

# CEPAL Review

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UNITED NATIONS  
ECONOMIC COMMISSION FOR LATIN AMERICA  
SANTIAGO, CHILE / SECOND HALF OF 1977

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## Small nations and the 'constrictive' style of development

*Carlos Real de Azúa\**

In 1975 CEPAL submitted a request to a distinguished Uruguayan intellectual, Carlos Real de Azúa, for a study on the special economic and political development problems that small nations have to face. The author prepared a first draft in that same year, but, for various reasons, never completed the final version. Now, when all who knew him are lamenting his untimely death, we wish to pay him the modest tribute of publishing part of his study in the form of an article.

He begins by outlining the general characteristics of the 'national size' phenomenon and exploring what has been said on the subject by some of the classical writers —such as Aristotélés, Plato, Montesquieu and Rousseau—, and then goes on to present the criteria in the light of which, in his opinion, the economic and political significance of national size can be evaluated. On this theoretical basis, he examines in detail the way in which the small size of a nation can affect certain economic and political conditions of development, including, *inter alia*, the available supply of natural and human resources, the size of the market, industrialization, external vulnerability, capacity for internal political control and social cohesion and homogeneity. In the last section, he analyses the possibilities of applying, in the case of small nations, what he has called the 'constrictive' style of development.

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### 1. *The subject of national size*

A nation, or more accurately a nation-State, is the ordinary scene of operation for a style of development, and this specification has serious and substantial implications. As a collection of miscellaneous resources, as an area of conceivable viability, the nation-State scenario may be one of the most commonsensical determinants of the choice of a style; nevertheless, it would not be far wrong to infer that the selection of styles is decided by other motives and that the weighing-up of viability, conditions and resources is a task of estimation carried out '*a posteriori*', with all the contingent adjustments and amendments that it may entail.

Be this as it may, nation-States and styles of development are two phenomena which up to now have been generated in completely diachronic fashion; the former came first and the latter very much later, although the gap between them may seem narrow in the case of the 'new nations'. Even today, however, Cobban's remark holds good: when a nation is seeking self-determination it does not do so on the basis of a balance-sheet of positive and negative qualifications.<sup>1</sup> At one stage of history or another, then, the national entity appears as the primary and inexorable determinant of the bounds within which any system of growth or development activities must operate. The practical consensus existing on this point obviates the need to dwell on it further.<sup>2</sup> Self-

<sup>1</sup> See Alfred Cobban, *The Nation-State and National Self-Determinations*, New York, Thomas and Crowell Co., 1970, p. 137.

<sup>2</sup> Cf. Helio Jaguaribe, "Los modelos políticos y el desarrollo nacional en América Latina", in *Aportes*, N° 6, Paris, October 1967, pp.

sufficient and independent, or hopelessly needy and dependent, the nation-State as a concrete reality counts for a great deal, and it is not a matter of indifference that in the second of these alternative cases –that of indigence– even the most cogent external imperatives have to go through a process of authentication via a system of adoption of formally ‘final’ decisions, supposed to be implemented unilaterally within a given *milieu*.

Today, in reality, the nation-State, or the nation pure and simple, appears, in contrast to all the premonitions of its decadence –and also to all the emphasis placed on its invincible might– as a form of human and spatial organization whose characteristics can be defined by a series of highly contradictory epithets: increasing in terms of number (about 50 new nations in the last few decades); tremendously durable and steadfast to withstand all potential aggressions on the part of powers in the ascendant; inescapable or indispensable in all kinds of promotion activities, although at the same time frail and insecure; conditioned by history; inadequate and inappropriate for a large number of functions and requirements;<sup>3</sup> and perhaps destined, in

8-9; Marshall Wolfe, “Development: images, conceptions, criteria, agents, choices”, in *Economic Bulletin for Latin America*, Vol. XVIII, Nos. 1-2, 1973, p. 5; Marshall Wolfe, *Report on a unified approach to development analysis and planning* (Preliminary report of the Secretary-General) (E/CN.5/477), document presented at the twenty-third session of the Commission for Social Development, October 1973, p. 8; Marshall Wolfe, “Approaches to development: who is approaching what?”, in *CEPAL Review*, No. 1 (First half of 1976), United Nations publication, Sales No. E.76.II.G.2, p. 142.

<sup>3</sup>It would have been hard to imagine, for example, in the years when William T. Fox was

the remote future, to give way to broader or more ambitious patterns of human and spatial organization.<sup>4</sup>

But for practical purposes it would be unrealistic, or, above all, dangerous, to discount any nation as an absolute rather than as a relative concept: a nation, as someone has noted, may be integrated as solidly as a private firm or so loosely that it is pointless (or, more exactly, almost pointless) to treat it as such.<sup>5</sup> In any event, we believe it may usefully be examined ‘as such’ in one of its facets –that of size– in relation to development and development styles, leaving for another possible occasion the much-canvassed topic of patterns of amalgamation or integration which will wipe out or offset its shortcomings.

Among all the problems posed by the national entity with respect to development programming and styles, that of size will be the sole –but very complex– question to be tackled here. And assuming that large national areas and populations do not constitute any obstacle to promotion policies, only one of the extreme dimensional possibilities –smallness of size– will be discussed.

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theorizing about ‘superpowers’ and Carl Schmitt about international hierarchization (1939, 1944), that a third of a century later one of these powers was going to stand in such urgent need of the other’s natural gas, and the latter of the former’s intermediate technology.

<sup>4</sup>With regard to these characteristics, see especially Karl W. Deutsch, *Nationalism and Social Communication*, The M.I.T. Press, 1966, pp. 3 *et seq.*

<sup>5</sup>See I. Svennilson, “The concept of the nation and its relevance to economic analysis”, in *The Economic Consequences of the Size of Nations*, Proceedings of a Conference held by the International Economic Association (ed. E.A.G. Robinson), London, MacMillan and Co. Ltd., 1960, p. 2.

Perhaps it is because "never before have national units so numerous and exhibiting such wide variations in size... participated as juridical equals... in a common world order"<sup>6</sup> that the attention attracted by the problem of national size has been less sporadic and impressionistic than that reflected in the history of ideas on the subject which will be briefly recapitulated below. 'Sheer size', says Apter, "is an obvious organizational factor that is often neglected".<sup>7</sup> But in considering the 'national measurements' which the size factor involves, the time factor cannot be left out of account: each period of history implies its own, and whereas in the nineteenth century they mattered almost exclusively in relation to financial resources, military defence and political structures, today they are of importance first and foremost in terms of industrialization possibilities and market size.<sup>8</sup> The question of the 'optimum national scale' is posed, in any event, with reference to the maximum returns on the potential of a given space and the fullest satisfaction of its inhabitants' needs; and it is this duality of applicable criteria that opens up the possibilities of appraising what size can

achieve at two different levels and even classifying those achievements under the broader and not necessarily coincident heads of efficiency and legitimacy.<sup>9</sup>

## 2. A glance at history

There is really nothing systematic about the adoption of the two points of view in the rather meagre history of the subject of community size. We use the generic term 'community' because in that history two stages have to be distinguished: the prenatal and the national, with the peculiarity that many arguments and justifications conceived in the first were reiterated and applied in the second.

Plato, Aristoteles, Rousseau stated the problem primarily in terms of cohesion, consensus and possibilities of self-government; in the writings of Aristoteles, however, almost all the arguments that held sway during that phase were articulated in synthesis.<sup>10</sup> Thus, awareness of the political facilities represented by the strict confines of the 'polis' (or the circumscription of the canton, in Rousseau) was accompanied by perception of the amount of resources that the area should contain if it were to achieve the much-desired 'autarky'; and insight was also gained into the domain of 'public order'. It was realized that interrelationships existed between territorial measurements and the possibilities of more methodical control over the population. And if capacity for control is one

<sup>6</sup> Marshall Wolfe, *Report on a unified approach*, *op. cit.*, p. 6. Leslie Lipson wonders what is the most desirable and practicable size for a unit of government. Can a State be too small or too large to operate effectively? What is the allegiance that inspires in people within the same political limits a feeling of loyalty and community spirit? See Leslie Lipson, *Los grandes problemas de la política*, Mexico City, Limusa-Wiley, 1964, p. 343.

<sup>7</sup> See D. Apter and H. Eckstein (ed.), *Comparative Politics*, The Free Press of Glencoe, 1964, p. 647.

<sup>8</sup> See Dankart A. Rustow, *A World of Nations*, Washington D.C., The Brookings Institution, 1971, p. 247.

<sup>9</sup> Lipson, *op. cit.*, p. 104, remarks that associations of human beings based on government and defence requirements and those deriving from links of affinity and cohesion, attributable as they are to two different motivations, do not necessarily coincide.

<sup>10</sup> See *Politics*, book VII, Chapter IV.

of the hallmarks of any sound organization, it must be added that Aristoteles conceived the possibility of the national model as a type of spatial organization in cases where dimensions exceeded those thought to be fitting and reasonable for the traditional 'city of antiquity'.<sup>11</sup>

The greatest city-State is not the largest or the most populous, said Aristoteles. This assertion, together with others, draws attention to the Stagirite's ability to arrive at the concept of magnitude or entity as distinct from mere physical 'size': the criteria whereby the one was differentiated from the other were the qualities of the inhabitants in terms of worth, intelligence and willingness to work hard, their level of integration or —as Aristoteles puts it— the efficiency with which they perform the tasks incumbent on them.<sup>12</sup>

When, two thousand years later, these conclusions were restated, it was from the primarily political angle of 'dimension' and 'régime' that they were considered. The possibility of a republic was assigned by Montesquieu to small communities, whereas he believed that those of medium size were more compatible with monarchy and very large ones with despotism. Rousseau, with regard to population size, maintained that the number of ruling figures decreases in proportion to the increase in the population, a ratio which as a proposition is perfectly correct provided it is assumed (we do not know of any analyses of the postulate) that there are fixed degrees of centralization or monism (very logical

<sup>11</sup> *Ibid.*

<sup>12</sup> *Ibid.* It is also worth while to point out that he noted the possibility of achievements which could offset disadvantages, in his remark that "the largest city is not the happiest". Cf. similar considerations elsewhere in his work.

from the point of view of Rousseau) and a given number of decision-makers which remains the same, irrespective of the size of the territory in which these decisions have to be implemented.<sup>13</sup>

With the passage of half a century the predominant markedly universalist illuminism and belief in natural law gave ground, and the topic of national size and of the advantages and drawbacks of small dimensions surged up again concurrently with the wave of nationalist movements in the early and mid-nineteenth century. Almost always, however, the balance-sheet of advantages and disadvantages was presented without reference to any specific time or place, a characteristic which was not avoided in a notably acute passage in Tocqueville's work<sup>14</sup> and only partly in the somewhat ambiguous attitude to small nations adopted by the founders of marxism.<sup>15</sup> Generally speaking, when the balance worked out in favour of limited national dimensions,

<sup>13</sup> *L'Esprit des lois*, book VIII; *Du contrat social*, book III, chapter II.

<sup>14</sup> Alexis de Tocqueville, *La Démocratie en Amérique* (English edition, Phillips Bradley, New York, 1945), vol. II.

<sup>15</sup> Very well set forth in Marx-Engels, *Materialistas para la historia de América Latina*, Buenos Aires, Pasado y Presente, 1972, introduction by Pedro Scarón, pp. 8-11. Interesting comments are also to be found in Edward Hallett-Carr, *The Bolshevik Revolution: 1917-1923*, Penguin Books, 1966. Predominant among the many and sometimes contradictory views expressed by Marx and Engels on national size is their admiration for large national units endowed with genuine potentialities in respect of development, market size, consistency, 'large-scale social production', etc., and their general contempt for small nations, which leads one to suppose that however heatedly they defended the cause of some that were labouring under the yoke of colonialism, they did so more from 'anticolonialism' than for any other reason.

there was – and still has been in our own time<sup>16</sup> – a tendency to extrapolate unblushingly in its support the undeniable qualities of Athens or Florence or Weimar, i.e., of small prenational centres, socially and culturally aristocratic, whose history had unfolded when the world was in the predevelopment stage and which were embedded in cultural areas whose continuity and kinship were substantial. With this kind of special pleading and a little imagination the case is easy to defend, at least for a not over-strict judgement.<sup>17</sup>

Much more insidious than these arguments on behalf of minimum or maximum size is the solid system of assumptions and associations on which their inspiration and even their strength of conviction is based. This body of suppositions – or so at least we think – is more than capable of effectively battering at any critical reflection on the national size claimed to be appropriate: a capacity that is enhanced by the shortage, the complexity, the non-comparability and the scant quantifiability of the empirical material accessible to a type of thinking which aims at following other paths.

To put it more plainly, a smaller space and a smaller population are asso-

<sup>16</sup> A case in point is afforded by Mariano Picón Salas, "Las pequeñas naciones" (address delivered at the University of Puerto Rico), in *Europa-América*, Mexico City, Cuadernos Americanos, 1947, pp. 199-225.

<sup>17</sup> It has been contended, for example, with respect to Athens, Florence and other centres in Italy and elsewhere, that small nations afford a life of more interest and intensity. This is obviously true enough, in the case of cities professing a great love of peace and of the universal values: a matter in which they have not much choice, if they are not capable of externally powerful ventures which represent possibilities of self-projection at the world level rather than, as might be alleged, a great deal of imitation and some degree of alienation, etc.

ciated (in the imagination, by intuition) with certain characteristics and certain qualities; and, correlatively, following upon the great European processes of national unification in the last century and their special reverberations and analogies in some of the American nations (the United States, Argentina), the exact replica of these positions came to exist in the shape of a sort of quasi-religious faith in the excellencies of maximum community dimensions: to add space to space and people to more people seemed the infallible method of increasing – with no possible room for a decline – power and wealth, liberty, happiness, culture.<sup>18</sup>

Although occasionally the space variable and the population variable join forces, it is essentially with larger or smaller areas of space that the following associations are built up: greater or lesser availabilities of material resources, of investment opportunities, of incentives to attract foreign interest and participation; diversification of production; difficulty of exerting social control, and, in particular, of preventing cases of social or local autonomy; existence of blockages in the channels of information; capacity for defence and even invulnerability against military, political or economic aggression from outside the area; seriousness of interregional tensions; capacity for retention of the population; a closed economy and difficulties in opening it up to the outside world.

In turn, it is principally with population size that greater or lesser social diversification and integration are

<sup>18</sup> This suggestion, deriving largely from the recently-achieved German 'Zollverein', is plain to be seen in the Río de la Plata controversy of the 1860s respecting the '*patria grande*' and the '*patria chica*', and particularly in the allegations of Juan Carlos Gómez.

associated, as well as dissension, uncontrollability and possibilities of disintegration; aptitude for proportional distribution of social costs; collective security and pride; volume of consumer demand; rigidity, inflexibility and difficulties in adapting to unexpected contingencies.<sup>19</sup>

Although nothing of the sort could be done here and now, each of these associations, after being checked and exemplified in many available statements of opinion, would be worth analysing in the light of the empirical evidence, through research on its socio-cultural, traditional, philosophical, and sometimes even religious origins.

### 3. Possible appraisal criteria

Thus there are diverse theoretical standpoints from which smallness of national size can be appraised. And, without aiming at an exhaustive classification, they may be presumed, until more accurate categories can be established, to be the following:

- (a) Criterion of radical irrelevance. Size is not a decisive or even an important variable, nor is it disadvantageous to be a small nation, or of certain benefit to be a large one;
- (b) Criterion of absolute advantages and disadvantages of size, the verdict being almost invariably in favour of large units (the 'great States' of the nineteenth century);
- (c) Criterion of the proportionality of variables in relation to each size, and analysis of the nations "constructed on a small scale" to which allusion will be made later on;
- (d) Criterion of compensatory advan-

<sup>19</sup> For some of these associations see Tocqueville, *loc. cit.*

tages and disadvantages or 'classic approach', usually focused in the case of small nations on their spatial dimension or on the antithesis between the 'qualitative' (favourable to small size) and the 'quantitative' (favourable to large size); (e) Criterion of comparison between advantages and disadvantages bred of size, but only in relation to units in the same geographical areas and/or at the same levels of development;<sup>20</sup>

(f) Criterion of the community as an entity based on an aggregation of weighted variables (territory, population, economic structure and potential, education, consumption, etc.);<sup>21</sup>

(g) Criterion of the futility of an immigrant and isolationist approach which disregards the continuities and discontinuities —abrupt or graduated— bordering upon the national frontiers,<sup>22</sup> and does not concern itself with the possible application of regional amalgamation and integration policies, such as are feasible and common at the world level;<sup>23</sup>

(h) Criterion which combines with any of the foregoing —from (b) to (f)— the

<sup>20</sup> Simon Kuznets, "Economic Growth of Small Nations", in Robinson, *The Economic Consequences of the Size of Nations*, *op. cit.*, p. 16.

<sup>21</sup> Cf. Helio Jaguaribe, *Desarrollo económico y desarrollo político*, Buenos Aires, Editorial Eudeba, 1962, pp. 55-56. A significant effort in this direction, in our view, is Karl W. Deutsch's idea of 'national profiles', although a single indicator is not reached (see *The American Political Science Review*, 3-1960, vol. LIV, N° 1), in Roy C. Macridis and Bernard E. Brown (ed.), *Comparative Politics*, Illinois, The Dorsey Press, 1964, pp. 108-112.

<sup>22</sup> Sventnilson, *op. cit.*, pp. 9-13.

<sup>23</sup> See the distinction made by Helio Jaguaribe between 'individual viability' and 'collective viability', in *Desarrollo económico*, *op. cit.*, pp. 54-56; and '*Los modelos políticos y el desarrollo nacional*', *op. cit.*, p. 89-90.

consideration of possible variables with strongly disjunctive values, that are capable of completely altering the course and ultimate destiny of a small nation.

In following up the foregoing approach, several of these criteria can be dismissed at the outset. This is the case, in our opinion, with the criterion of 'radical irrelevance', because of its facile scepticism and the fact that it clashes with a great deal of evidence; with that of 'absolute advantages and disadvantages', because of its similarly facile dogmatism, and likewise because it can manifestly be refuted by the testimony of history; with that of 'proportionality', on the grounds that there are decisive elements in the nation-State pattern which preclude major reductions of scale; with that of 'compensatory advantages and disadvantages' whose appraisal is unrelated to any real place or specific period, because of its 'angelism' and the ineradicable impressionism that underlies it; with that of the 'national entity' based on a number of weighted variables, because of its extreme—and perhaps insuperable—complexity; and with that of the 'futility of the approach' which does not simultaneously take into account the integration possibilities of each national area on the grounds that in the first place, such integration programmes are not always feasible over the short term, and, secondly, they are not always immediately and obviously favourable to their members. But far greater significance attaches to the evidence that the quality and destiny of such integration movements depend to a substantial extent on the conditions and characteristics of some of the parties to them, which can and indeed must be—at the least—analysed in general terms as a preliminary to any integration process.<sup>24</sup> (At all events, some of the conti-

nities and discontinuities and, in particular, those generated by the forces operating at supra-, infra-, or extra-State levels, such as big producer corporations, ideologico-political, social, religious, and other power houses, etc., cannot be by-passed by any approach which aims at a minimum of realism.) A few words may be added on the criterion of the 'variables with strongly disjunctive values' and their possible incidence. The examples adduced by a writer who has stressed their importance<sup>25</sup> are of distinctly unequal weight. The problem of intensive population pressure (El Salvador is usually cited as affected by this) does not seem to be of overriding significance. The existence of products in great demand, in particular those of the energy sector, does tend—the verdict is a commonplace—to have important implications,<sup>26</sup> which also means that any study of the small Latin American nations would have to tone down its conclusions in the case of Ecuador. The third special feature involved, according to Kuznets, in the economic and social development processes of Scandinavia, Switzerland, Australia and Canada transfers the problem—despite the pains taken with the supporting arguments—to unrealistic levels. It was because of their position in one of the segments

<sup>24</sup> See Institute of Latin American Studies, *Development Problems in Latin America (an analysis by the United Nations Economic Commission for Latin America)*, Austin and London, University of Texas Press, 1970, p. 141.

<sup>25</sup> Simon Kuznets, *op. cit.*, pp. 27-31.

<sup>26</sup> With respect to the consequences of the discovery of petroleum, see *Latin American Development and the International Economic Situation. Second Regional Appraisal of the International Development Strategy* (E/CEPAL/981), Vol. I, pp. 14-15.

into which the world was split by that dualization which between 1700 and 1900 demarcated areas of development and underdevelopment, centre and periphery, independence and interdependence, that the countries mentioned were able to overcome certain disadvantages of their small population and in the case of the first two – certainly not in that of the second pair! –<sup>27</sup> their limited national areas.

Accordingly, one criterion is left to be applied: that implying a comparative study of advantages and disadvantages as between nations in the same geographical area and/or at the same economic level.

In point of fact, attempts have already been made to formulate definitions of the category comprising 'very small underdeveloped countries',<sup>28</sup> conceptualizations of the 'conspicuously underdeveloped small Latin American nation' type,<sup>29</sup> and more or less impressionistic situational approaches relating to the whole group of nations with small

or medium spatial dimensions.<sup>30</sup> In addition, more systematic efforts have resulted in the formulation of more abstract categories of situations based on over two dozen indicators, which tend to identify one of these categories with the small Latin American nations as a group. It includes most of them, although some show a tendency to diverge from the norm in respect of what is today a fluctuating number of indicators.<sup>31</sup>

While these observations will duly be taken into account for the purposes that concern us here, we shall opt for the more economical assumption that the following considerations are focused upon the situation of small nations,

<sup>30</sup> Helio Jaguaribe singles out the small nations of Central America and the Caribbean, because of their geopolitical situation and because of the greater degree of dependency on the United States on the part of their ruling élites; Ecuador and Bolivia, on account of their insecure viability; Paraguay, because of its régime and the severe limitation of its resources; Uruguay, which is visibly approaching the end of its tether as regards the maintenance of national development. See "La dependencia y autonomía en América Latina", in H. Jaguaribe et al., *La dependencia político-económica de América Latina*, Mexico City, Siglo XXI, 5th. edition, 1973, p. 52.

<sup>31</sup> *Social change and social development policy in Latin America* (E/CN.12/826/Rev.1), United Nations publication, Sales No: E.70.II.G.3, p. 39, defines a 'type IV' identifiable *grosso modo* with some of the small Latin American nations. The position of a type IV country is 'low' with respect to sixteen indicators, 'medium-high' in relation to two and 'medium' for one. The authors maintain that only one or two Latin American countries approximate closely to this type but that others are in danger of becoming trapped in its 'low-level stagnation', particularly if their economics are highly specialized. The positions and special characteristics of Panama, Costa Rica and Uruguay are distinguished from those of the rest of the group.

<sup>27</sup> The reason for including such countries is to be found in the population ceiling of 20 million fixed by Simon Kuznets for medium-sized nations.

<sup>28</sup> See Helio Jaguaribe, *Desarrollo económico*, *op. cit.*, pp. 54-56; and *Los modelos políticos*, *op. cit.*, pp. 89-90.

<sup>29</sup> Marshall Wolfe, *Approaches to development*, *op. cit.*, pp. 157-159, maintains that within the whole set of small Latin American countries a more circumscribed group can be defined, characterized by a lower degree of urbanization, high rates of population growth, less progress along the road of polarized development, variable economic growth and, above all, dependency upon the lot of one or two products in the world market: *in toto*, less capacity to meet conventional development requirements. See also *Latin American Development and the International Economic Situation*, *op. cit.* pp. 13-46.

spatially and demographically definable as such (ceilings of 410 000 square kilometres and 6.1 million inhabitants in 1970),<sup>32</sup> situated in the Latin American region of the underdeveloped and marginal world, and exhibiting sharp discontinuities with a generally hostile external environment, but also possibilities for zonal or regional integration or amalgamation movements, whether incipient or already under way.

#### 4. Features of the 'small nations'

It is difficult, and theoretically perhaps impossible, to imagine any characteristic of a small nation which originates simply and solely in the condition of smallness, which is not in some way made relative, modified or inhibited by some other condition or conditions of a different sort. Obviously, however, the incidence of these latter is again not a question of all-or-nothing but of more-or-less, whence it may legitimately be deduced that there is a whole set of variables whose values and conformations make them favourable or unfavourable to the

<sup>32</sup> The first of these ceilings somewhat exceeds the area of Paraguay, and the second is rather higher than the population of Ecuador in 1970. Thus they cover the six Central American republics, the Dominican Republic, Ecuador, Paraguay and Uruguay. A point worth stressing is that none of the remaining Latin American countries falls below either of these two ceilings. In line with the usual practice, we have excluded the non-Spanish-speaking communities of the northern zone of Latin America, and also Cuba, because of its special situation. The problem of size in the first group has been studied by William G. Demas in *The Economics of Development in Small Countries with Special Reference to the Caribbean*, Chapter II, "Underdevelopment and Self-sustained Growth in Small Countries", Montreal, McGill University Press, 1965.

needs of a small national unit, and whose importance will therefore be less dependent on levels, comparative criteria, traditional factors or 'special situations'. Clearly, 'less' does not imply an absolute negation, but it could feasibly be proved that in each case such determinants have to be very substantial in order to make any considerable difference to the plus-or-minus effects of size.

The following is a tentative list of those which seem to us most important. (a) Smallness of size or as an entity generally stands for fewer material and human resources at the disposal of the community, less diversification of these resources, and greater concentration of those which are really important. If—as is usually the case—there are clear comparative advantages attaching to the production of certain goods and at the same time resources are severely limited, this line of production will tend to absorb all the resources available and will leave a narrower margin for any other activities;<sup>33</sup> all this, of course, at a given level of technology, which endues that same concept of 'shortage of resources' with a historical character, even more 'historical' than are all the other concepts used in the discussion of the question.<sup>34</sup>

(b) The shortage of resources and their concentration and specialization generates in turn the narrowness and inelasticity of the domestic market, and makes all possibilities of economic growth over-dependent upon the foreign market, which, as Kuznets says, is not a sound base for development.<sup>35</sup> It is open to

<sup>33</sup> Simon Kuznets, *op. cit.*, pp. 15-16.

<sup>34</sup> Helio Jaguaribe, *Desarrollo económico*, *op. cit.*, pp. 54-56; and *Los modelos políticos*, *op. cit.*, pp. 89-90.

<sup>35</sup> Simon Kuznets, *op. cit.*, p. 17; W. Demas, *op. cit.*, p. 91.

question 'from what point' this narrowness of the market has a really serious effect on a small nation's overall prospects and from what point it imposes, more specifically, a constraint on feasible industrial development. The thresholds usually established for a situation in which size has no effect are too high for any of the small nations of the Third World,<sup>36</sup> and the relative advantage of the greater unification of a small market<sup>37</sup> will be more than offset by the fact that any external investment to produce for it will be a less attractive proposition.<sup>38</sup>

(c) Although there is not of course an optimum scale of magnitude for industrialization,<sup>39</sup> it is likewise true that for the development of any industry a small nation, with its shortage of resources and its narrow market, is too far removed from the highest point in the scale and may even sometimes be incapable of attaining the lowest.<sup>40</sup> In either case it has no chance of achieving increases in productivity, particularly those deriving from economies of scale.<sup>41</sup> And low as

<sup>36</sup> K.W. Deutsch maintains that market size has been shown to have little or no effect on economic growth, but this is on the basis of an assumed population of 20 million inhabitants. Only from that threshold upwards will the coefficient of correlation between market size and income growth be as low as 0.29. See *El nacionalismo y sus alternativas*, Buenos Aires, Editorial Paidós, 1971, p. 116.

<sup>37</sup> W.G. Demas, *op. cit.*, p. 91.

<sup>38</sup> Karl W. Deutsch, *op. cit.*, p. 52.

<sup>39</sup> According to Simon Kuznets, *op. cit.*, p. 14, a population of 50 million is too small a market for some industries; for others one of five million may suffice.

<sup>40</sup> In *Development Problems in Latin America: An Analysis by the United Nations Economic Commission for Latin America*, *op. cit.*, p. 137, it is pointed out that the smaller Latin American nations are lagging behind in the import substitution process.

<sup>41</sup> W.G. Demas, *op. cit.*, p. 9.

is the viability of industrial development, it may sink even farther, to such depths as to make industrialization almost inconceivable, at least as a development device.<sup>42</sup> This paves the way for controversy on a subject that will not be tackled here for obvious reasons: whether an industrial system is an indispensable instrument of development, and whether specific achievements and sometimes quite spectacular symbols of economic independence—such as heavy industry and the machine-tools industry—are not liable to involve soaring costs, incentives to other branches of production which prove still-born, veritable brakes on the capital formation process,<sup>43</sup> and even obstacles to the formation of a fluid capital market, a primary essential in a small nation with scanty resources.<sup>44</sup>

(d) The idea has also been propounded that no less onerous than industry on a constricted scale are certain services which might conceivably be provided by economies endowed with greater comparative advantages.<sup>45</sup> The argument, however, relates—and very weakly at that—to the quantum of resources available for different uses, since it is hard to see what favourable influence on development could be exerted by the provision of education (no less) entirely from abroad—even if there were not

<sup>42</sup> See Marshall Wolfe, *Report on a unified approach*, *op. cit.*, p. 26.

<sup>43</sup> Le Than Khoi, "El desarrollo pobre", in *Opinião*, N° 130, Rio de Janeiro, 29 April 1974, p. 10. Some of the arguments put forward by radical economists of the Third World are curiously close to those advanced by orthodox economists in central countries.

<sup>44</sup> Helio Jaguaribe, *Desarrollo Económico*, *op. cit.*, pp. 54 *et seq.*; and W. G. Demas, *op. cit.*, p. 91.

<sup>45</sup> Simon Kuznets, *op. cit.*, p. 24.

traditional and local reasons for rejecting such an idea—, or if the same thing happened with municipal construction (supposing that its small-scale character were not a universal phenomenon), or even with domestic service (if the costs of —daily? — transport were not so high. . .).

(e) The small size of the domestic market and the feebleness of the industrial development normally attainable are in their turn responsible for what may well be regarded as the maximum disadvantage of limited national size.<sup>46</sup> A higher degree of dependence on external trade flows entails not only the static condition in which that results, but also, worse still, instability and vulnerability to all the price upswings (for imports) and downturns (for exports) to which international trade is so inexorably subject. Obviously, with its less diversified or more concentrated export trade, a small community is bound to be much harder hit by price fluctuations and possible deteriorations of the terms of trade than one where exports and imports play only a marginal and balancing role.<sup>47</sup>

(f) Something that can and must be individually mentioned, however much it is a corollary of the state of affairs just described, is the heavy impact that the balance-of-payments problem can make on the internal economic circuit. For it

<sup>46</sup> Svennilson, *op. cit.*, p. 24.

<sup>47</sup> See Demas, *op. cit.*, pp. 18-23; and Deutsch (*op. cit.*, p. 117), who maintains that in a country with 10 million inhabitants foreign trade represents 35 per cent of the gross national product, in one with 100 million, 15 per cent, and in one with 500 million, 5 per cent. Clearly, however, the situation becomes much easier when the nation possesses a product in great demand (such as gold or oil), but this is the exception rather than the rule.

will necessarily have very direct and uncontrollable effects on the internal supply of capital, on employment, on the monetary stability requisite for a sound investment process, and on other variables, all of which are highly pertinent to any economic development policy.

(g) It is open to question, on the other hand, whether smallness of national size affects in any specific way the level of technological know-how and practice which a community may have reached or whether its (highly probable) disadvantages in this field derive merely from the overall limitation of its resources. It seems reasonable, in our opinion, to suppose that for small nations there is no special time-lag in this respect, and that it is general backwardness which holds up the inflow of suitable technologies and means that output has to be exported on less advantageous terms.<sup>48</sup>

(h) To close this list of directly economic variables, one that would seem, in contrast, easier to confirm and more important is the possibility of flexible manoeuvring, of skilful shifting of ground, which is within the reach of a small nation and derives from its very insignificance. Almost certainly, this insignificance may likewise have its drawbacks: the small nation—in so far as it lacks a degree of prestige which on the economic plane is not easy to acquire—is less capable of taking the initiative in amalgamation or integration move-

<sup>48</sup> Svennilson, *op. cit.*, p. 13.

<sup>49</sup> It may be supposed that under the influence of what have been called here associations and suggestions originating in size, the other potential members will perhaps suspect that it is the initiator of the movement who will gain most. Of course, the experience of LAFTA and others of the same kind could have settled the question.

ments,<sup>49</sup> in all probability its voice sounds more faintly than others in the unheeding or much-importuned ears of the international agencies concerned with co-operation in development.<sup>50</sup> But being unimportant has its advantages and compensations. Such nations may find it easier to adapt to external pressures on a development process that is already launched, and may have better facilities and a more nimble capacity for meshing with the network or fitting into the interstices (depending on the image) of world trade, recapturing in the frequent upheavals something of what has been lost, and possessing aptitudes for this which are born of their skill in imparting flexibility to their own domestic trade structure.<sup>51</sup>

(i) It would seem that these essentially economic and commercial gifts of flexibility and adaptability could be made extensive to a broader concept of manageability comprising two possible currents: one, capacity of mobilization, which for the moment we shall leave aside; and the other, capacity for control. To estimate this, it must be assumed, one would say, that the flow of decisions is characterized by equal and average conditions of positiveness and of coherence, and that there are no unduly formidable physical obstacles and social gaps in the way of their implementation: in such circumstances, presumably, more complete control of space and population will be achieved at less cost and more thoroughly than in larger ambits. As early as in the prenatal phase Aristoteles noted that too big a city could be easily infiltrated by foreigners, which

weakened the degree of control attainable.<sup>52</sup> Even without such distinguished testimony, it is fairly obvious that the same capacity for repression or control—as has been strikingly demonstrated in a recent Latin American case—becomes relatively more effective when it is exerted over a numerically small population and within a space that has no very marked physical discontinuities. As can easily be seen, this possibility, like so many others, is a two-edged weapon, and, where success is achieved, efficacy is no guarantee whatever of the direction in which this control will be exercised. But, generally speaking, it must be pointed out and even emphasized that, as Deutsch notes, 'nation-building', including regulatory capacity, may perhaps have to be 'nation-limiting',<sup>53</sup> a lesson in humility which is demonstrated positively in the older European nations and negatively in the Chinese Empire,<sup>54</sup> as well as in Rome, although somewhat more ambiguously there than in the preceding instances.<sup>55</sup> To summarize so important a topic, its salient aspect may be identified as unequal distribution of the scope and effectiveness of the means of coercion and persuasion:<sup>56</sup> national

<sup>52</sup> *Politics*, book VI, chapter IV.

<sup>53</sup> Karl W. Deutsch and William J. Folz (ed.), *Nation-Building*, Chicago and New York, Aldine-Atherton Press, 1963, pp. IX-X.

<sup>54</sup> Etienne Balazs, in *Civilización china y burocracia*, Buenos Aires, Editorial Sur, 1966, p. 29-57, draws attention to the case of an undifferentiated sub-continent, little suited to the formation of nation-States.

<sup>55</sup> León Homo, in *El Imperio Romano*, Madrid, Espasa-Calpe, 1962, p. 238, points out the significance of the 'diocese', between the 'prefecture', which was too large, and the 'province', which was too small, as an endeavour to represent that living 'regional element' which was always lacking in the Roman Empire.

<sup>50</sup> Marshall Wolfe, *Report on a unified approach*, *op. cit.*, p. 8.

<sup>51</sup> Simon Kuznets, *op. cit.*, pp. 30-31.

size is probably the variable which has most to do with this. Furthermore, within a very limited space it is more likely (although there are examples to the contrary, such as that of Nicaragua and the rivalry between León and Managua) that tensions between a centre and certain local nuclei will be relatively weaker than they have usually been in more extensive national areas.

(j) Tocqueville remarked on the all-seeing eye of small communities.<sup>57</sup> Obviously, in view of what has already been said, highly effective regulatory or repressive control is achieved, among other means, by way of an extremely free inflow of information from the society to the centre of power, and even a reflux from this centre to the society at large. This may be of great importance in relation to planning practices, although it is by no means a guarantee of their success.

(k) A high level of achievement in internal control has its reverse side—still in the case of developing societies—in that same acute vulnerability to the incidence of external action which has already been noted from the specifically economic standpoint. How far this vulnerability may be so great as to permit of a formal act of domination is a point that can be cleared up only by separately examining the many planes on which

dominion can be exercised. While the general likelihood of such a thing may be asserted on the basis of certain simplifications, the distinction should be drawn that in a world like that of today the possibility of annexation through military aggression and enforcement is not much greater for small nations than for those of medium or even large size, being, as it is, hedged about by that *statu quo* of respect for the nominal forms of sovereignty which is one of the conditions of world peace.<sup>58</sup> But there are other forms of domination that are much harder to exercise and in face of which a small nation is more defenceless than national units of different dimensions would be. This applies particularly to the phenomena of cultural and informational influences—not to say bombardments—<sup>59</sup> and to the very capacity for adopting authentically endogenerated decisions, that is, decisions in which (juridical) 'sovereignty', in terms of real power, is equivalent to something more than the mere necessity of formal authorization (the requirement that 'it must go through something') for options substantially determined on outside the national boundaries.

There are also conditions which the citizens of small Latin American nations are in a position to know all too well; they occur especially when such nations are wedged in between other larger units, and that, above all, in strict ecological and socio-cultural continuity. In enclaves

<sup>56</sup> See Karl W. Deutsch, *Nationalism and social communication*, *op. cit.*, p. 177; and Karl W. Deutsch, "Social mobilization and political development", in Roy C. Macridis and Bernard E. Brown, *Comparative Politics*, *op. cit.*, p. 648, where he notes that social mobilization is apt to extend the size of States beyond their original areas, and that although this enlargement is the result of mobilization, it also causes mobilization to be counteracted and inhibited by sectional concerns as size increases.

<sup>57</sup> Tocqueville, *op. cit.*

<sup>58</sup> Karl W. Deutsch, *Nationalism and social communication*, *op. cit.*, p. 79, contends that although the smaller States are ill-equipped for defence an attack against any of them by one of the major powers would entail conflict with the others, with all the ensuing undesirable and unforeseeable consequences.

<sup>59</sup> See Marshall Wolfe, *Report on a unified approach*, *op. cit.*, p. 7.

of this type the small community may find its physical and social space daily eroded by abusive encroachments which will hardly necessitate formal State decisions, and which include a virtually irrepressible contraband trade, the infringement of the country's airspace, and many other similar practices.

In addition, this vulnerability to external influences ultimately affects the internal capacity for control; but, however much it does so, the two characteristics in conjunction form a constellation that bodes little good for the effectiveness of the development styles that a small nation may be in a position to choose or maintain.

(l) James Bryce, a British government scientist, on the occasion of a visit to Uruguay in 1910 spoke of "nations constructed on a small scale".<sup>60</sup> But it is often their ill-luck that costs exist which are inseparable from the very existence of a government and a central administration (for example, expenditure on the foreign service) that have to be met up to a certain threshold irrespective of the 'scale' on which the nation 'is constructed', and that it must therefore cover or not be a nation-State. As an old axiom has it, large units are very costly and small ones just as much so, if the costs are compared with the much more limited resources out of which they have to be defrayed. This is borne out, despite all attenuating arguments, by defence expenditure;<sup>61</sup> in the last few decades, however, it seems to have become much more evident in the case of scientific and technological equipment whose minimum cost is far beyond the possibilities

<sup>60</sup> See *South America: Observations and Impressions*, New York, MacMillan, 1917, p. 351.

<sup>61</sup> Simon Kuznets, *op. cit.*, p. 26.

of a small and usually heavily overburdened national budget.

(m) But the costs of small national size are not only economic and material. Reference was made at the outset to 'human resources', although nothing further has been said of them. If we are to consider them now, we may begin by postulating that there is a relationship, difficult to establish and still harder to quantify, between the volume of a society's total resources and the differentiation of roles which this imposes and at the same time renders viable; and another relationship, more pervasive and generic, between the individual destiny and the size of the community.<sup>62</sup> Tocqueville contrasts the great centres where the spirit glows, where thought finds greater stimulus and ideas circulate more freely, where there is more inventiveness and less routine, with a whole collection of others where in default of all this, there is so little room for ambition.<sup>63</sup> To put it in less imaginative and impressionistic fashion, the complexion of many of the most valuable intellectual activities and vocations is largely dependent on participation in an intellectual community which needs to be increasingly broad: that world community of advanced knowledge to which a society of relatively considerable magnitude, even if not fully developed, can gain access with less difficulty than another of limited size; or at least, can approach it with lower relative costs and with economies

<sup>62</sup> A Bolivian writer, René Zavaleta Mercado, says that every man is up to a point the size of his country and . . . nationality is an element in the ego . . . ; the individual ego can attain self-fulfilment only through the national ego. See *Bolivia: Estado nacional o pueblo de pastores*, La Paz, 1963, p. 30.

<sup>63</sup> Tocqueville, *op. cit.*

<sup>64</sup> Simon Kuznets, *op. cit.*, p. 25.

of scale from which a small unit is debarred.<sup>64</sup>

(n) Nevertheless, it is to be expected that even with the high costs referred to, given an adequate social level in their favour skills are produced which are highly appreciated everywhere: factors that will be reinforced by the existence of natural abilities whose quality does not depend on training or where training is of little importance in comparison with the brilliance of the inborn gift.<sup>65</sup> Much more commonly still, a great many skills may be produced which are not outstanding but are above average and even distinctly high. Thus in either of these cases 'products' are turned out "for which there is no societal need, or products which the society cannot afford".<sup>66</sup> Accordingly, seeing no future ahead or restricted in the pursuit of vocations which are too specialized for the scant differentiation of roles that the *milieu* allows, the most inquiring-minded and capable elements in the community will be led into mass emigration. It has often been pointed out that by this means the recipient countries greatly lighten the cost of training the skills they need, while the expellent country squanders its resources. From the standpoint of development models and styles, on the other hand, the effect of the phenomenon may be described as generically ambiguous, inasmuch as, if the brain drain enhances the security of an authoritarian and constrictive project by relieving it of

what would certainly be elements of dissidence, on the other hand the society is deprived of capital in the shape of skills which at some time, even if such a style prevails, it will probably need and will therefore have to seek at much higher costs.

(o) A wide differentiation of roles, however, is not the only possible means of achieving an integration whose outcome will be a very strong sense of identity: this may also result from links which are not forged by complementarity. A more than average cohesion or homogeneity may be diagnosed as in the nature if not as the very essence of smallness of national size.<sup>67</sup> From Plato to Rousseau —it is worth while to recall— this characteristic was a key element in the preference shown for small size in prenational communities. The objective implicit in all the theses propounded during that phase is the existence of common values, beliefs and sentiments —even of that 'intimacy' which was guaranteed by the classical 'polis', and the loss of which, it has been said, was the supreme political problem of the expanded Rome; even, indeed of that 'concord' to whose striking etymological root attention has been called by Bertrand de Jouvenel.<sup>68</sup> These would make feasible, in one way or another, the materialization of the ideal of self-government and even the simple and straightforward forms of 'direct democracy'. Conversely, assuming that excellence in this particular respect is one of the requisites for a stable political system, it has been argued that if a political system cannot be extended for an indefinite period of time, the

<sup>65</sup> A case in point is that of exceptional ability in sport, for which there is a world market in which the institutions of small under-developed nations cannot possibly compete. (After all, sport is a highly important economic and social phenomenon.)

<sup>66</sup> Marshall Wolfe, *Report on a unified approach*, *op. cit.*, p. 31.

<sup>67</sup> W.G. Demas, *op. cit.*, p. 91.

<sup>68</sup> See Sheldon S. Wolin, *Politics and Vision*, Boston, Little, Brown & Co., 1960, p. 72.

reason is precisely that it is incapable of winning, likewise for an indefinite period, solid and wholehearted support; therein lies the difference between the political system and the economic system, since the latter can be indefinitely extended because it is based on a productivity which theoretically allows of unlimited growth.<sup>69</sup> In this way cohesion and consensus are linked up with the theme of small local and national units as 'cradles of liberty', a point already touched on in passing; in terms of the development problems that are of concern here, there seems to be no question that in such a political and social climate it is easier to secure the approval of large sectors of the population for any style which needs to rely on popular support. This applies not only at the level of the indispensable changes and the shareable objectives, but also, in particular, at that of the inevitable sacrifices which the project would entail and the groups and interests that would have to bear the brunt of them. All this would likewise involve a considerable dispersion and decentralization of planning and decision-making mechanisms, which, although perhaps their coherence would not be strengthened, might find compensation for this loss in terms of the support and contributions in which it would tend to be reflected.

The foregoing observations of course imply no opinion on the content of the stages and achievements that a small nation may attain in the adventure of development, a subject on which it seems too hazardous to generalize outside a very precise context.<sup>70</sup> But even in full awareness of the risk of idealization that such a supposition may entail,

<sup>69</sup> See Hanna Arendt, *Imperialism*, New York, Harcourt Brace, 1968, p. 6.

it can be assumed that given specific climates of cohesion and identification extending over very broad social sectors (including, of course, the leading political and social bloc), in this modernized 'Gemeinschaft', in this well-integrated 'team', which the small nation would thus become, the innate disadvantages of the small unit might be balanced by a healthy compensatory pride based on the very quality and excellence of such a state. What is more, it might find expression in a capacity for invention and social initiative that could be exercised — as pointed out by Kuznets, with whom we are in agreement here — not only in modifying a country's domestic institutions but also in international economic relations (as the history of the European Common Market itself would appear to show).<sup>71</sup> For cohesion, concord, a genuine sense of community would not imply *per se* an introversion which, as has been remarked, may affect large communities more than small ones.<sup>72</sup>

(p) With respect to mobilization of the population, by which is meant a basically spontaneous activation with a minimum of compulsion, the course it takes in the small national unit may produce effects and encounter stumbling-blocks originating from one and the same cause. In other words, it can hardly be denied that present-day instances of large-scale popular mobilization occur in response to a powerful ideological stimulus, however much that stimulus may be invested and integrated with nationalist feelings and with traditions of fighting for the com-

<sup>70</sup> See comments on Simon Kuznets' ideas respecting the cases of Scandinavia, Switzerland, etc.

<sup>71</sup> Simon Kuznets, *op. cit.*, pp. 28-30.

<sup>72</sup> Karl W. Deutsch, *El Nacionalismo y sus alternativas*, *op. cit.*, p. 117.

mon freedom. What certainly can be affirmed is that the incentives behind this type of mobilization are not specifically and especially 'patriotic' in the traditional acceptance of the term, and that it is the ideological spur and amalgam that sets such movements afoot and seals their style with the formal 'universality' of ideologies. This means, among other implications, that the promoters of mobilization are not usually confined to the national *cadres* and very seldom coincide with them. It is readily understandable that such a situation may give rise to many conflicts of cross-loyalties which, at least from the standpoint of the kind of mobilization appropriate to the development style of a small country, cannot fail to have some effects that are dysfunctional for the nation's interests. The problem may even become crucial in the case of a continent like America where the factors of group identification spill over State boundaries so manifestly and with so much ease.<sup>73</sup>

Nor is this all. In a world virtually unified at so many levels, there is apparently still a specific relation between spatial ambits and any historical enterprise capable of inspiring those involved in it with a dynamic sense of participation in a universal process in which the stake are no longer held by only a few leading nations. If the major territorial units could once call that relationship to life,<sup>74</sup> it is doubtful whether the same thing may ever happen today, but even

more doubtful whether if it should happen it would do so in the small nations.

(q) All this poses special problems for the establishment of the representative formula through which any style must express, justify and defend itself. Tocqueville maintained that in small nations ambition, tempered by weakness, spontaneously opts for motives of internal welfare as against those of glory.<sup>75</sup> But that used to occur in the pre-ideological and pre-mobilization stage of social development and of the still more special manipulation of the inferiority complexes which in disadvantaged communities usually prevail over any form of narcissism. If in addition to this fact it is borne in mind that grave sacrifices may have to be undertaken—and the poorer the levels at which they are imposed, the graver they are—in order to attain tangible development targets, it will be seen to be highly likely (and indeed more than likely) that preference will be shown for missionary and transpersonalist ideologies which tend to defer the humanistic objectives of common and individual wellbeing in favour of rather futile goals of national pride and self-preservation. But this is not the place to dwell upon the conflicts that may arise between the current goals and ideologies of what has been called the 'sacro-collective' type,<sup>76</sup> and others more in keeping with the economic behaviour pattern that it is desired to promote.

<sup>73</sup> See Marshall Wolfe, *El desarrollo esquivo*, Mexico City, Fondo de Cultura Económica, 1976. The relevant passage appears in English in a chapter published as a separate (mimeographed) text, under the title of "Social and political structures; their bearing upon the practicability and scope of a unified approach to development policy", CEPAL, February 1972, p. 30.

<sup>74</sup> Tocqueville, *op. cit.*, maintains that lust for power and love of glory are greater in large than in small nations; in the small ones ambitions and desires would seem to be more limited.

<sup>75</sup> *Ibid.*, *op. cit.*

<sup>76</sup> David Apter, in *The Politics of Modernization*, and *passim*.

(r) In the small nations where this type of ideology becomes at once more coherent and more explosive, it is common for the armed forces to influence, in greater or lesser degree, the basic decisions of a political system. All that need concern us here is to underline a constant observable in almost all political processes in Latin America, because of the special relevance of the way in which in small nations the subsystem of coercion will react to the prevalence of the ideologies referred to: an attempt will be made to offset the slightly perfunctory significance of the armed forces in a peaceful continent by adopting a course which in the larger nations of Latin America (for example, Brazil or Peru), where the armed forces have really fulfilled national integration functions, may not be so necessary.

##### 5. *Small nations and development*

Now that the variables which in the case of small national units may affect development and its possible styles have been singled out, it would be worth while to use them in various exercises.

One of these can be provisionally shelved: namely, an endeavour to deduce styles and models from the characteristics of the small Latin American nations. Its exclusion is due—pending a convincing rebuttal—to our belief that images, goals, power structures, are the really decisive elements in the determination of styles; and this also means that style options are formulated prior to or at most correlatively with any considerations relating to context, viability and resources, which in any case lend themselves readily to adjustment, although not to the adoption of decisions.

A realistic exercise, on the other hand, is an attempt to pick out which

features of a small Latin American nation—understood at the highest feasible and reasonable level of abstraction—facilitate or hamper, in terms of context and resources, any type of development. And let us add that if “any type of development” is considered, these variables that infallibly have either favourable or unfavourable repercussions will not be very numerous; but presumably, in any event, however great the diversity of styles may be, a very meagre quantum of available resources, an extremely narrow national market or an acute vulnerability to foreign trade will be capable of affecting any development that is something more than a mere label.

Finally, another practicable task, which will be attempted here in relation to a single style, is a review of the small-nation characteristics that may affect any one of the styles identifiable.

The first examination we have set ourselves to undertake can be brief, especially if we refer to the ideas expressed above in each of the eighteen paragraphs (a) to (r).

All the strictly economic aspects covered in paragraphs (a) to (g) (market size, resources, vulnerability to foreign trade, importance of the balance of payments, etc.) appear as unfavourable. Unfavourable too is the low level of autonomy on which a small nation can count for the preservation of the area of sovereign decisions and for the most advantageous application of the resources resulting from them (k). Under the same head may be included the higher relative costs deriving from the existence of the State machinery, of a public administration, of a system of national defence (l). Identical in nature are the poorer chances of social, cultural and vocational diversification and the

fact that whatever is achieved in that direction indirectly results in a considerable brain drain (m) and (n). Lastly, mobilization conditions are also adverse in respect of the necessary incentives and the counter-loyalties which may have obstructive effects (p).

In contrast, as a general rule, the greater inconspicuousness and the flexible adaptability which were pointed out as counterbalancing the shortage of resources will be beneficial elements (h). So also will the easier manageability and better internal control of behaviour patterns and application of resources which smallness of national size implies (i) and (j), as well as its other by no means imaginary implication of capacities for cohesion, support, fluidity and inventiveness in decision-making, mobilization and other lines of conduct.

Lastly, as we have already demonstrated, a high degree of ambiguity attaches to the function of an assuredly inevitable 'national ideology' as well as to that of the forces of coercion (q) and (r).

#### 6. *The small nation and the 'constrictive' style of development*

As a test of what we identified as a second feasible task let us see what possibilities and obstructions a small national framework offers for a 'constrictive' style of development.<sup>77</sup>

<sup>77</sup> Latin American development styles can be divided into four basic types which I have termed 'constrictive', 'integrative', 'harmonizing' and 'restructuring'. The 'constrictive' style is similar to that called by Graciarena 'modern élitist'. See Jorge Graciarena, "Types of income concentration and political styles in Latin America", *CEPAL Review*, N° 2, second half of 1976, United Nations publication, Sales N°: E.77.II.G.2, pp. 203 *et seq.*

It would seem obvious, for a start, that an extreme policy of productivity at any cost will not survive very long, at least in the quantitative terms that are usually worth while, if the set-up is one of unavoidable shortage and underdiversification of resources. Such a situation may make it unrealistic to follow similar models adopted in *milieus* better fitted for them; and this lack of realism may produce a wide range of effects (adjustments, substitutions, a search for external or internal scapegoats, and even persistent integration efforts).

Meagre resources and a narrow market may also offer little to attract mass inflows of foreign private investment, which, without substantial incentives, might well find the future outlook daunting if the international image of the development style were very sombre and the existing level of repression very high. All this would tend to carry weight, unless there were specific possibilities of the area's integration with others that held out better promises; or again, unless certain special situations of upheaval and insecurity —which should not be considered here— were to arise in neighbouring nations, creating circumstances which, at least in hard times, are liable to transform a small and well-controlled area into a haven of no-loss-of-profit, or at least of no-consequential-damages, to adapt the terms of civil law. Save in these two exceptional eventualities, it is unlikely that the most generous legislation on investment of foreign capital will accomplish more than an improvement of the juridical and financial status of foreign enterprises established in the country, which will thus obtain unlooked-for circumstantial profits. Another point to add is that if the production effort is concentrated, as is highly probable, on exports and on the improvement of the

balance of payments, the style will be rendered highly vulnerable to two such uncertain variables as the size of the domestic market and the nature of the industrialization process. Furthermore, if an attempt is made to provide an initial stimulus to industrialization of the type tried out elsewhere, the idle capacity required for immediate activation will almost certainly be lacking in the area. Emphasis on export activities and on the subordinate position of consumption may also come to signify a process of re-establishment of 'enclaves' capable of generating sharp differences between the privileged sectors and the rest, with the corresponding social repercussions.

All the foregoing considerations, except for the proviso relating to foreign capital prospects, assume the small nation to exist in a vacuum. Probably, however, its aim is rather to operate as a 'model adscriptive' to another of larger size, especially in such fields as the provision of raw materials and redundant manpower and even the acquisition of energy, industrial products and more appropriate and cheaper technology than could be purchased elsewhere.

The constrictive style, like any other, will have to cope with the fact that the costs of public administration are proportionally higher for a small nation, but in all likelihood in a climate of firm repression of demand such outlays—except for expenditure on security, which could always tend to increase in both absolute and relative terms—may, with inflation playing its part, be substantially restricted.

Above the average, and even maximum, will be the potential for control and inflow of information common to small areas, and so will, in particular, the capacity for manipulation that an authoritarian system can attain in the external

strategy of a small community. This is true both at the economic level—where these possibilities may feasibly be realized—and in the political field. In the latter, however, there may conceivably be much less room for manoeuvre, at any rate during an initial stage and until the time has come to move on to more pragmatic and less 'committed' points of view; which likewise means that during that first stage the inflexibility of political management may be highly prejudicial to the desired flexibility of economic management.

With regard to the chances of securing able and active support from the population and of creatively utilizing the latent potential for cohesion and inventiveness which may be primarily characteristic of small units, it may reasonably be supposed that the normally compulsive nature of the style and the very line it takes in social and ideological respects are not calculated to win the allegiance of those age groups and sectors of activity (youth, intelligentsia, technicians) which are more inclined to give unstinted backing to an alternative orientation of a more consensual and harmonizing character. However, the style does not call for much mobilization, but rather the contrary, a fact which tends to cancel out the adverse implications of the phenomenon; and, moreover, the latent dissension represented by external and conflictive loyalties (ideological, universal, continental) can perhaps be repressed at little—or at least little immediate—cost.

Within this general picture of lack of mobilization and scant recourse to innovative possibilities, the fact that there is less differentiation of roles in small countries will also be beneficial to a conservative style, especially as long and in so far as this low degree of differentia-

tion is reflected psychosocially in a range of more modest, conformable and routine aspirations. For those that do not merit these epithets, emigration will be an effective expedient that may only become dysfunctional when it drains the reserves and decimates the cadres of the most indispensable technical capacity; and also —over the long term— when in addition to the cultural devastation that repression involves the average intellectual level of the community has irredeemably deteriorated. But lucidity, a high standard of information and unremitting self-determination on the part of the citizenry are not among the goals of the constrictive style, and the effects alluded to generally operate at a leisurely pace; the channels of communication are slow to report them, and the most alarming messages either reach people who are not in a position to exert influence or even to obtain a hearing or, if they come to the hands of those who are, will certainly be decoded in different ways.

The constrictive style also requires less capacity than any of the other alternatives for autonomous decision-making without reference to the powers that happen to be in the ascendant in the area, which means that external risks are greatly mitigated; and in everything that does not come under this head, i.e., hostility on the part of international public opinion, dangers latent in this, etc., the course usually tried will be that

of seeking international associations with other States whose attitude is similar. Such associations, besides still further blackening the external image of the system, may be hopelessly symbolical and represent very slight material advantages.

Let us take note of two other probable traits. In small, peaceful nations, where accordingly it may be assumed that for many generations the forces of coercion have not waged international wars or —for obvious reasons of size— undertaken tasks of physical and social integration that others have performed, they will tend to lay persistent emphasis on their symbolical value as custodians of a decidedly rigid social order and of a 'life style' and a national entity virtually inseparable from it. This claim will be highly consistent with the 'sacro-collective' character with which —as we said— the inevitable 'national doctrine' tends to be invested, and a substantial affinity will even be perceptible between that doctrine and the sectoral traditions and values of the armed forces that so strongly influence the formal structure of the subsystem of coercion. Nevertheless, this ideological bias may come into head-on collision with the secular-libertarian values implicit in a neocapitalist economic model, so that the two may do each other mutual harm, or, as is even more likely, may spoil their chances of being taken very seriously.