

CEPAL

REVIEW



UNITED NATIONS

SECOND HALF OF 1978

CEPAL Review

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UNITED NATIONS
ECONOMIC COMMISSION FOR LATIN AMERICA
SANTIAGO, CHILE / SECOND HALF OF 1978

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UNITED NATIONS PUBLICATION

Sales N° S.78.II.G.4

Price: US\$ 3.00 (or equivalent in other currencies)

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if it were exercised jointly, not separately by each country. Participation at the international level should be reflected in the possibility that

the developing world may really have some influence in the design of a New International Economic Order that will consider its interests.

Four views of the new international economic order*

Luciano Tomassini

1. In 1974 the United Nations General Assembly, at its sixth special session, adopted a Declaration and Programme of Action on the Establishment of a New International Economic Order. For some, this event marks a radical change in the evolution of centre-periphery relations. For others, it is merely the latest version of certain ideas that had been fermenting over the past 20 years and first found systematic expression at a world level at the first session of UNCTAD in 1964, but had long been taking shape in CEPAL, which integrated them in the report presented at the meeting of the Inter-American Economic and Social Council held at Quitandinha in 1954 and distributed at the time to its member governments. Whatever the correct interpretation in this respect, there can be little doubt that as far as north-south relations are concerned the period beginning with the rise in oil prices determined by OPEC in 1973 and ending with the conclusion of the Conference on International Economic Co-operation which took place in Paris up to 1977 was as rich in progress as it was in frustration. Among the most significant achievements during that five-year period is the increased bargaining power of the developing countries as a whole; the industrialized countries' acceptance, particularly at the seventh special session of the General Assembly, of the need to

introduce drastic changes in their economic relations with the periphery nations; and the more far-reaching and interrelated measures included in the Programme on the New International Economic Order compared with the approaches made in the past by the Group of 77. There is little doubt, however, regarding the modest results obtained at the close of the fourth UNCTAD session and the Paris Dialogue. The time seems to have come, therefore, to make a retrospective appraisal of events during the last five years within the context of north-south relations in order to discover the causes of the stagnation of the respective negotiations and identify the best procedures for reopening those negotiations on a solid basis. It is not surprising, therefore, that CEPAL has been actively concerned with these subjects during the first half of 1978.

2. One of the factors which may best help to explain the fact that the north-south dialogue has yielded such poor results lies in the conceptual confusion which seems to prevail in the discussions. The more conferences, forums and proposals there are to promote the cause of the New International Economic Order, the clearer it is becoming that the greatest confusion reigns in this matter. Specific proposals put forward from every angle may, according to the case in point, be regarded as supplementary, optional, conflicting or simply unrelated. On the other hand, the alternative large-scale models of a world economic order on which those measures should be based have not been made sufficiently explicit. As distinct from what occurred at least during the past 200 years in the political, economic and social evolution of the national States — which can be explained only in the light of the struggle between alternative social philosophies embodied in political parties or in great currents of opinion — the broad concepts underlying the approaches which are formu-

*These comments are based on the internal discussion in CEPAL of the main problems connected with the New International Economic Order during the first half of 1978, and particularly on some specific events or studies such as the cycle of round-table meetings organized with the participation of Professors Carlos Diaz-Alejandro, Albert Fishlow, Abraham Lowenthal and Dudley Seers, on the occasion of the Seminar on International Economy and Developing Countries organized by the Economic Research Corporation for Latin America (CIEPLAN), the Seminar on Basic Needs and a New International Economic Order held jointly by the World Bank and CEPAL, and some follow-up activities related to the work of the Brandt Commission. The choice and treatment of the topics is the exclusive responsibility of the author.

lated today from various ideological currents or power centres with the aim of restructuring the international system have never really been defined. This lack of definition has prevented the discussion on international relations from achieving the level of maturity reached by the political struggles within the national societies. Accordingly, before analysing whether or not the political will exists to progress towards the establishment of a new international economic order, it seems necessary to ask what type of world economic order is desired. Since it appears that underlying the proliferation of proposals formulated thus far are various alternative models of a world economic order, this problem in its turn involves an effort to define, typify and identify the respective options.

3. In advancing towards the preparation of a typology of this kind it will become easier to assess the compatibility or coherence among the various specific solutions hitherto proposed in the face of each of the major problems arising in the context of north-south relations. More important still, it will also be possible in this way to evaluate each of the models under discussion in terms either of its desirability in the light of the objectiveness or values upheld by each group of countries or current of opinion, or of its feasibility in the light of the real situation and objective conditions of international relations today. Taking into account the magnitude of the problems that have accumulated in this area during the last few years, and the "mediocre" prospects offered by the world economy as a whole, the conclusion is that the developing countries have little room for manoeuvre, and that the second of the above evaluation criteria would be the most advisable. In other words, a clearer statement of the alternative models of a world economic order thus far proposed would enable the developing countries to explore the "limits of possible action" with more clarity and precision than in the past.

4. The controversy concerning possible models of a world economic order seems to have centred basically on the question of what degree of integration—or disintegration—of developing countries in the world economy is desirable? Following to some extent the line of thought taken by Dudley Seers in his latest study on the convergence of marxism and other neoclassic doctrines, it is argued later in this article that the degree of modernization and integration of the developing countries in the international system is not so important as the nature or form

of their participation in the system from the standpoint of the pursuit of their specific values, objectives and interests, both individual and collective. In any case, at least three answers to this question have been attempted so far: (a) the first would be represented by "conventional wisdom", which advocates the *laissez-faire* approach at both the internal and the international level. At the international level, the optimum distribution of the benefits deriving from international economic relations, are achieved through the co-operation of the "invisible hand" of market forces. This model suggests that the developing countries should open up their economies to imports and capital from the industrialized countries and specialize in those economic activities for which they possess comparative advantages, becoming as closely integrated as possible in the international capitalist system; (b) for the radical critics of these approaches, the benefits which a strategy of external openness may offer in theory are counteracted in practice by the imperfections of the international markets and by the existence of a dominant transnational group which acts as intermediary between the central and peripheral economies. According to this interpretation, history shows that such openness has meant a considerable drain on the resources of the developing countries' economies, and a factor of their backwardness. The prescription is delinking, i.e., the developing countries' segregation from the international capitalist system, a prescription which is sometimes accompanied internally by an exhortation to adopt strategies aimed at promoting "a different type of development"; (c) the official programme on the establishment of a new international economic order lies mid-way between these two extremes. The development of the peripheral countries depends on whether they can improve their participation in the international system and not, as maintained by the segregationists, on their withdrawal from the system. North-south relations are, however, evolving in accordance with the rules laid down by the central countries, which discriminate against the developing countries, permitting an unfair distribution of the benefits deriving from those relations. The fault therefore lies in the actual structure of the system, and to remedy it requires the extension of preferential treatment to the peripheral countries, which can only be achieved through considerable regulation of the international markets. Hence the need to adopt an integrated commodity programme, a generalized system of preferences for exports of manufactures

from periphery countries, machinery to ensure a more automatic transfer of financial resources, and codes designed to regulate the behaviour of transnational corporations and the flow of technology originating in the more advanced countries. It would thus be a kind of "global social democracy", which has already been alleged by Patrick Moynihan, former United States representative to the United Nations, to have its roots in Fabianism.

5. What role does the market play in each of these models? The first model advocates the peripheral economies' full integration in the international capitalist system through market mechanisms. The third considers the periphery countries' increasing participation in the world economy necessary, but through a considerable degree of intervention in international markets or their replacement by more centralized mechanisms. Finally, the second of these models not only rejects market mechanisms as the most appropriate instrument for achieving the integration of those countries in the international economic system, but also rejects such integration as a desirable or suitable goal for them.

6. The best strategies for promoting the implementation of each of these models approximately correspond with the options once classified by Albert Hirschman under the concepts of "exit", "voice" and "loyalty", in order to determine the operation of social systems from a broader point of view. In accordance with each of those options, in their relations with the international economic system the developing countries should choose between withdrawal, confrontation or acceptance of its rules.

7. This classification, emerging in the heat of a controversy, could serve to evaluate the viability of each of the alternative models at stake in the north-south discussion, in the light of the objective conditions presented by the world economy today, and of the expectations and trends that may be noted in both the centres and the periphery. The first of the models suggested assumes the existence of markets operating under conditions of perfect competition. Owing to the distortions deriving from the existence of powerful national or transnational oligopolies and of the protectionist policies adopted by the industrialized countries, however, the "invisible hand" which should ensure an equitable distribution of the benefits obtained from the operation of the market is not discernible anywhere —and even the markets them-

selves where presumably the invisible hand should act are equally invisible. Furthermore, the proposals aimed at promoting the developing countries' segregation from the international economic system seem contrary to recent historical experience. During the past 30 years, the developing countries' growth has been closely associated with their increasing share of world trade, to the extent that a close correlation is noted between the expansion of their exports, their increased capacity to import and the dynamism of their respective development processes. Since the past decade, in particular, world economic expansion has specially benefited those developing countries whose economic structure was most diversified and outward directed. Moreover, this strategy is in dispute in view of the growing interdependence of all the countries of the world, a situation which, in the words of the President of the World Bank, will shape our future in a manner which we are only now beginning to understand. Lastly, the strategy proposing to establish a type of "global social democracy", which has hitherto meant a kind of middle position such as that embodied in the Programme of the New International Economic Order, has scarcely been tried out in practice, and has encountered severe opposition or limitations whenever it has.

8. The opposition encountered by the Programme of the New International Economic Order is due, *inter alia*, to the fact that the proposed measures (a) were formulated by the countries of the south on the basis of the analysis of their own problems and grievances, with little consideration for the interests and trends prevailing in the centres, so that there is a certain similarity between the Programme and the *cahiers de doléances* which preceded the French Revolution; the approaches may take on considerable importance in a revolutionary situation but are scarcely operative within a perspective which foresees no short-term or medium-term revolutionary changes within the context of the international system; (b) mostly involve a unilateral transfer of resources from the countries of the north to the countries of the south, resulting in a kind of zero sum game which offers little incentive from the former's point of view; and (c) generally tend to interfere with the normal functioning of the markets or to replace them by other more centralized mechanisms, defying the economic philosophy which the industrialized countries officially claim to profess.

9. These biases tend to create barriers which are even expressed in the language used during the negotiations. In view of the active role assumed by the industrialized countries in the north-south dialogue and the fact that, in the last analysis, it is they that must adopt the decisions upon which the future of the world economy rests, it is advisable to present the discussion in terms comprehensible to their public opinion and to the main pressure groups that have to be persuaded of the desirability of agreeing to the measures advocated by the developing countries. Furthermore, the fact that a growing number of experts and academic personnel of high intellectual calibre from the industrialized countries is participating in this dialogue has permitted the formulation of proposals advanced by the developing countries in accordance with the analytical categories with which they are accustomed to operate. On the basis of this experience it might be conjectured that it is even possible to refer substantially to the same events as those which attempts had been made to interpret in the light of categories such as "exploitation" or "dependence", using concepts such as "market imperfections" or "power disequilibria" among the various agents operating in the market. After all, determination of the point where market imperfections cease to be a mere deviation from the norm and become a structural flaw may only be a question of degree.

10. A good example of the dialogue of the deaf which may occur as a result of the conceptual and terminological disintelligence mentioned above is the proposal put forward by the United States in Nairobi for the establishment of an International Resources Bank, in response to the efforts made by the developing countries to put into practice an Integrated Commodity Programme and to set up a Common Fund to finance it. The development, security of supply and price stability of natural resources found in the periphery constitute objectives of the greatest interest to both the north and the south. The United States proposal, however, centred unilaterally on increased supply and security from the standpoint of the supply of natural resources necessary to ensure the reactivation of their economies; the Group of 77, for its part, was basically seeking the stability and improvement of commodity prices by means of mechanisms involving greater control over supply and the possibility of limiting production of these resources. It is interesting to note that, as this example shows, in all such dialogues of the

deaf the periphery countries are almost certain to be the losers. Actually, in the last few years the behaviour of the world economy in the basic commodity field has been characterized not by the implementation of proposals aimed at controlling or restricting supply, but rather by an accelerated process of development of available natural resources on the part of the periphery countries, under conditions not much more favourable to them than in the past, an attitude that has been encouraged by the industrialized nations, generally through transnational corporations.

11. In the face of a strategy aimed at regulating or replacing the international markets such as that implicit in the "global social democracy" model, the developing countries may find a fourth option in the form of a strategy for "selective participation in the system", based on more disaggregated approaches than those currently characterizing the New International Economic Order platform. This option would be founded on recognition that the markets have an important role to play in the operation of the world economy as a whole, and that certain risks may be involved in replacing them by more centralized mechanisms. But it is also based on the understanding that, as already stated by Carlos Díaz-Alejandro, such markets are creatures of the social and political system in force and not mechanisms that come into being spontaneously and inevitably as a kind of economic necessity. In this respect, which market is permitted to operate and how, and which markets are stimulated or contained, constitute national or international policy decisions. What is important for achieving an equitable reordering of north-south relations is that the developing countries should have some part to play in the adoption of those decisions.

12. A strategy of "selective participation" in the international system such as that proposed above should involve the proper combination of three types of action: (a) measures to correct the present imperfections of the international markets which discriminate against the developing countries; (b) the conclusion of agreements between the countries of the north and of the south, to complement the mere market forces, with the aim of ensuring the distribution of certain productive activities and the promotion of trade that would enable the best possible use to be made of the comparative advantages which, within a dynamic concept, each group of countries possesses in its successive stages of develop-

ment; and (c) such measures as involve an element of concession or preference which may be necessary to palliate the disadvantages affecting the countries of the south, particularly during the early stages of their development process.

13. The identification of areas of common interest with a view to the mutually advantageous distribution of world economic activities should not be confined to conjunctural or short-term considerations, nor should the only aim be to facilitate the reactivation of the economies of the north; rather, it would have to be based on a long-term view, and the need to introduce drastic changes in the pattern of international economic relations prevailing hitherto would have to be accepted if the problems that have affected north-south relations are to be prevented from reappearing within a short time, perhaps more explosively than before. In that respect, the countries of the north should be ready to implement the adjustment policies necessary to facilitate the restructuring of the world economy and pave the way for a new more rational and equitable international division of labour. It is most important that they should consider these efforts not as a sacrifice made in favour of the developing countries but as a normal part of the process of industrial modernization which they are obliged to promote on a continuing basis if they do not wish to condemn their own productive systems to obsolescence and cease to compete on the world markets.

14. This approach assumes recognition of the fact that the expansion of transnational relations —and the growing interdependence among all countries of the world— represent an essential feature and an irreversible trend on the present-day world scenario. It also assumes recognition that, if left to the free play of its own forces, this trend towards the integration of the peripheral societies in the new transnational system, through their most modern sectors, is accompanied by an undesirable but progressive process towards a loss of independence, accentuation of internal disparities and national disintegration of those societies. Acceptance of this process without safeguards of any kind

would stimulate the vertical structure of international relations and destroy the solidarity among the countries of the south, accelerate the process of denationalization which in fact they are already experiencing, and intensify the internal heterogeneity of their respective societies. Rejection of this trend and the adoption of selfcentred development strategies oriented towards the renationalization of the peripheral economies, apart from involving a deliberate decision to pay the price of a marked and possibly irreparable technological, economic and cultural obsolescence, represents a path which at present holds out extremely limited objective conditions of viability. A strategy of "selective participation" in the international system would be more feasible. At all events, it would require that the industrialized countries should accept the new rules of the game, reduce the power of the transnational oligopolies and eliminate the barriers currently preventing the developing countries from occupying their proper place in the international division of labour. It would also require that the developing countries should adopt the essential measures to prevent the progressive denationalization of their economies and gradually and selectively assume a more and more active role in the international markets, encouraging the development of increasingly competitive activities and learning to negotiate, also under increasingly advantageous conditions, the appropriate international agreements to ensure that they can obtain the productive factors they need to promote their development.

15. To sum up, in the present circumstances, indiscriminate integration in the international economic system does not seem to be the best way of promoting development in the countries of the south. Nor, however, does it seem feasible for the majority of those countries to withdraw from the system —particularly in the case of the economically relatively more important countries— since, as stated by Fishlow, the question is to reform the existing order, not to reject it. It would therefore appear necessary to try out new forms of "selective participation" in the system.