report that considerable sums will be required for the pertinent investments. Import needs for this purpose have been estimated at 1,370 million dollars. In the present situation, of course, that figure seems considerable, and will require careful study within the programme to be prepared. In the meantime, however, there are urgent imports of railway equipment to be considered without delay.

The implementation of these investment plans will call for the negotiation of foreign loans. In this connection there is a point to be cleared up. In the course of the joint discussions with the Advisory Board, which co-operated in the preparation of this report, I have been asked whether the word "loan" would be used in the text.

I see no objection to doing so. Foreign loans, credits, advances and obligations all mean essentially the same thing and differ only according to their distinctive technical features. I must now add that recourse to foreign credit need not affect the dignity or sovereignty of the borrowing country provided those in charge of the negotiations know how to defend those principles should their inviolability be threatened.

In 1950 the country contracted loans with the Export-Import Bank of the United States; not for the purpose of importing capital goods, but in order to meet pending commitments. As regards the International Bank for Reconstruction and Development, Argentina is the only Latin American country which is not a member. This Bank, together with the aforementioned institution, could play an important role in the execution of the economic recovery programme. Membership of the International Bank necessarily involves joining the Monetary Fund. I have been known to criticise the rigid nature of some of the Fund's provisions, and the seemingly unpromising prospects which characterised the earlier stages of the Fund's history. But the experience gained in the past ten years has turned it into a valuable institution from a technical point of view, although its credit-granting powers have proved to be somewhat limited. I consider it advisable that the country should frankly examine the pros and cons of membership of both entities.

It is possible that the urgent need of importing certain capital goods may lead to the conclusion of isolated foreign credit operations, but it would be advisable, as far as may be possible, to wait at least until the main points of the economic recovery programme have been established in order to avoid a dispersion of effort.

Furthermore, foreign financing arrangements require a careful analysis of the country's foreign payments capacity, and of the possible development of that capacity in the light of the measures that may be taken to encourage exports

and attract private foreign capital, and to place imports on an orderly basis.

This will no doubt be one of the essential points in the negotiation of these foreign credits. And it may also be taken for granted that the success of the negotiations will depend, in considerable measure, on the firmness with which measures to check the course of inflation are applied.

Liberalisation Measures

Among the steps to be taken forthwith, it is necessary that the country should be clearly aware that the Government proposes progressively to dismantle the complicated system of restrictive regulations and bureaucratic intervention which so adversely affects the conduct of economic activities. In this way the State will be able to take a firm grip of the top-level controls, to which reference has been made elsewhere in this report, with a view to the implementation of a soundly conceived economic policy.

Above all it is necessary to restore the fluidity of the production factors in the Argentine "camp." The Rural Rents Law contains beneficial provisions, both from the economic and the social points of view, but experience has shown that it is impaired by a certain rigidity which, without protecting the tenant, actually prevents the efficient employment of the land and has contributed to the neglect thereof, to the detriment of production. It is essential, at this time, that the country should utilise all available land in the most efficient way possible. To this end, the introduction of a special regime, applicable to "camp" habitually employed in stock-raising and based on a system of rotation, would be desirable.

In addition to the foregoing, there are regulations and practices which prevent the most advantageous utilisation of the labour and equipment available, especially as regards the transport of farm produce. In all this there is no reason to suppose that improved efficiency in production should conflict with the fundamental interests of the workers. It is clearly advisable that careful consideration be given to this matter.

I do not propose to deal here with the subject of the crop marketing system, as this will be considered in the programme in course of preparation. Certain immediate action should be taken, however. Although the actual marketing has been transferred to the National Grain and Elevators Institute, the I.A.P.I. continues to exist as a financing intermediary and as an agency for effecting certain imports. These functions could be returned to private enterprise, while financing, in the limited measure that it might be necessary after the exchange rates have been modified (by which means the main problem will be solved) could be arranged direct with the banks. In taking this decision, it was necessary to consider an apparent I.A.P.I. loss of 7,600 million pesos, a deficit this, however, which cannot be regarded as final as the inventory of the entity in question has not yet been examined.

Apart, moreover, from the direct benefits accruing from the establishment of a new Free Exchange Market, there is an undoubted psychological advantage to be gained from the adoption of this more liberal system. Unfortunately, so long as the balance of overseas payments is characterised by the present structural deficit—as distinct from the deficits of a circumstantial nature which occur in a country whose economy is subject to the influence of continuous fluctuations originating abroad—and the main causes of inflation

are not eliminated, the liberalisation of the Official Exchange Market and the suppression of the import permit system cannot be considered. No doubt, however, the higher rates constitute an important step at this initial stage in the process of progressively normalising the country's import trade.

On the other hand, in the matter of price controls, and so far as may be feasible and advisable, a policy of decontrol should be devised without delay as applying to a number of articles, until such time as the efficacy of the anti-inflationary measures render possible the dismantling of the whole system of such controls.

Whereas in the matter of commodity prices Argentina has followed the same road as other countries that have tried to suppress the consequences of inflation by means of price control measures, with all the distortions and dislocations inherent in that policy, nobody will dispute the originality of the idea of establishing a system of control applicable on the Stock Exchange to the quotations of shares and debentures of private companies. In this the State assumes a grave responsibility which it is not in a position to fulfil, and which there is no reason why it should undertake at all. There are other ways of encouraging private enterprise that are less exposed to speculative manoeuvres and machinations. The Minister of Finance has adopted the commendable course of leaving share prices free to find their proper level. There is, therefore, no reason why I.M.I.M. should continue to exist as a regulator of the Stock Exchange, although this does not mean that it should abandon that aspect of its functions which relates to the encouragement of savings and their investment; nor should the shares it holds be liquidated to the detriment of the market's stability. However, it will be necessary, in this respect, to proceed with caution and only on the basis of a careful study of the situation.

These are the first liberalisation measures which will have to be considered within the series of provisions for early adoption which we recommend. But this is only a beginning in the task of getting rid of this type of official intervention. In the national recovery programme subsequent steps will be proposed for the progressive attainment of this end in the measure that the normal functioning of the economy can be progressively restored.

The Anti-Inflationary Policy

When discussing in a previous chapter the need for raising the exchange rates to a level more in consonance with present-day reality, the possible effect of this adjustment on internal prices was not considered. Obviously, the prices of imported articles will have to rise, although not to the same extent as the increase in the rates. It is recognised that, so far as concerns a substantial proportion of imported articles, prices are far higher than is justified by the preferential exchange rate at which they were imported. Consequently the raising of the exchange rate will only have the effect, in such cases, of reducing the inordinately heavy profits of specially favoured importers and intermediaries—a scarcely undesirable effect.

As regards other imported articles, the raising of the exchange rates must undoubtedly result in higher prices. This is inevitable. As mentioned elsewhere in this report, it is an illusion to think that the artificial over-valuation of the exchange rates can ever be the means to maintain the stability of prices to the consumer. It has been seen that

this over-valuation is responsible for the deficit in the negotiation of the crops. This deficit must be covered through an increase in the money supply which results from the expansion of bank credit, and it is this inflationary financing that causes prices to rise. The price rise could only be avoided if the deficit in question were covered by the proceeds of taxation; but this recourse must be ruled out in the present Argentine situation.

The rise in internal prices is therefore inevitable in one form or another. But the adjustment of the exchange rates is undoubtedly the preferable method. This adjustment will allow the prices of farm products to be raised, thus furnishing the Argentine farm economy with the strong incentive needed to promote the maximum use of its considerable production potential. On the other hand, the price rise occasioned by the inflationary expansion of the money supply does not favour agricultural producers; it increases all other prices including, of course, those the farmer must pay for his supplies. Unfortunately, the effect of the exchange adjustment will be to raise internal prices, in the case of a number of articles of export trade significance, including some that are in popular demand.

In this problem, I am aware of social and political considerations which cannot be ignored. But the value of this report, such as it is, consists in the presentation, in an objective manner, of the exclusively economic aspect of the problem, which, however, does not mean that this aspect should of necessity prevail over others in the counsels of the authorities. I would only emphasise that any attempt to prevent the direct rise in prices resulting from the adjustment of the exchange rates would be promptly thwarted by the indirect increase which would inevitably supervene as a result of the inflationary consequences of the deficit created by the artificial over-valuation of those rates.

This is one of the most critical problems created by the erroneous direction of the country's economic policy. Agricultural production has been sacrificed in the interests of the consumer and the policy has defeated its purpose; resulting as it did in a severe curtailment of the capacity to import, it deprived the country of the means of obtaining the machinery and equipment it needed, and vis-a-vis internal production possibilities, the consumer demand has been proving insatiable. The most serious aspect of the problem lies in the fact that, in order to encourage rural production it has been rendered indispensably necessary to face a temporary and moderate reduction in urban consumption, regrettable though this is. It is the inevitable price that the country must pay now in order to enjoy in the future an increasing flow of consumer goods.

The expansion of production implies the need for capital goods, and those goods have to be imported; alternatively, capital equipment has to be imported in order to manufacture locally the capital goods required. This will not be possible in the period ahead; nor will recourse to foreign credit be practicable unless agricultural production is strongly stimulated with a view to restoring the country's former import trading capacity.

In other words, a moderate increase in internal prices, resulting from the measures proposed, is the only means of transferring to the rural production sector the higher real income by means of which an increase in production can be achieved. In order that this incentive shall produce the desired effects, its application must be sustained. If it should diminish or fall away within a short time of its

application, the success of the policy would be jeopardised, with grave consequences for the country. This is a remote possibility. The danger is a real one, and it is advisable to avert it decisively.

Actually, the inflationary spiral relating to costs and prices, which appeared to have been checked before the all-round increases in wages and salaries granted in March, 1954, has been resumed; it has been seen that the higher level of prices does not, on the general reckoning, seem to have reduced the real income of the workers, although this has occurred in certain sectors of the economy, and especially so as affecting certain sectors of middleclass employment, and rural producers. If, in order to offset the effects of these higher prices, and those which are bound to occur as a result of the adjustment of the exchange rates, general increases in wages and salaries were to be granted, further price rises would not be slow in materialising, thus materially stimulating the inflationary spiral. This is the typical pattern of cost inflation, which tends to become progressively more serious as wage and salary increases become more frequent and the groups which temporarily benefit thereby are more numerically important. The Chilean experience of inflation is an instructive object lesson.

The most serious aspect in all this is that if internal prices were again to rise because of an all-round increase in wages and salaries, agricultural production would again be discouraged by the erosion of the incentive extended to it.

Such is the lamentable state of affairs Argentina has reached, from the social point of view. Numerically important sectors of the population are demanding immediate increases, which cannot be granted because real income per inhabitant has scarcely increased at all, as already pointed out. Not all social sectors of the population, however, are equally affected by the inflationary threat. And it will be necessary to make partial adjustments in wages and salaries to remedy the situation of groups which are relatively less advantageously placed vis-a-vis the inflationary process. In the case of those groups whose position is still satisfactory the granting of further increases in wages and salaries will only be possible in the measure that they can be met out of profits or the proceeds of increased productivity. This will have to be the subject of study immediately on the lines of the analysis referred to in Chapter III.

The adjustment of wages and salaries in the case of those groups where this may be necessary, will also result in price increases although not with the same intensity as that which an all-round revision would produce. Some of these increases, moreover, may be compensated; others not. As the object of the increases proposed is to cause a transfer of real income analogous to that required also by the agricultural producer, they must, of necessity, be effected at the expense of other more favoured groups.

On the other hand, the proceeds of the marginal retentions which, for the time being, will accrue from the modification of the exchange rates, may be used, as already suggested, to ameliorate the more acute situations of difficulty created by rising prices until such time as increased productivity obviates the necessity for such action.

The conclusion to be drawn from the foregoing is clear enough: in order to reactivate agricultural production—without which the economy cannot be restored—and to remedy the situation of the less favoured groups, certain sacrifices of a collective nature are necessary. These, however, will diminish as productivity increases. The higher-income groups particularly must bear their fair share of these sacrifices.

In the first place, the proposed exchange reform measures will have the effect of rapidly extirpating all sources of illicit profit, which the ruling system favoured, to the benefit of small groups. The success of the anti-inflationary measures will also mean the disappearance of the excessive profits which inflation rendered possible in certain sectors of economic activity, although latterly these may have been less substantial than in previous years.

In addition, the heavy tax to be applied to motor-car imports will also affect the high-income groups. But this will not solve the problem by itself, since the measure in question is limited in its effects to special sectors. It is also essential that, in the present emergency, the other sectors of the high-income division, whose revenue is obtained from normal economic activities, shall contribute. This falls, of course, within the scope of the tax system, and to that end two types of measures are proposed: the tax on motor-cars, and an increased rate of tax applicable to that part of income which is applied to consumption, above certain levels.

In this connection it may be convenient to consider the practicability of making a distinction, in the application of the income tax law, between the taxation of income that is consumed and that portion which is saved; the former following a progressively rising scale and, in the latter case, a diminishing scale, designed to encourage investment.

For this purpose it will probably be necessary to reorganise the tax gathering mechanism, which in any case appears to be seriously disorganised.

I am not of the opinion, however, that there should be a general increase in taxation, the burden of which is already excessive. What is required is a better collecting system and an adjustment of the incidence.

It is considered that tax evasion has reached serious proportions, and vigorous measures will have to be devised for dealing with this.

Concern must also be felt over the retrogressive trend apparent in the Argentine taxation system as shown by the substantial proceeds of the sales tax, the levy of which bears heavily on the small consumer. Actually, the proportion of taxes on consumption, which ten years ago accounted for 39 per cent. of total revenue, has now reached 46 per cent. Thus, the more enlightened practices in this respect, which had commenced in this country with the introduction of the income tax, have received a setback. Further evidence of this retrograde trend in taxation matters is seen in the procedure applicable to shares, under which income from this source escapes progressive taxation under the income tax regulations while the income of small *rentiers* is taxed in excess of what their liability should be according to their income.

Although it is not deemed advisable to increase the burden of taxation, neither, at the present time, can there be any question of lightening it. Until the inflationary process has been extirpated, any general reduction in taxation would be unwise. It is true that inflation, in its monetary aspect, is not being caused by a Budget deficit, this having been covered by means of the bonds absorbed by the Pension Funds; but, as has already been mentioned, the State still has to cover the considerable deficit occasioned by its commercial economic activities.

The magnitude and composition of this deficit has been indicated elsewhere in this report. It will be recalled that some 4,000 million pesos of it is accounted for by dealings in farm produce financed by I.A.P.I.; this deficit will be eliminated with the modification of the exchange rates. As regards the deficit of 2,000 million pesos on the operation

of the transport system, it will not be possible to deal with this immediately, since it will be necessary first to make a thorough study of the problem in order to recommend an adequate solution. Finally, there remains the financing of mortgage credit operations; until *cédulas* can again be issued these operations may be financed by means of bonds issued by the new Pension Funds, the contributions of which, estimated at some 2,500 million pesos, would furnish a substantial part of the resources needed.

As regards other mortgage credit financing, recourse may be had to the placing of bonds with other Pension Funds, to the extent that savings in Government expenditure may render this practicable, for it would not be advisable to diminish mortgage credit operations, in view of the gravity of the housing shortage and the adverse economic and social effects that such a reduction would cause.

By those means the expansion of credit of an inflationary nature could be considerably reduced, although, admittedly, the far more difficult problem of the transport deficit would remain in being. This deficit will be increased by the higher cost of fuel resulting from the raising of the exchange rates. The proceeds of the tax on motor-car imports to which reference has already been made, might perhaps be used to cover this deficit. In addition, certain pressing capitalisation needs, such as those relating to petroleum transport, and a variety of private enterprise investments will involve recourse to bank credit. On the other hand, there are factors which make for the marginal absorption of the money supply and which would counter-act the effects of an increase therein. And if the total national income continues to expand, at least at the same rates as the population, a certain proportion of the increase in the money supply will be absorbed by the currency needs of the public, without inflationary effects. All of which warrants the belief that if the anti-inflationary measures mentioned are adopted, and the expansion of credit to finance budgetary deficits is avoided, the problem of inflation, in its monetary context, is controllable. It should thus be possible successfully to check the inflationary process, always provided new pressures of a cost-inflation nature can be avoided. Therein lies the importance of a policy of cautious restraint in the matter of wages and salaries.

So far as State expenditure is concerned, the problem is not one of an inflationary nature, as has been explained elsewhere in this report.

Undoubtedly there is scope for effecting economies in public expenditure and it is certain that a careful analysis of the present position might reveal possibilities of substantial cuts, especially as regards outlays for purchases of goods. In the matter of personnel, although the number may be excessive, recourse to wholesale dismissals is not to be thought of as a possible solution. This could have undesirable repercussions as the country lacks the means to absorb large numbers of unemployed.

The solution in this case will have to be of a gradual nature, and the mere fact of not filling vacancies in the public service as they occur, will itself represent a substantial saving. This margin of saving, added to that which will be gradually achieved by reducing personnel and cutting down on other expenditure, might be used in the first place to improve rates of pay in those sectors of the Administration service where the personnel have been most adversely affected by the inflationary process.

The anti-inflationary measures advocated comprise, on the one hand, resolute action aimed at combating the typical cost-inflation spiral, and on the other, the need for progres-

sively reducing the creation of new money through State operations. It will have been observed that the recommendations conspicuously refrain from the advocacy of measures that might involve a contraction of economic activity in general, or result in a weakening of the country's industrial economy to the point of provoking unemployment. I do not consider that this is essential—nor would it be desirable—for curbing the inflationary process. Moreover the experience of other Latin American countries has shown that recourse to action on those lines ends inevitably in a new bout of inflation, because of the economic and social consequences of the steps taken.

The Productivity Problem

The foregoing considerations prompt certain observations on the productivity problem—a far from simple problem. It is not enough to achieve a greater output per worker in the factories, on the land, or in the transport services, by the use of better methods. Increased production necessarily creates surplus personnel; in some cases the latter may increase production in the trades in which they are already working, but in other cases they will have to move to other activities. These changes usually take place without undue difficulty in a dynamic economy, as new employment outlets are constantly being created and existing activities expand.

But such is not the case at present in the Argentine economy, due both to the electric power deficit and the shortage of foreign exchange for imports of capital goods. Until these two obstacles have been removed, the practical opportunities for increasing productivity, when such an increase would throw people out of employment, are limited. This, however, does not mean that such opportunities will not appear. The construction of oil and gas pipe-lines, to which reference has already been made; the establishment of new manufacturing industries to replace imports, the execution of public works which do not require a high proportion of imported materials, housing construction (albeit on a scale commensurate with the need to avoid inflationary excess), and, finally, the demand for certain types of labour for farming activities, all suggest ways which redundant labour may be absorbed. But, for the solution of this problem on the scale which the recovery of Argentina's economy requires, the country will first have to emerge from the grave predicament in which it is placed by reason of the electric power shortage and the impairment of its capacity for foreign payments.

In the measure that this is achieved, opportunities will occur for dealing resolutely with the productivity problem. For the reasons given, we should be on our guard against the advocacy of seemingly simple solutions. Mass dismissals, apart from the consequences of another nature which they entail, are not an advisable recourse, even from a strictly economic standpoint, because of the unfavourable repercussions they would provoke in an economy seriously impaired in its development possibilities as is Argentina's economy today. Only the full restoration of the dynamic factors of the economy will enable the country to face the essential problem of productivity in all its magnitude and complexity. This will be the subject of a further study, dealing with all aspects of the economic recovery programme.

V - The Economic Recovery Programme

In this report, certain measures for immediate application have been proposed for dealing with the difficult situation at present obtaining, and on various occasions mention has

been made of the need for an economic recovery programme. This does not mean that it will be necessary to wait until such a programme has been fully drawn up before the emergency measures can be followed by others for which there is a pressing need. Among the latter, it will be necessary to adopt decisions at the shortest possible notice with regard to projects which are already in an advanced stage of execution, and others which have already been approved but the execution of which would involve a considerable expenditure of foreign exchange.

In view of the remarks included in another chapter, it is scarcely necessary to say that the steel mill project deserves special attention, especially when it is considered that there is a definite possibility that a substantial credit towards its execution, may be available from the Export-Import Bank of the United States Government.

Other projects will have to be closely and urgently analysed, in the light of the present Argentine economic situation and taking into account their incidence, present and future, on the country's balance of payments. In any case in these, as in other projects, an attempt must be made to ensure favourable and convenient conditions for all who desire to participate, and at the same time it will be necessary to avoid the fiction to the effect that the profits obtained within the country by the beneficiaries of import exchange permits may be considered as an investment of foreign capital.

If I mention these projects here it is because they are closely linked with the recovery programme. This programme must take into account the needs of the national economy as a whole, and consider both action by the State and the steps that the latter should take to encourage private enterprise, creating favourable conditions for the achievement of certain fundamental objectives. But efforts must be concentrated on agricultural production, electric power production, transport, the substitution of certain imports, and a dwelling-house construction programme, all of which will require a considerable technical effort and substantial investment. The country should employ its best technicians in these undertakings; and if the supply is inadequate to the need, additional technicians should be trained. In the meantime advantage should be taken of foreign expertise.

It will also be necessary to reorganise the State services relating to these matters, and if this involves additional expenditure, the extra expense must be incurred without hesitation, provided the money is wisely disbursed and is used for the attainment of clearly defined objectives.

As regards the investments that will have to be made, and the large imports of machinery and equipment which will be necessary, I do not believe that, at the present time, these can be effected with the country's own means. Ten years ago, when Argentina had emerged from the world war with considerable resources, and with a valuable industrial experience, it might have been thought that, within a few years, through a wise industrialisation policy and the technical development of her agriculture, this country would be able to achieve a domestic savings capacity and a favourable foreign payments situation which would render possible a high rate of growth without any need of further contributions of foreign capital on any large scale.

This possibility has again receded from the Argentine economic prospect, however, and a considerable number of years will have to elapse before it can be expected of Argentina's economy that the problems of the country's economic development can be solved with its own capital resources.

The foreign capital problem thus presents itself in terms that must be clearly set before public opinion. Three aspects must be considered: the first concerns the unavoidable necessity, at the present time, of having recourse to foreign capital in order to cover the most pressing imports of capital goods; there is no other alternative if the country is to emerge from the present grave crisis. The second aspect relates to the economic recovery programme and consists in deciding whether foreign capital is to be used or not; the country may follow either of two roads: restrict itself to a programme of limited scope and volume which can be carried out solely with its own resources, but which would solve none of its fundamental development problems; or deal vigorously with the correction of the great structural defects of the economy.

The third aspect to the subsequent stage, after economic recovery has been achieved. After some years of restraint and judicious progress, the country, in order to speed up its rate of growth, might again be faced with the alternative of increasing its rate of capitalisation by means of an increase in internal savings, or instead of making this additional domestic effort, of resorting once more to foreign capital assistance. The country will then have arrived at the position which it had almost attained at the end of the war. But

these are scarcely the terms of the problem at the present time.

These are the grave problems which today afflict Argentina's economy and which are seriously hindering the rate of its growth. The country possesses enormous reserves of vitality with which to overcome them, but it must first discard the dangerous illusion that this can be done on a redistribution basis. It is not by altering the distribution of the little that is produced that the standard of living of the Argentine masses can be continuously raised; but through increasing production by means of a vigorous and sustained effort.

That effort cannot be dispensed with; if it is not made, it will not be possible to maintain the full reality of the social gains of the past nor to expand their scope.

If the country understands this, it may rely confidently on its powers of recovery.

I have waited many years for the opportunity of again serving my country worthily, within my limited powers. Y. E. has now afforded me that opportunity and so given me an added reason to be sincerely grateful for the high honour you have done me in requesting my collaboration.

October 24, 1955.

(Signed) RAUL PREBISCH

