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TRENDS AND STRUCTURES OF THE LATIN AMERICAN ECONOMY

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## INTRODUCTION

### 1. Purpose and content of the study

The problem making a fair appraisal of the progress and setbacks of development has attracted a good deal of attention of late. For example, in the introduction to the World Economic Survey 1969 (Part I), which dealt specially with the subject, it was stated that the object of the Survey was to discuss the economic and social development process and the possibility of devising some way of measuring it that would be useful for evaluating not only the nature and tempo of the progress achieved, but also the efficacy of the policies applied. In order to make an appraisal of that type, it was necessary to break down the complex concept of development into some of its components. A distinction could usefully be drawn, for example, between those aspects of development which were directly reflected in human welfare and those which concerned the economy as a mechanism by means of which the individual members of society sought to co-operate in the attainment of their manifold objectives. By the same token, the time factor had to be taken into account, since the characteristics of the existing situation were evaluated in relation to measures which would bear fruit only in the future. It was also useful to differentiate between those special aspects of development whose effects were largely confined to the national community or body concerned, and those which forged links between that body and the rest of the world.

In recent years, the Economic Commission for Latin America (ECLA) has broadened the scope of its studies directed to the same ends, besides organizing them on more systematic lines. In particular, at the thirteenth session of the Commission (Lima, 1969), a group of studies was presented which sought to outline the development and situation of the region in the 1960s. Again, the document entitled "Basic aspects of Latin American development strategy" (E/CN.12/836), an updated version of which was

/published as

published as part of the Economic Survey of Latin America, 1969, contained a general survey of past trends, current problems, and the essential features of a development policy that might be adopted in the 1970s.

To follow up this line of action, it was planned to construct a methodological framework which would enable a systematic and integrated picture to be formed of trends both in the region and in individual countries during the decade just ended, would give some insight into the major problems of today, and, as a corollary, would help to determine the relative importance and the nature of the policies required to solve or relieve them. The aim, in short, was to broaden the factual basis for the analysis and formulation of development strategy both at the regional level and at that of relatively homogeneous groups of countries or even of individual countries, although this last part of the work would be proper to a more advanced stage of the project. In any event, it should be constantly borne in mind that the framework tried out here covers a much more circumscribed area than is embraced by the system for evaluating progress in the Second United Nations Development Decade which is proposed as a component of international development strategy, and which comprises not only analysis of the results of the economic and social development process but also systematic evaluation of international economic policy measures and of the lines of action pursued by the developed countries.<sup>1/</sup>

For the purposes of the present document, the now plentiful literature on the subject and on other kindred matters was duly taken into consideration,<sup>2/</sup> although slightly different criteria were followed, which were thought to be better suited to the real situation in Latin America.

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1/ See "Framework for appraising progress during the Second United Nations Development Decade", report of a Working Group of the Committee for Development Planning (E/AC.54/L.37), 22 September 1970.

2/ See, for example, the very useful conceptual and bibliographical summary prepared by the Latin American Economic Projections Centre under the title of "Notas sobre evaluación del progreso económico y social", and, among more recent contributions, the World Economic Survey 1969 (op.cit.), and "The concept of development and its measurement", in International Social Development Review, No.2, United Nations publication, Sales No.: E.70.IV.10, pp.1-6.

The first decision to be taken relates to the selection of appropriate indicators.<sup>3/</sup> A measure of agreement already exists on this point, although differences of some significance are to be found according to the objectives in view (for example, establishment of degrees of relative development, determination of qualitative components of development, etc.). Obviously, the data to be used in the present analysis were selected on the assumption that they were the most relevant to the ruling purposes of the study, as set forth above.<sup>4/</sup>

The second and undoubtedly the most crucial question is that of grouping the indicators in categories suited to the analysis in view.

With these requirements and frames of reference in mind, the conclusion was reached that for the purposes of organizing the data the following basic aspects of development could be taken into consideration: (a) dynamism and stability of growth rates; (b) structural changes occurring in the course of the development process; (c) its "social projection"; and (d) external-sector trends and changes, or, alternatively, the situation of a country or of the region vis-à-vis the outside world.

The first unit of analysis (indicators relating to dynamism and stability) entails problems and tasks of patently outstanding interest from the general quantitative standpoint. So much importance has been attached to both questions, separately or in conjunction, in diagnoses and strategies, that in the past at least they used to be thought the paramount considerations, and perhaps sufficient for any appraisal of economic development.

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<sup>3/</sup> On this point, suffice it to bear in mind an observation in World Economic Survey 1969 (op.cit.) to the effect that the indicators adopted should be confined to the principal and most general aspects of economic and social progress and the form in which they are presented should as far as possible reflect current statistical practice.

<sup>4/</sup> The data bearing on the capacity of the economy to provide the necessary goods and services in the future (World Economic Survey, op.cit.) are not taken as a unit of analysis in the present study. The most decisive, however (rates of saving and investment, development of capital-forming activities, dependence upon other parts of the world with respect to investment components, etc.) have been taken into account in other areas of analysis, and, in addition, the question has been more specifically dealt with in several studies on the mobilization of internal resources.

Structural changes may be regarded as general qualitative objectives of the development process. As technical progress spreads and takes root, as the economy expands and income rises accordingly, the structure of production necessarily alters. Although each case indubitably presents its own specific pattern or characteristics, and it is not therefore legitimate to assume a mere reproduction of the central countries model, it is equally true that there are certain general and common features and mutations which tend to repeat themselves, and which afford that much more material for evaluation purposes and, from another angle, for defining the policy that should be pursued.

All economic development objectives and expedients can be considered "intermediary" if it is borne in mind that the essential and overriding aim is to satisfy the individual and collective needs and aspirations of society. Hence a category comprising the data most representative of this aspect of the process is fully justified. It must further be remembered that the aim in question is at once more important and more complex in the developing countries than in those at the centre of the world economy. In the developed countries, economic growth may be assumed, with the appropriate reservations, to have involved the general participation of the population in the increasing flow of goods and services, including even many that might formerly have been regarded as the prerogatives of a minority. This must not, of course, be taken for granted as a spontaneous or inevitable effect, since influence was manifestly exerted by deliberate decisions and policies (relating, for instance, to full employment, extension of social security services, etc.), especially in the post-war period.

The relation between economic expansion and its social projection seems to be much more vague and diffuse in the peripheral countries, even (and sometimes especially) in those with the highest rates of development, those where large sectors of the population have had no share in the improvement in levels of living. This makes it all the more outstandingly essential to assess what has been termed the social projection of development, both from the angle of over-all changes in the situations most relevant to the issue and from the standpoint of its special significance for different strata and groups in the community.

/Recently, thanks



Recently, thanks to the increasing attention devoted to the subject, the data that may be presumed to shed most light on the position in this respect have been determined and amplified.<sup>5/</sup> Thus, a number of indicators are used, relating, on the one hand, to consumption of essential goods and services, and, on the other, to more specific questions such as degrees of cultural development or of participation in the socio-political process.

Unfortunately, the coverage required in this vital field is precisely the most unsatisfactory in Latin American statistics, and the lacunae and omissions assume giant proportions when there is any question of expounding the differences - often considerable - that underlie the over-all figures available. As will be seen later, a conservative approach has been adopted in these respects, adhering to the prevailing norms as regards basic indicators, while at the same time attention is drawn to the essential question of the individual differences behind the general records.

The fourth unit or category adopted for the purposes of the analysis relates to the external sector. Here again a difference can be noted between central and peripheral countries. In the case of the former, the categories and approaches enumerated above would doubtless suffice for an evaluation of their development process. But this does not seem to be true of the peripheral economies, in which the "external sector", as it is called, is of unique importance, either because of the high degree of specialization in export activities, or because of the key significance of certain imported supplies (for example, the more technically complex capital goods), or because the nature of the physical and financial transactions conducted is the chief determinant of the dependence (or, conversely, the relative autonomy) of the national economies.

As the data representative of the operation and structure of the external sector are so many and so various, they have been grouped in three units of analysis, relating to the following points : (a) dynamism

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<sup>5/</sup> See World Economic Survey 1969, op.cit.; International Social Development Review, No. 2 op.cit.; and Centro para el Desarrollo Económico y Social de América Latina (DESAL), América Latina, una y múltiple.

and stability of trade; (b) structural changes in trade; and (c) positions in respect of external vulnerability and dependence.

As will be readily understood, the four different categories or units of analysis selected are closely interrelated. They are by no means symmetrical, however, and in the experience and situations of the countries under consideration may be linked up in very different ways. For example, there may be economies combining dynamic development, stable or unstable, with structural changes of greater or lesser significance and in differing directions, with a social projection of the development process that may be concentrated or diffuse, and with a state of affairs in the external sector that aggravates or mitigates dependence or vulnerability. The analytical framework drawn up seems suitable for identifying the shape and course taken by these components in individual countries, so that they can be both studied in themselves and compared with experience elsewhere.

## 2. Indicators selected, and reference periods

As previously mentioned, a measure of general agreement exists respecting the indicators chosen for the purpose of appraising the development process. However, the aims of the study under discussion and the varying degrees of reliability of the data to hand have determined the selection of some and the rejection of others.

Furthermore, although comparisons are usually made between the situations at the beginning and at the end of the 1960s, in some instances data on the previous decade are taken as benchmarks, especially where evaluation in a longer-term perspective is called for. In the following discussion of the units of analysis selected, the main indicators they comprise are reviewed, and the reasons for including these are set forth where it is felt to be necessary.

### (a) Dynamism and stability

In this field, which obviously relates to the pace of the development process and its degree of stability, the more general data on the growth trends of the aggregate product and of the population are presented and compared. The over-all figures are broken down in each case so as to give a more precise picture of some aspects of the question on which attention is

/usually concentrated

usually concentrated. In the matter of population growth, emphasis is placed on urban population trends (and, by inference, the growth pattern of the rural population) and on trends in the under-14 age group.

In connexion with the total product, the rates of expansion of the major sectors are taken into account, the industrial sector being defined in a broad sense, i.e., as including construction, mining and basic services. The same procedure has been followed in other studies, in view of the obvious advantages afforded by this classification.

Furthermore, with the aim of determining the origin and relative significance of the prime movers of production, the evolution of internal and external demand is traced, although without breaking down the former by consumption and public and private investment.

Lastly, as regards the stability of the process, data are presented on the movements of consumer prices, which give a general idea of the extent to which inflationary pressures are in operation and enable inflation to be related to other kindred phenomena.

(b) Structural changes

Three main areas of analysis are demarcated here. The first relates to changes in the structure of production by sectors, which are linked up with those occurring in the structure of employment. Comparison of these two aspects of the question and of the data on the sectoral product per employed person provides a basis for inferring the levels and relative variations of productivity in each major sector, which is a matter of great significance for certain analyses, as will be seen later, when the results of the development process are discussed.

Another objective was a more detailed appraisal of internal changes in manufacturing production, usually regarded as the most dynamic branch of activity at this stage of Latin America's development. To that end, an account is given of changes in the indicators for the so-called "traditional" industries, for those manufacturing intermediate products and for the metal-transforming industries.

/In the

In the second area of study, another angle of approach is adopted in order to deal separately with the public sector. Here the changes considered are those taking place in the domestic-product/public-expenditure ratio and in the structure of public income and expenditure.

Lastly, attention is switched to the scale and evolution of savings and investment from the standpoint of their over-all and itemized participation in the product. Accordingly, investment/product coefficients are studied and the composition of investment is analysed; while, in addition, changes in the contributions made by internal and external savings and by the savings of the public and private sectors are separately followed up.

(c) Social projection of development

Something has already been said of the hindrances that still make it difficult to give an accurate idea of situations and movements in this crucial field, which is arousing more and more interest. It must therefore be repeated that the selection was confined to indicators relating to the available supply of essential goods and services, for which more reliable statistical support can be found, although, as will be seen, this does not apply to all the data presented.

The starting-point here is constituted by the scale and variations of per capita consumption in the different countries, the next step being to consider four outstanding aspects of social welfare: food, health, education and housing.

Two aspects of the food situation were chosen, in which a number of specific data are included and summed up: namely, the available supplies of calories and proteins.

The same procedure was followed in the case of health, for which two other indicators were adopted, relating to two indisputably representative and generally significant variables at the extremes of the life cycle: infant mortality and average expectation of life.

In the field of education, where more data are obtainable, emphasis was placed on the points of most importance in connexion with the broad mass of educands and the educational status of adults: enrolment percentages

/and rates

and rates of retention in primary education and literacy indexes in the 15-plus age group, and the absolute illiteracy figures recorded in selected years and at the end of the 1960s.

Housing is the area of study in which the lack of reliable and historically comparable data is most conspicuous. The sources of the general records are the censuses taken at the beginning of the 1950s and 1960s, since the results of the 1970 censuses are not yet available. Furthermore, modifications have been introduced in classification criteria, and these again are not the same in all countries. For this reason, only the 1960 census data were used; they give at least a rough impression of the status of the problem in the light of some salient indicators (percentages of housing units with piped water, sanitary facilities and electric light, and average numbers of persons per room).

In addition, an attempt is made in the analysis to break down the over-all data so as to afford some idea of the profound contrasts revealed when disparities in income distribution and between conditions in urban and rural areas and in different internal regions are taken into consideration.

(d) External affairs

The first indicators to be presented in connexion with the dynamism and stability of external transactions are the growth rates of exports and imports over the last two decades. Certain movements of great qualitative significance are also shown, such as those of the terms of trade and of the purchasing power of exports, and the average annual fluctuations in the sales of goods and services effected by the region and by individual countries during the 1950s and 1960s.

Under a second head, where the aim is to set forth the main structural changes which have been (and might be) undergone by the external sector, trends in the structures of exports and imports of goods are indicated. To show whether any diversification of exports has been achieved, representative figures are given for the main export product, for the three staple export items and for manufactured goods. Similarly, in the case of imports, the proportions represented in different years by purchases of consumer goods, inputs and capital goods are recorded.

/Other indicators

Other indicators are intended to illustrate changes in markets of destination and origin, as a means of indicating the relative importance of the various supplier and buyer markets.

In the last unit of analysis in this group, the most significant trends and changes affecting the external vulnerability and dependence of the Latin American economies are included. In the first place, the size of the external deficit and the methods of financing it are described. Next appear the cumulative balance-of-payments position on current account, the cumulative net inflow of funds from abroad, and the amount and evolution of the external debt between the mid-1950s and the end of the 1960s. A set of indicators is also presented in relation to the growth pattern and relative importance of the various forms of external financing (non-compensatory and compensatory capital inflows, long- and medium-term loans, short-term liabilities and official transfers).

Other basic data assembled in this section relate to the scale of external capital servicing and the percentage of current foreign exchange income that it has represented in different periods. Lastly, the current figures for cumulative foreign direct investment are given.

## STRUCTURE AND OPERATION OF THE LATIN AMERICAN ECONOMY

### I. DYNAMISM AND STABILITY

#### Introduction

In comparative and over-all terms, the rate of expansion of the Latin American economy during the 1960s slightly exceeded the figure for the preceding decade and was similar to the growth rate of the world economy, although not as high as those of more dynamic regions and countries. At this level, then, the course of events was not unfavourable. But any evaluation of development must also take into account its structure and social implications, as will be shown in subsequent sections.

On the other hand, there were sharp fluctuations which are not apparent when the rates of development for the periods 1960-1964 and 1965-1969 are considered. As a general rule, growth was brisker at the beginning of the decade and in its closing years (1968-1969, and on into 1970). The fluctuations were largely due to what happened in various years in Argentina and Brazil. (These two countries accounted for about 43 per cent of Latin America's domestic product at the end of the 1960s, and both had encountered serious difficulties in connexion with inflation and stabilization policies.)

When differences by steps are taken into consideration, it will be noted that one group of countries, representing more than half the population of Latin America, developed at annual average rates ranging from 6 to 8 per cent. In contrast, eight countries showed growth rates below the regional average. Since both groups include economies differing widely in structure and stages of development, generalizations are ruled out, and each individual case must be analysed separately.

The rate of population growth changed hardly at all in relation to trends in the 1950s. Hence the growth rate of the per capita product was lower than in other regions with similar over-all rates of development. Nor were there any appreciable changes in the rates of increase of the

/urban and

urban and rural populations, except in some of the relatively less developed countries and in Peru; and the same was true of the infant population.

As a result of the increases in the product and the population, by 1969 the average annual per capita product had reached about 514 dollars. The scale of inter-country differences extended from a maximum of 1,000 dollars per capita to a minimum of 100 dollars. From another angle but still in terms of country totals, it might be estimated that for about 56 per cent of the population the per capita product was less than 400 dollars.

The growth rate of the industrial sector, in the broad sense of the term used here, was still the highest, and, moreover, showed no very marked fluctuations. While the expansion of industrial activities and of services fairly easily outstripped the growth of the population, agriculture did so by only a narrow margin.

A more dynamic role was played by internal than by external demand in the expansion of the regional product.

Broadly speaking, the economy developed in a framework of relative stability in most countries. Inflation, in the countries where it was most rampant, tended to slow down or to remain stationary in the second half of the decade, although there were exceptions in some countries and in the closing years of the period.

#### 1. The aggregate product

During the 1960s, the average annual growth rate of Latin America's product was 5.4 per cent, thus exceeding the 5.1 per cent attained in the preceding decade. If the 1960s are divided into two quinquennia, it can be seen that the average rate for the whole decade subsists in each half, although the trends followed are somewhat different. The fluctuations in the annual growth rate are more marked in 1960-1964 than in 1965-1969 (see figure I). In the first four years the average annual rate for the region declined steadily, dropping from about 7 per cent in 1960 to 3 per cent in 1964, but in 1965 it almost regained its 1960 level. It fell again in the first three years of the second quinquennium, but less sharply, and in the last two years it rose above 6 per cent.

/Figure I

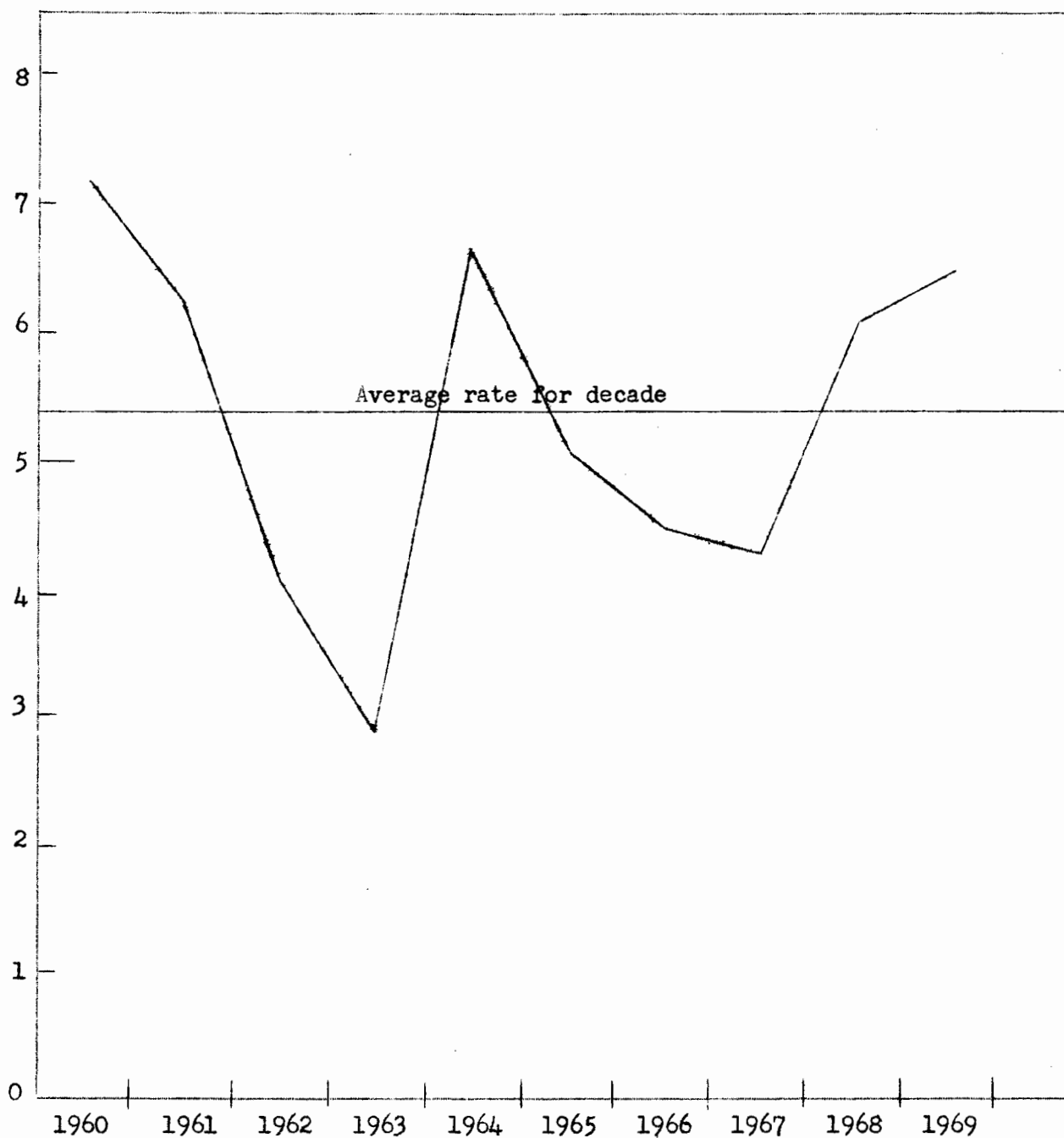


Figure I

LATIN AMERICA : ANNUAL PERCENTAGE GROWTH RATES, 1960-69

Natural scale

Percent-  
ages



/The evolution

The evolution of the aggregate growth rate masks widely differing trends for each country's total product. If the average rate for the region is taken as a point of reference, the countries can be grouped in three categories, according to the pace of economic growth in each (see table 1, and table 9, section 1).<sup>6/</sup> The first category comprises the countries whose average growth rates are above the average for the region, i.e., those which had the highest rates of development in the decade (between 6 per cent and 8 per cent): Brazil, Mexico, Panama, Costa Rica and Nicaragua. A second group is formed by six countries with medium rates of growth, similar to the average for Latin America: Colombia, Guatemala, Peru, El Salvador, Honduras and Bolivia. Lastly, the third group consists of countries with rates below the average for the region. These relatively slow-growing countries are: Argentina, Venezuela, Chile, Uruguay, Haiti, Dominican Republic, Ecuador and Paraguay. Their average rates of development range from 4.7 per cent for Chile to 1.1 per cent for Uruguay.

In the 1960s, the five countries forming the Central American Common Market, plus Mexico and Panama, showed average growth rates resembling or exceeding the regional average; in contrast, the countries of South America (with the exception of Brazil, Colombia, Peru and Bolivia) and the two Caribbean countries failed to reach the average for the region.

Owing to the sharp fluctuations characterizing the economic growth of most of the Latin American countries in the 1960s, the composition of the groups changes if shorter periods are considered. Of the five countries whose average growth rates for the decade were higher than the regional average, three (Brazil, Mexico and Panama) kept up their over-all rates of development both in the first and in the second quinquennium (see again table 1). The other two (Costa Rica and Nicaragua) recorded marked fluctuations. Costa Rica's average growth rate was close to the regional average during the first five years, but in the second half of the decade it increased by over 50 per cent; and the rate in Nicaragua, which averaged 6.4 per cent between 1960 and 1964, dropped by about 20 per cent between 1965 and 1969.

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<sup>6/</sup> All the other tables in the present section are based on table 9.

Table 1  
LATIN AMERICA: GROWTH OF AGGREGATE PRODUCT  
(Annual percentage rates)

	1960-69	1960-64	1965-69
<u>Average for Latin America</u>	<u>5.4</u>	<u>5.4</u>	<u>5.3</u>
<u>Above regional average</u>			
Brazil	(6.0)	Brazil (5.9)	Brazil (6.0)
Mexico	(6.9)	Mexico (7.3)	Mexico (6.5)
Panama	(8.0)	Panama (7.7)	Panama (8.2)
Costa Rica	(7.1)	Peru (7.4)	Costa Rica (8.5)
Nicaragua	(5.9)	El Salvador (6.6)	Honduras (6.0)
		Nicaragua (6.4)	Bolivia (5.9)
<u>Close to regional average</u>			
Colombia	(4.9)	Colombia (4.8)	Colombia (5.0)
Guatemala	(4.9)	Guatemala (4.8)	Guatemala (5.0)
Peru	(5.6)	Chile (5.3)	Nicaragua (5.3)
El Salvador	(5.4)	Costa Rica (5.6)	Paraguay (5.0)
Honduras	(4.9)	Dominican Rep. (4.8)	
Bolivia	(5.3)		
<u>Below regional average</u>			
Argentina	(3.9)	Argentina (3.4)	Argentina (4.5)
Venezuela	(4.3)	Venezuela (4.4)	Venezuela (4.1)
Uruguay	(1.1)	Uruguay (1.4)	Uruguay (0.8)
Haiti	(2.0)	Haiti (2.1)	Haiti (1.8)
Ecuador	(4.6)	Ecuador (4.7)	Ecuador (4.5)
Chile	(4.7)	Honduras (3.8)	Peru (3.9)
Dominican Rep.	(3.5)	Paraguay (3.7)	El Salvador (4.2)
Paraguay	(4.3)	Bolivia (4.6)	Chile (4.0)
			Dominican Rep. (2.2)

Source: Table 9.

/Of the

Of the group of countries whose average over-all growth rates for the decade approximated to the Latin American average, only Colombia and Guatemala sustained that pace in the second as well as in the first quinquennium. In the other four countries (Peru, El Salvador, Honduras and Bolivia) wide fluctuations occurred. The rates of development of Peru and El Salvador, which had exceeded the average for the region in the first half of the decade, decreased considerably in the second as a result of the contraction in agricultural and industrial activities in both countries. Bolivia and Honduras showed similar fluctuations, but in the opposite direction their growth rates remained below the average in the first quinquennium and rose above it in the second.

In the slow-growing countries, generally speaking, rates fluctuated a good deal, and in all of them except Argentina and Paraguay the average was lower in the second half of the decade than in the first. In five countries (Argentina, Venezuela, Uruguay, Haiti and Ecuador), the average growth rate invariably fell short of the regional average, but in the other three, changes took place. Average rates in Chile and the Dominican Republic approximated to the Latin American average in the first five years, but declined appreciably in the second quinquennium. Paraguay, on the other hand, after the slow over-all growth of the first quinquennium, achieved a considerable increase in the second, and was thus able to reach an average rate very close to the average for the region as a whole.

## 2. Population

The rapid population growth rate characteristic of Latin America in the 1950s persisted during the 1960s and even followed a slightly rising three. In more than half the countries of the region the rate of demographic growth was higher in the 1960s than in the preceding decade (see table 2, and also table 9 below).

Table 2

LATIN AMERICA: BREAKDOWN OF COUNTRIES BY RATES OF POPULATION GROWTH  
(Percentages)

	1950-60	1960-69
<u>Latin America</u>	<u>2.8</u>	<u>2.9</u>
<u>Countries in which growth rate increased</u>		
Mexico	3.1	3.5
Colombia	3.2	3.4
Peru	2.3	3.1
El Salvador	2.7	3.2
Honduras	2.9	3.4
Panama	2.9	3.2
Haiti	2.0	2.3
Ecuador	3.0	3.4
Paraguay	2.7	3.3
Dominican Republic	3.1	3.3
Bolivia	2.1	2.3
<u>Countries in which growth rate remained unchanged</u>		
Brazil	3.0	2.9
Chile	2.4	2.4
Costa Rica	3.8	3.8
Guatemala	2.9	3.0
Nicaragua	2.9	3.0
<u>Countries in which growth rate decreased</u>		
Argentina	2.0	1.6
Venezuela	3.8	3.3
Uruguay	1.5	1.3

Source: For absolute figures, Statistical Bulletin for Latin America,  
Vol. VI, No. 2, September 1969.

/Among these,

Among these, Peru, Paraguay, El Salvador, Honduras, Mexico and Ecuador were noteworthy for the speed with which their population increased. As a general rule, rates in the whole group were over 3 per cent in the 1960s, except in Bolivia and Haiti, where they barely exceeded 2 per cent.

Another group, comprising five countries, is characterized by the stability of its rates of population growth over the last two decades. In Brazil - the country with the biggest population in the region -, Guatemala and Nicaragua, the rates in question hovered, with slight fluctuations, around 3 per cent; Costa Rica saw no change in the high rate at which its population had already been increasing in the 1950s, and Chile's rate of 2.4 per cent remained the same.

In a third group, composed of three countries, demographic growth rates declined in the 1960s. The lowest in the whole region were recorded in Argentina and Uruguay, where they did not reach 2 per cent. In another country in the same group - Venezuela - the rapid rate attained in the 1950s slackened.

The growth rate of the urban population in Latin America decreased in the 1960s to 4.4 per cent, whereas in the 1950s it had been as high as 4.8 per cent (see table 3).

The countries in which it rose considerably include, in descending order, Paraguay, Haiti, Honduras, El Salvador and Peru. In the other three countries (Mexico, Panama and Bolivia) it increased by much smaller percentages.

Of the countries in which the rate of increase of the urban population remained unchanged, the only one calling for mention is Ecuador, where even in the 1950s the urban growth rate had already been almost twice as high as that of the total population. The three Central American countries (Costa Rica, Guatemala and Nicaragua) witnessed annual increases in their urban population which fluctuated between 4.2 and 4.8 per cent.

Table 3

LATIN AMERICA: BREAKDOWN OF COUNTRIES BY RATES  
OF URBAN POPULATION GROWTH  
(Percentages)

	1950-60	1960-69
<u>Latin America</u>	<u>4.8</u>	<u>4.4</u>
<u>Countries in which growth rate increased</u>		
Mexico	4.7	5.0
Peru	4.5	5.6
El Salvador	4.0	5.1
Honduras	4.8	6.4
Panama	4.8	5.0
Haiti	4.2	5.8
Paraguay	3.3	5.3
Bolivia	3.6	4.1
<u>Countries in which growth rate remained unchanged</u>		
Costa Rica	4.5	4.6
Guatemala	4.2	4.2
Nicaragua	4.8	4.8
Ecuador	5.9	5.9
<u>Countries in which growth rate decreased</u>		
Argentina	3.2	2.3
Brazil	5.8	4.6
Colombia	6.2	5.5
Venezuela	6.5	4.7
Chile	3.8	3.5
Uruguay	2.5	2.0
Dominican Republic	6.2	5.9

Source: ECLA, on the basis of statistics taken from Latin American Demographic Centre (CELADE), Boletín Demográfico, Year 2, Vol. III, January 1969.

Eleven out of the twelve countries increased or maintained the average growth rate reached in the 1950s; by the end of the 1960s their urban population accounted for less than 50 per cent of their total population, and in eight of them (the five Central American countries, Haiti, Paraguay and Bolivia) the proportion did not even exceed 40 per cent. The only country in these groups in which the urban population predominated was Mexico, where it represented 62 per cent of the total in 1969.

Lastly, among the countries where the rate of urban population growth declined, Argentina, Uruguay, Chile and Venezuela are those in which the urban population is in the majority; by 1969 it constituted close to 80 per cent of the total in the first two countries and about 70 per cent in the last two. In the other countries in this group (Colombia, Brazil and the Dominican Republic), the corresponding proportions were 57 per cent, 47 per cent and 36 per cent, respectively.

The proportion of infant population, which is a noteworthy demographic feature of Latin America, underwent no significant change during the 1960s, when it stood at 43 per cent. The population aged 0 to 14 years increased at much the same rate as the total population, both in the region as a whole and in the individual countries (see table 9 below). Perhaps the only significant exceptions are Argentina, whose infant population increased less rapidly than the total population, and El Salvador and Ecuador, where the growth rate of the group aged 0 to 14 years was somewhat higher than that of the population as a whole. Consequently, the proportion of infant population fell from 31 per cent in 1960 to 29 per cent in 1969 in Argentina, whereas in the same interval it rose from 45 per cent to 47 per cent in El Salvador and Ecuador. In the remainder of the Latin American countries, the 0 to 14 age group still represented the same proportion in 1969 as in 1960 - between 40 per cent and 48 per cent of the total population - except in Uruguay, where the corresponding figure was only 28 per cent.



### 3. The per capita product

During the 1960s, the annual growth rate of Latin America's regional per capita product averaged 2.5 per cent; the average rate for the whole group of developing countries in the same period was about 3 per cent, while for the developed countries in the aggregate it was a little over 4 per cent. Unquestionably, the fact that the Latin American countries' rates of population growth are so high in comparison with those of other regions has an adverse effect on the rate of increase shown by the per capita product in Latin America. If the region is in a somewhat disadvantageous position vis-à-vis other parts of the world as regards the growth of its per capita product in the 1960s, it is no longer so when the growth rates of the total product are compared. That of Latin America's total product is similar to the average for the developing regions, and a little higher than the corresponding rate of increase in the developed economies as a whole.

The growth rates of the per capita product of the individual Latin American countries are widely scattered around the region's average of 2.5 per cent (see table 4). At the top is Panama, with a rate approaching 5 per cent; at the other extreme are countries whose economies are virtually stagnating, such as the Dominican Republic, Haiti and Uruguay.

In six countries (Panama, Mexico, Costa Rica, Brazil, Bolivia and Nicaragua) the rates of increase achieved were above the average for the region; in four others (Peru, Argentina, Chile and El Salvador) they were close to it; and in the remaining nine (Guatemala, Colombia, Honduras, Ecuador, Paraguay, Venezuela, Dominican Republic, Uruguay and Haiti) they were below the average for Latin America as a whole.

/Table 4

Table 4

## LATIN AMERICA: GROWTH RATES OF PER CAPITA PRODUCT, 1960-1969

(Percentages)

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<u>Average for Latin America</u>	<u>2.5</u>
<u>Above regional average</u>	
Panama	4.8
Mexico	3.4
Costa Rica	3.3
Brazil	3.1
Bolivia	3.0
Nicaragua	2.9
<u>Close to regional average</u>	
Peru	2.5
Argentina	2.3
Chile	2.3
El Salvador	2.2
<u>Below regional average</u>	
Guatemala	1.9
Colombia	1.5
Honduras	1.5
Ecuador	1.2
Paraguay	1.0
Venezuela	1.0
Dominican Republic	0.2
Uruguay	-0.2
Haiti	-0.3

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Source: ECLA, on the basis of official statistics.

/The difference

The difference in the relative positions of several Latin American countries within each of the three groups according to whether the average growth rate by which they are ranked is that of the total or that of the per capita product merely reflects the differing incidence of the rate of population growth on the economic development of the countries of the region. Thus, in the countries where growth rates were rapid in terms of the total product (higher than the regional average), the per capita product increased at a similar pace. Much the same thing happened in the countries classified here as slow-growing (with rates of increase below the average for the region); almost all those whose total product increased at rates lower than the regional average showed similar trends in the growth rates of their per capita product.

On the other hand, the group of countries classified as having medium growth rates where the total product was concerned (see again table 1) underwent a change of composition when the ranking was based on the rate of increase of the per capita product. Of the six countries whose rate of development approximated to the Latin American average during the 1960s, only two (Peru and El Salvador) remained in the same position when their growth rate was measured in relation to that of their per capita product. As regards the other four countries, Bolivia alone improved its status, with a rate above the average for the region as a whole, while Colombia, Honduras and Guatemala moved downward. Lastly, whereas the total product of Argentina and Chile showed relatively low average growth rates, from the standpoint of the per capita product these countries were in a better position.

The final outcome of the growth trends of the per capita product during the 1960s was, by the end of the decade, a figure of 514 dollars per capita for Latin America as a whole. The corresponding figures for the individual countries ranged from a maximum of nearly 1,000 dollars (Argentina) to a minimum of 100 dollars (Haiti). The other Latin American countries fall somewhere between these two extremes.

/In table

In table 5 the countries are arranged in accordance with three per capita product levels. In the highest stratum are included six countries showing absolute per capita figures above 600 dollars (in descending order, Argentina, Venezuela, Uruguay, Panama, Mexico and Chile). At the second or middle level are the countries in the 400-600 dollar stratum, i.e., Costa Rica and Peru, with figures approximating to its upper and lower limits, respectively. In the third or lowest stratum are grouped the countries whose per capita product in 1969 was less than 400 dollars. This category embraces the remaining 11 countries.

The six countries whose per capita product exceeded 600 dollars together represented 38 per cent of the Latin American population in 1969, and of that proportion 50 per cent was to be found in a single country - Mexico.

The eleven countries with a per capita product of less than 400 dollars accounted for 56 per cent of the region's population, and about 76 per cent of that proportion was concentrated in Brazil (62 per cent) and Colombia (14 per cent). The two countries in which per capita income ranged from 400 to 600 dollars comprised only 6 per cent of the population of Latin America.

#### 4. Production in the industrial and basic services sectors

Industry and the basic services developed much more vigorously during the 1960s than the other sectors of the economy. In Latin America as a whole, the annual growth rate of these activities averaged 6.4 per cent for the decade, with very slight fluctuations around this figure in the two five-year periods. Generally speaking, the rates were higher in the Central American Common Market countries, Mexico, and Panama, and lower in the countries of South America and the two Caribbean countries.

Table 5

## LATIN AMERICA: PER CAPITA PRODUCT AND POPULATION, 1969

	Per capita product (Dollars at 1960 prices)	Population (Thousands of inhabitants)
<u>Latin America</u>	<u>514</u>	<u>258 916</u>
<u>Over 600 dollars</u>		
Argentina	980	23 982
Venezuela	790	10 401
Uruguay	720	2 854
Panama	710	1 361
Mexico	680	48 995
Chile	650	9 559
<u>Between 400 and 600 dollars</u>		
Costa Rica	580	1 731
Peru	408	13 171
<u>Under 400 dollars</u>		
Brazil	390	90 633
Colombia	381	21 407
Guatemala	359	5 034
El Salvador	340	3 326
Nicaragua	339	1 960
Ecuador	316	5 829
Paraguay	284	2 336
Honduras	253	2 496
Dominican Republic	237	4 200
Bolivia	203	4 546
Haiti	98	5 095

Source: ECLA, on the basis of official statistics.

Most of the countries in which the regional average was surpassed maintained their position in both quinquennia, although with some fluctuations (see table 6). The most striking changes took place in Nicaragua and Honduras. In the former, the growth rate of the sector fell by 25 per cent between the first and second halves of the decade (10.6 per cent per annum in 1960-1964 and 8.0 per cent in 1965-1969); while in Honduras the rate of expansion rose by 27 per cent (7.8 per cent in 1960-1964 and 9.9 per cent in 1965-1969). Peru and El Salvador also attained high growth rates for the decade as a whole, but their averages dropped sharply in the second quinquennium (Peru's from 10 per cent in 1960-1964 to 5.1 per cent in 1965-1969, and El Salvador's from 9.1 per cent to 6.7 per cent).

Four countries - Brazil, Guatemala, Bolivia and Chile - kept close to the average for Latin America. In Brazil the rate of industrial expansion remained unchanged throughout the two quinquennia; in the other three countries it fluctuated widely over the period as a whole. The annual rates shown by Guatemala and Bolivia were, respectively, 5.8 per cent and 5.2 per cent in the first half of the decade, as against 7.6 per cent and 7.7 per cent in the second half. Chile, whose annual rate of industrial development had been 8.5 per cent in 1960-1964, saw it drop to 4 per cent in 1965-1969.

Lastly, among the countries in which the sector's growth was slow, annual rates of increase were a little over 3 per cent in Venezuela and Haiti, and ranged from 5.3 to 5.7 per cent in Paraguay, Colombia, Argentina, Ecuador and the Dominican Republic. Uruguay showed the lowest average growth rate, not exceeding 1 per cent. The fluctuations occurring between 1960-1964 and 1965-1969 were most marked in Ecuador, Haiti and the Dominican Republic (where the rate decreased) and Argentina (where it improved).

#### 5. Agricultural production

Latin America's agricultural sector grew at a moderate pace in the 1960s, when the average annual rate for the region as a whole was 3.5 per cent. It was somewhat faster in the first half of the decade (3.7 per cent), but slackened in the second (3.3 per cent).

Table 6

## LATIN AMERICA: INDUSTRIAL GROWTH RATE, 1960-1969

(Annual percentage rates)

	1960-69	1960-64	1965-69
<u>Average for Latin America</u>	<u>6.4</u>	<u>6.3</u>	<u>6.5</u>
<u>Above regional average</u>			
Mexico	(8.0)	Mexico (7.7)	Mexico (8.3)
Panama	(11.5)	Panama (12.1)	Panama (10.9)
Costa Rica	(8.7)	Costa Rica (8.5)	Costa Rica (8.8)
Nicaragua	(9.3)	Nicaragua (10.6)	Nicaragua (8.0)
Honduras	(8.8)	Honduras (7.8)	Honduras (9.9)
Peru	(7.5)	Peru (10.0)	Guatemala (7.6)
El Salvador	(7.9)	El Salvador (9.1)	Bolivia (7.7)
		Dominican Rep. (7.7)	
		Chile (8.5)	
<u>Close to regional average</u>			
Brazil	(6.8)	Brazil (6.8)	Brazil (6.8)
Guatemala	(6.7)	Guatemala (5.8)	Colombia (6.0)
Bolivia	(6.4)	Ecuador (6.2)	El Salvador (6.7)
Chile	(5.9)		Argentina (6.0)
<u>Below regional average</u>			
Venezuela	(3.8)	Venezuela (4.0)	Venezuela (3.6)
Uruguay	(0.9)	Uruguay (1.0)	Uruguay (0.9)
Haiti	(3.2)	Haiti (3.8)	Haiti (2.5)
Paraguay	(5.4)	Paraguay (5.6)	Paraguay (5.2)
Colombia	(5.7)	Colombia (5.4)	Peru (5.1)
Argentina	(5.3)	Argentina (4.5)	Ecuador (4.7)
Ecuador	(5.5)	Bolivia (5.2)	Chile (4.0)
Dominican Rep.	(5.5)		Dominican Rep. (3.2)

Sources: Table 9.

/This over-all

This over-all growth rate implies that in Latin America as a whole the per capita agricultural product increased in the 1960s at an average annual rate of barely 0.6 per cent.

The development described resulted from different growth rates in the individual countries. Table 7 groups the countries in three categories, according to the relation between the average rate of increase of their agricultural product in 1960-1969 and the average for Latin America.

Five countries - Venezuela, Mexico, Panama, Costa Rica and Brazil - forged ahead of the regional average. Although the rapid rate at which Venezuela and Mexico had expanded their agricultural production in the first half of the decade slowed down in the second, the other three countries - Panama, Costa Rica and Brazil - speeded up their rate of progress in the second quinquennium (it had fluctuated around the Latin American average in the first).

A second group, formed by Nicaragua, Colombia, Guatemala, Honduras and Ecuador, increased its agricultural production during the 1960s at rates approximating to the average for Latin America. Nicaragua, Guatemala and Ecuador recorded lower growth rates in the second five-year period than in the first. This trend was reversed in Colombia and Honduras: the agricultural product, which had increased in the first quinquennium at an annual rate of 2.8 per cent in both countries, expanded more rapidly in the second half of the decade, at rates of 4 per cent in Colombia and 4.4 per cent in Honduras.

The largest group consists of the countries in which agricultural production developed very slowly. Its average annual rates of increase ranged from a maximum of 2.7 per cent in Bolivia to a minimum of 1.4 per cent in Haiti. Although production in Argentina, Uruguay, Haiti, Chile and the Dominican Republic fluctuated, its growth rate was invariably below the average for the region. Peru and El Salvador were characterized by a sharp decline in agricultural production between the first and second quinquennia.



Table 7

LATIN AMERICA: AGRICULTURAL GROWTH RATE, 1960-1969

(Annual percentage rates)

	1960-69	1960-64	1965-69
<u>Average for Latin America</u>	<u>3.5</u>	<u>3.7</u>	<u>3.3</u>
<u>Above regional average</u>			
Venezuela	(5.9)	Venezuela (7.1)	Venezuela (4.6)
Mexico	(4.1)	Mexico (5.1)	Brazil (4.6)
Panama	(5.2)	Nicaragua (5.9)	Panama (6.6)
Costa Rica	(5.4)	Guatemala (4.4)	Costa Rica (7.3)
Brazil	(4.3)	Peru (4.6)	Colombia (4.0)
		El Salvador (5.0)	Honduras (4.4)
<u>Close to regional average</u>			
Nicaragua	(3.9)	Brazil (4.0)	Mexico (3.1)
Colombia	(3.4)	Panama (3.8)	Guatemala (3.1)
Guatemala	(3.8)	Costa Rica (3.5)	Bolivia (3.2)
Honduras	(3.6)	Paraguay (3.4)	
Ecuador	(3.1)	Ecuador (3.8)	
<u>Below regional average</u>			
Argentina	(2.2)	Argentina (2.0)	Argentina (2.4)
Uruguay	(1.6)	Uruguay (1.9)	Uruguay (1.3)
Haiti	(1.4)	Haiti (1.4)	Haiti (1.5)
Chile	(2.6)	Chile (3.0)	Chile (2.3)
Dominican Rep.	(2.4)	Dominican Rep. (2.9)	Dominican Rep. (1.8)
Peru	(2.4)	Colombia (2.8)	Nicaragua (1.9)
El Salvador	(2.4)	Honduras (2.8)	Peru (0.2)
Bolivia	(2.7)	Bolivia (2.3)	El Salvador (-0.1)
Paraguay	(2.6)		Ecuador (2.4)
			Paraguay (1.9)

Source: Table 9.

## 6. Internal and external demand

The quantity of goods and services available for consumption and investment in Latin America as a whole increased during the 1960s at the same annual rate as the total product - 5.4 per cent - while the annual growth rate of external demand (measured by the volume of exports) was 4.5 per cent (see table 9, column 5).

In the individual countries, the average rate of expansion of internal demand kept pace, as a rule, with that of the total product. The most notable divergences between the two rates are to be seen in Venezuela and the Dominican Republic. In Venezuela, domestic demand increased by 2.9 per cent per annum, but the product did so at a rate of 4.3 per cent, because of the reduction of exports in the 1960s. In the Dominican Republic, on the contrary, the average growth rate of internal demand was 5.2 per cent and that of the product 3.5 per cent, the disparity being due to the rapid expansion of imports (which increased at an average annual rate of 8.9 per cent).

The highest growth rates of external demand occurred in Central America: Nicaragua, Honduras, Costa Rica, Guatemala and Panama increased their volume of exports at rates varying from 6 to 12 per cent. In El Salvador, Paraguay, Brazil and Peru, likewise, external demand rose rapidly, at average rates approaching 6 per cent in the first three countries and 7 per cent in the last-named.

The volume of exports expanded more slowly in Argentina, Colombia, Ecuador, Venezuela, Haiti and Uruguay, at annual rates ranging from 2 per cent to 4 per cent. In Mexico, Chile and Bolivia the rate of expansion of external demand was close to the average for the region.

## 7. Price trends

Inflationary pressures in Latin America during the 1960s varied in intensity from one country to another; in most of the countries, however, internal price trends were confined within relatively narrow bounds, although fairly considerable fluctuations took place between the first and second halves of the decade. Only a few countries were exceptions to this general rule, and in them the rate at which prices rose was definitely high.

/In table

In table 8 the countries are classified by average rates of increase of consumer price indexes. In twelve countries - those of Central America and the Caribbean, together with Mexico, Venezuela, Ecuador and Paraguay - the annual rise in prices was less than 5 per cent. In this group where prices are relatively stable, the highest rates of increase are shown by Ecuador, Paraguay and Haiti, and the lowest by Venezuela, Guatemala and El Salvador. In more than half the countries in this group prices rose at a more rapid average rate in the second half of the decade than in the first. In the other countries this trend was reversed.

In a second group, comprising Colombia, Peru and Bolivia, prices increased at medium rates which ranged from 5 per cent to 12 per cent per annum, and did not vary much from one quinquennium to the next.

Lastly, a group of four countries - Uruguay, Brazil, Chile and Argentina - recorded the biggest increases in domestic prices. In Uruguay and Brazil, consumer prices rose at an annual rate of 47 per cent over the course of the decade, and in Chile and Argentina they increased at average rates of 26 per cent and 22 per cent, respectively. In the first two countries, moreover, the averages fluctuated widely between the two five-year periods; but in the other two they were more stable.

Table 8

## LATIN AMERICA: CHANGES IN CONSUMER PRICES, 1960-1969

(Percentages)

Country	1960-69	1960-65	1965-69
<u>High rate of inflation</u>			
Uruguay	47.3	29.7	72.6
Brazil	47.0	62.5	30.6
Chile	26.0	27.5	24.5
Argentina	22.2	23.3	20.8
<u>Moderate rate of inflation</u>			
Colombia	11.7	12.4	10.8
Peru	9.7	9.0	10.6
Bolivia	5.7	5.1	6.4
<u>Relative stability</u>			
Ecuador	4.3	4.0	4.6
Paraguay	3.6	5.3	1.6
Haiti	3.1	3.8	2.1
Honduras	2.6	2.8	2.3
Mexico	2.4	1.8	3.1
Costa Rica	2.2	2.5	1.9
Nicaragua	2.1 <sup>a/</sup>	1.8	2.7 <sup>b/</sup>
Dominican Republic	1.8	2.6	0.8
Panama	1.1	1.0	1.2
Venezuela	0.8	0.4	1.4
Guatemala	0.7	0.2	1.3
El Salvador	0.4	0.2	0.7

Source: ECLA, on the basis of official statistics.

<sup>a/</sup> Average rate for 1960-1967.<sup>b/</sup> Average rate for 1965-1967.

Table 9  
LATIN AMERICA: INDICATORS OF DYNAMISM AND STABILITY

	1. Gross domestic product at factor cost				2. Population				3. Per capita product (dollars at 1960 prices)		4. Sectoral product (annual percentage growth rates)				5. Final demand (annual percentage growth rates)		6. Inflation (annual percentage growth rates)			
	(Annual percentage growth rates)				(Annual percentage growth rates)															
	1950-60	1959-69	1959-64	1964-69	Total population	Urban population	Population aged 0-14 years	1960	1969	Agriculture	Industry <sup>a/</sup> and basic services <sup>b/</sup>	Other services	1959-1969	1960-69	1960-65	1965-69				
1. Argentina	3.1	3.9	3.4	4.5	2.0	1.6	2.3	1.1	823	975	2.2	5.3	2.6	4.1	3.6	22.2	23.3	20.8		
2. Brazil	6.8	6.0	5.9	6.0	3.0	2.9	4.6	2.7	310	390	4.3	6.8	5.4	5.7	5.7	47.0	62.5	30.6		
3. Mexico	5.8	6.9	7.3	6.5	3.1	3.5	5.0	3.7	507	678	4.1	8.0	6.9	7.0	4.8	2.4	1.8	3.1		
4. Colombia	4.6	4.9	4.8	5.0	3.2	3.4	5.5	3.5	332	381	3.4	5.7	5.7	5.1	3.7	11.7	12.4	10.8		
5. Venezuela	7.7	4.3	4.4	4.1	3.8	3.3	4.7	3.4	718	794	5.9	3.8	4.6	2.9	2.9	0.8	0.4	1.4		
6. Peru	5.3	5.6	7.4	3.9	2.3	3.1	5.6	3.2	337	408	2.4	7.5	5.7	6.0	5.9	9.7	9.0	10.6		
7. Chile	3.5	4.7	5.3	4.0	2.4	2.4	3.5	2.3	550	654	2.6	5.9	3.6	5.3	4.5	26.0	27.5	24.5		
8. Uruguay	2.1	1.1	1.4	0.8	1.5	1.3	2.0	1.3	753	720	1.6	0.9	0.7	1.0	3.0	47.3	29.7	72.6		
9. Costa Rica	7.1	7.1	5.6	8.5	3.8	3.8	4.6	4.0	448	581	5.4	8.7	7.3	6.8	10.1	2.2	2.5	1.9		
10. El Salvador	4.2	5.4	6.6	4.2	2.7	3.2	5.1	3.6	277	340	2.4	7.9	5.8	5.5	5.8	0.4	0.2	0.7		
11. Guatemala	3.8	4.9	4.8	5.0	2.9	3.0	4.2	2.9	297	359	3.8	6.7	5.1	4.1	10.3	0.7	0.2	1.3		
12. Honduras	3.5	4.9	3.8	6.0	2.9	3.4	6.4	3.2	215	253	3.6	8.8	4.6	5.4	7.8	2.6	2.8	2.3		
13. Nicaragua	5.2	5.9	6.4	5.3	2.9	3.0	4.8	3.1	254	339	3.9	9.3	8.2	6.7	6.0	2.1	1.8	2.7	d/	
14. Panama	4.9	8.0	7.7	8.2	2.9	3.2	5.0	3.5	468	708	5.2	11.5	7.3	7.2	11.6	1.1	1.0	1.2		
15. Haiti	1.9	2.0	2.1	1.8	2.0	2.3	5.8	2.5	105	98	1.4	3.2	1.5	2.0	2.4	3.1	3.8	2.1		
16. Dominican Rep.	5.7	3.5	4.8	2.2	3.1	3.3	5.9	3.4	236	237	2.4	5.5	3.9	5.2	1.2	1.8	2.6	0.8		
17. Ecuador	5.0	4.6	4.7	4.5	3.0	3.4	5.9	3.7	316	316	3.1	5.5	5.6	5.1	3.4	4.3	4.0	4.6		
18. Paraguay	2.7	4.3	3.7	5.0	2.7	3.3	5.3	3.3	253	284	2.6	5.4	4.8	4.5	6.7	3.6	5.3	1.6		
19. Bolivia	0.4	5.3	4.6	5.9	2.1	2.3	4.1	2.5	155	203	2.7	6.4	4.4	5.8	4.8	5.7	5.1	6.4		
Latin America	5.1	5.4	5.4	5.3	2.8	2.9	4.4	3.0	423	514	3.5	6.4	5.2	5.4	4.5	-	-	-		

Source: ECLA estimates based on official statistics.

a/ Mining, manufacturing and construction.

b/ Electricity, gas, water, etc., and transport and communications.

c/ Average for 1960-1967.

d/ Average for 1965-1967.

## II. STRUCTURAL CHANGES

### Introduction

The relative importance of the chief productive sector did not change considerably in the last decade, considering the region as a whole. A slight drop in the share of the agricultural sector was accompanied by an almost identical increase in the share of industry (including basic services). As a result, there was no change in the position of the other services.

These changes were more marked in some of the relatively less developed economies which showed more dynamic growth in the decade.

The changes in the structure of employment follow the same trend, but only in so far as there is a drop in the proportion of persons employed in agriculture; the absolute number of persons so employed increased, however. In another fundamental aspect, namely, the distribution of non-agricultural employment between the industrial and services sectors, the latter have absorbed at least part of the increase in the economically active population and redundant agricultural workers.

As a result of the lack of harmony - observed in nearly all the countries - between the changes in the structure of the product and the structure of employment, major differences arose in the relative productivity of the sectors, with obvious disadvantages for services and agriculture. Consequently, the so-called structural diversity of the economy has become more pronounced, even in the over-all perspective of the sectors, which does not reveal the more glaring and surely increasing differences between the more capital-intensive and "modern" activities and those that are behind the times or stagnant.

Looking at internal changes in the manufacturing industry, there is a noticeable decline in the importance of the so-called traditional industries and an increase in the importance of activities connected with metal transforming. At all events, there are notable imbalances in this connexion in different groups of economies.

/An examination

An examination of the main changes in the government sector shows a general rise in the share of public expenditure in the domestic product. On the other hand, as regards the structure of expenditure and income, there is in most cases, a reduction in the share of consumer expenditure and an increase in the contribution of direct taxes to tax revenue. No decisive changes can be seen, however, in the proportions of government saving and public investment.

Towards the end of the 1960s, most of the countries had managed to increase their rates of investment, which varied between 15 and 21 per cent, while there was a slight drop in the share of capital formation for construction purposes. Generally speaking, public investment showed an upward trend.

There were no major changes in external and internal contributions to saving in the region as a whole, but the experience of the individual countries was fairly uneven. The proportion of net external financing tended to be less in the relatively more developed economies.

Export coefficients, especially in the Central American countries, showed an upswing in many cases, which reflects an increase in reciprocal and foreign trade. There were, however, some notable exceptions, such as Venezuela, Peru and the Dominican Republic.

There would appear to be two basic trends in the share of imports. In one case, the coefficient drops as the process of import substitution progresses, and despite the fact that the capacity to import improves or remains stable. This case applies to a group of countries such as Argentina, Brazil and, to a lesser extent, Colombia and Chile. In the other case, the decrease is due principally to the decline of import capacity. At all events, in many countries, especially the relatively less developed, there were increases in the import coefficient.

#### 1. Evolution of the structure of the product

The process of economic development normally involves more or less sweeping changes. It is worth investigating whether the changes being undergone in the Latin American countries are equivalent to or different from trends in other regions. This research will not use the traditional

/division of

division of the economy into primary, secondary and tertiary sectors, but will follow the practice already established in several United Nations works of grouping together manufacturing, mining, construction and basic services, as distinct from the agricultural sector and other services.

The data contained in table 25,<sup>7/</sup> at the end of this section, refer to the productive structures of the Latin American countries. The most obvious general trend is the not surprising drop (from a regional average of 20.2 per cent to 17.3 per cent) in the share of the agricultural sector in the total product. This drop was the natural consequence of the growth process, and could be considered as moderate in view of the fact that it took ten years to accomplish. This trend should be compared with the current productive structure in Latin America, where the agricultural product accounts for less than one-fifth of the total product.

The increase in the share of the industrial and basic services sector (by an average of 2.7 per cent for the region) was responsible for 93 per cent of this moderate drop in the share of the agricultural sector. The services sector, on the other hand, remained stable, with a slight increase of barely 0.2 per cent.

These average results for the region should be compared with what happened in the different individual economies. The fall in the share of the agricultural sector is a general trend, as is to be expected (see table 10). Venezuela and Uruguay are the only exceptions. In the former, an attempt has been made, through agricultural promotion programmes, to improve the very small share of the agricultural sector, which forced the country into a marked dependence on external supplies of foodstuffs. In the case of Uruguay, the increased relative importance of the agricultural product seems to be due to the lack of dynamism in the non-agricultural sectors.

The intensity of the trend in all the other countries of the region can be seen from the information contained in table 10, which distinguishes between three types of productive structure, corresponding to different levels of relative development. The first type, where the share of the

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<sup>7/</sup> Table 25 is the source of all the other tables in this section.



Table 10

LATIN AMERICA: SHARE OF THE AGRICULTURAL  
SECTOR IN THE TOTAL PRODUCT

(Percentages)

	1960	1969
Up to 25 per cent	Venezuela (7.2)	Venezuela (7.8)
	Chile (12.1)	Chile (10.1)
	Mexico (16.6)	Mexico (12.8)
	Argentina (17.4)	Argentina (15.2)
	Brazil (22.1)	Brazil (19.9)
	Uruguay (19.3)	Uruguay (20.9)
	Peru (24.1)	Peru (18.2)
	Panama (24.9)	Panama (21.0)
		Costa Rica (22.4)
		Bolivia (23.1)
		Dominican Republic (24.8)
Between 25 and 35 per cent	Costa Rica (27.0)	Guatemala (27.3)
	Bolivia (30.6)	El Salvador (26.0)
	Dominican Republic (30.7)	Colombia (30.3)
	Guatemala (30.3)	Nicaragua (27.9)
	El Salvador (32.4)	Ecuador (31.7)
	Colombia (34.1)	Paraguay (34.2)
Over 35 per cent	Nicaragua (37.2)	Honduras (38.5)
	Ecuador (36.8)	Haiti (45.9)
	Paraguay (38.8)	
	Honduras (44.1)	
	Haiti (48.5)	
Average for Latin America		(17.3)

Source: ECLA estimates, on the basis of official data. See also table 25, section I.

/agricultural sector

agricultural sector is not more than 25 per cent, includes the more developed countries, such as Brazil, Argentina and Mexico, and the economies of Chile, Venezuela, Uruguay, Peru and Panama. At the end of the decade, Costa Rica, Bolivia and the Dominican Republic managed to climb into this bracket. The second type corresponds to a more incipient stage of development, where the agricultural product accounts for more than 35 per cent of the total product, and included Nicaragua, Ecuador, Paraguay, Honduras and Haiti at the beginning of the decade. In 1969, only the two latter countries remained at this level. The third type corresponds to an intermediate level. In 1969, Guatemala, El Salvador and Colombia remained at this level, despite having made great strides on the other sectors, particularly in the case of El Salvador.

Compared with the evolution of the agricultural sector, it is necessary to observe what activities showed a relative upswing in the last decade. To that end, table 11 assembles information on the changes that occurred in "industry and basic services" and "services", according to their intensity. A general trend is observable towards an increase in the relative importance of "industry and basic services", which is of special importance in the light of the key function of that sector.

There is a fairly logical relationship between the pace of change and level development. In countries where industrial development is of relatively recent date, the establishment of new branches of industry has the effect of speeding up the growth rate. This is the case of such countries as El Salvador, Bolivia and Panama, in which the growth of the industrial sector's share is fairly pronounced. In contrast, in countries where industrial development has reached a more advanced stage, the pace of change is more moderate; and this would seem to account for the small increments in the share of industry in Argentina, Brazil and Mexico.

Nevertheless, there are countries such as Ecuador, Haiti and Nicaragua where changes were very slight despite the fact that industrial development is still in its early stages, which would indicate that industrialization has not yet got off the ground. There are, too, some exceptions to the general trend, for example Uruguay and Venezuela, in which the share of industry and basic services has slightly decreased.

Table 11 provides an interesting picture of the changes that have occurred in the services sector. Unlike the industry and basic services sector, the share of the services sector has tended in most countries of the region to remain constant or decline.

In none of the countries at the highest level of development has the services sector been able to increase its share. It would appear - although no data are available on the changes in the internal structure of the sector - that its relatively slow rate of growth may be due to its magnitude in absolute terms at the beginning of the 1960s, corresponding to a higher level of industrial development. It is only in the countries where industrial development is of more recent date that the services sector shows a slight trend towards growth, although also at a much slower pace than the industry and basic services sector.

It may therefore be concluded that the changes observed in the production structures of the Latin American countries are in line with past trends in other countries. It should be borne in mind, however, that the sectors' share was determined on the basis of data for the gross domestic product, which may have been somewhat distorted by changes in the relative prices throughout the period.

## 2. The composition of employment and its trends during the 1960s

There are two striking features of labour supply trends in Latin America. First is the upswing in the growth rate of the population of working age (between 15 and 65), which is estimated to have reached 32 per cent in the 1960s, as opposed to 25 per cent in the 1950s. Secondly, as noted earlier, the migration of labour from rural to urban areas has raised the annual rate of urbanization in the region to 4.4 per cent. These features demonstrate the scale of the problem of bringing labour into productive activities which the Latin American countries have to face.

It is customary when considering the structure of employment to look at the trend of changes in the countries at the centre, where, as average productivity in agriculture increases, the rate at which agriculture absorbed labour declined and even became a negative quantity, thus freeing labour which was absorbed by activities connected with the industrial and tertiary sectors.

Table 11

LATIN AMERICA: CHANGES IN THE SHARE OF THE  
SECTORS IN TOTAL OUTPUT, 1960-1969

(Growth of sectoral output during the period)

	Manufacturing and basic services <sup>a/</sup>	Services <sup>a/</sup>
Sharp increase	Honduras (37.7)	
	Panama (27.8)	
	Bolivia (26.6)	Nicaragua (17.8)
	El Salvador (21.5)	
	Guatemala (18.0)	
	Dominican Rep. (16.1)	
Moderate increase	Paraguay (14.9)	Ecuador (9.8)
	Costa Rica (13.2)	Peru (5.9)
	Haiti (12.4)	Colombia (5.7)
	Chile (11.7)	Dominican Rep. (4.3)
	Mexico (11.0)	El Salvador (3.0)
	Argentina (10.3)	Paraguay (2.5)
	Nicaragua (10.1)	Costa Rica (2.2)
	Peru (9.8)	
	Brazil (7.0)	
	Colombia (5.8)	
Little or no change		Haiti (0.9)
		Venezuela (0.8)
		Mexico (0.3)
		Guatemala (-0.4)
		Brazil (-0.5)
Moderate decrease	Venezuela (-2.2)	Uruguay (-1.8)
	Uruguay (-2.3)	Bolivia (-6.7)
		Panama (-7.0)
		Argentina (-7.2)
		Chile (-8.2)
		Honduras (-8.7)

Source: ECLA estimates, on the basis of official data. See also section 1 of table 25.

<sup>a/</sup> The figures in brackets represent the over-all percentage changes in the sectors' share of the product from 1960 to 1969.

/It may

It may be worth while looking at the changes that have taken place in Latin America in the light of these trends. Section 2 of Table 25 below gives data on the structure of employment in Latin America in the period 1960-1969. It can be seen that agricultural employment generally showed a slightly decreasing trend.

This decrease, however, was not accompanied by a corresponding increase in the share of industrial employment, which remained constant throughout the period. The services sector was responsible for the rapid absorption of urban labour, and increased its share from 24.6 per cent in 1960 to 27.4 per cent in 1969.

Individual country trends follow the over-all trends. It is immediately clear from table 12, which shows the trend of changes in employment, that the share of agricultural employment in total employment declined, particularly in Uruguay, Chile, Argentina and Venezuela. In these countries, this reflects rising productivity in agriculture and the small initial scale of agricultural employment.

In all the other countries, in which agricultural employment accounts for more than 40 per cent of the total, changes were somewhat more modest. It would appear, in actual fact, that the lower the level of development, the less significant are changes in the share of agricultural employment, because it is relatively less easy to transfer redundant agricultural labour to urban areas. This appears to be what has happened in such countries as El Salvador, Ecuador, Panama and Costa Rica.

The impact of decreases in the share of agricultural employment in Latin America, however, must be placed in its proper perspective, for it is rare for such relative decreases to signify an absolute decrease in agricultural employment. Generally what happens is simply that the rate of absorption falls. The labour force at present engaged in agriculture is still at a high level, estimated at close to 35 million for Latin America as a whole.

The data on employment in the industry and basic services sector do not show a clear trend. The only countries where the sector increased its share of employment significantly were Venezuela and Panama, all the other countries having relatively modest or even negative absorption rates. In this connexion, there does not seem to be a close correlation between employment shifts in the sector and the progress of industrial development.

Table 12  
LATIN AMERICA: CHANGES IN THE SHARE OF THE SECTORS  
IN TOTAL EMPLOYMENT, 1960-1969

	Agriculture <sup>a/</sup>	Manufacturing and basic services <sup>a/</sup>	Services <sup>a/</sup>
Sharp increase			Nicaragua (33.0)
			Colombia (27.1)
		Venezuela (14.3)	Dominican Republic (24.4)
			Honduras (23.1)
			Ecuador (22.0)
		Panama (15.6)	Mexico (21.9)
			Peru (21.7)
			Brazil (21.4)
			Guatemala (18.6)
			Bolivia (18.3)
Moderate increase		Mexico (8.4)	Chile (14.5)
		Paraguay (5.8)	Paraguay (15.7)
		Honduras (5.1)	Costa Rica (15.2)
		Bolivia (5.0)	Uruguay (11.9)
		Peru (4.0)	Argentina (10.7)
		El Salvador (3.8)	Venezuela (10.0)
		Brazil (1.3)	El Salvador (6.4)
		Guatemala (1.3)	Panama (2.1)
Moderate decrease	El Salvador (-3.8)	Dominican Republic (-0.7)	
	Ecuador (-5.9)	Argentina (-2.9)	
	Panama (-6.0)	Chile (-4.3)	
	Costa Rica (-6.1)	Costa Rica (-4.4)	
	Guatemala (-4.9)	Nicaragua (-4.4)	
	Honduras (-6.3)	Colombia (-6.1)	
	Dominican Republic (-7.7)	Uruguay (-6.5)	
	Bolivia (-7.9)	Ecuador (-6.9)	
	Nicaragua (-9.4)		
	Paraguay (-8.9)		
	Brazil (-10.7)		
	Peru (-11.5)		
	Colombia (-12.3)		
	Mexico (-13.1)		
Sharp decrease	Uruguay (-16.6)		
	Chile (-16.4)		
	Argentina (-18.3)		
	Venezuela (-22.2)		

Source: ECLA estimates on the basis of official statistics. See section 2 of table 25 *infra*.

<sup>a/</sup> The figures in brackets represent the over-all percentage changes in the sectors' share of total employment from 1960 to 1969.

/A more

A more detailed study is required of the internal structure of employment in the sector and of the changes in this structure at different levels of productivity in order to explain the sector's inability to generate employment. With respect to the services sector, these trends provide a basis for analysing the changes that have taken place during the 1960s. The decline in the share of agricultural employment, together with the modest rate at which the industry and basic services sector absorbed labour, contributed to the disproportionate increase in employment in services. This trend is examined in table 13, where the increase in employment in the services sector is contrasted with the decrease in the share of agricultural employment. It can be seen that many countries, in addition to the loss of importance of agricultural employment, recorded a decline in the proportion of employment in the manufacturing and basic services sector. In these cases, services absorbed the manpower corresponding to the decline in both sectors, with increases in employment of over 100 per cent. This occurred in Uruguay, Argentina, Chile, Costa Rica, Ecuador, Colombia, Nicaragua and the Dominican Republic.

Moreover, even in countries where the share of industrial employment has not fallen, there is a trend for the services sector to absorb virtually all the labour left idle as a result of the decline in the share of agricultural employment, the only exceptions being Panama and Venezuela.

It seems clear, that the assumptions of the "classical" notions of change are not being borne out in practice. Only in its initial stage does the industrialization process seem to have fulfilled the function of rapidly increasing its share of total employment. Once these initial stages have been completed, its capacity to create employment at a sufficiently high rate tends to disappear, with the result that labour is rapidly absorbed by services. And the services sector generates a variety of marginal activities into which labour is for all intents and purposes "dumped" and employed at an extremely low level of productivity.

Table 13

LATIN AMERICA: CHANGES IN THE STRUCTURE  
OF EMPLOYMENT, 1960 AND 1969

(Percentages)

Countries	Decline in the share of agricultural employment in total employment between 1960 and 1969	Absorption by the services sector of the decline in the share of agricultural employ- ment in total employment <sup>a/</sup>
Uruguay	-3.3	167
Ecuador	-3.3	145
Chile	-4.4	132
Argentina	-3.5	131
Costa Rica	-3.2	123
Colombia	-5.9	125
Nicaragua	-5.8	114
Dominican Republic	-5.0	102
Brazil	-5.6	95
Guatemala	-3.3	94
Honduras	-4.5	87
Peru	-6.0	83
Bolivia	-4.7	79
Paraguay	-5.0	78
Mexico	-7.1	75
El Salvador	-2.2	68
Venezuela	-7.6	55
Panama	-3.1	26
Latin America	-5.0	98

Source: ECLA estimates on the basis of official statistics. See section 2 of table 25 infra.

<sup>a/</sup> Percentages above 100 indicate that the share of employment in industry and basic services also declined.



### 3. Sectoral productivity

#### (a) Structure of production and of employment

Now that the main trends in the development of the production and employment structures in Latin America have been considered, it will be of interest to consider changes in the two structures in an over-all perspective.

In this connexion, it is most important to make comparisons with the experience of other countries. Taking, for example, economies that have developed along specific lines and with a specific structure, such as those of Japan and the United States, it is observed that the direction taken by structural changes in the composition of the product and of the employed population tended towards a harmonization of the two structures. Where there already existed a large measure of homogeneousness between the two structures, as was the case in the United States in 1953, it was accentuated by the changes that occurred in the following decade. On the other hand, in the relatively less developed Japanese economy, where the process of change is more intense, the structure of employment followed the same trends as the structure of the product, so that there was a much greater degree of homogeneousness at the end of the decade (see figure II).

The Latin American economies appear to have developed in the opposite direction in the last decade. The process of assimilation and diffusion of technical progress has accentuated the imbalances, leading to a growing discordance between the development of the structures of production and employment. Some typical cases bear out this trend.

In Argentina and Chile, the marked changes in the structure of production were not accompanied by similar trends in employment, where the changes were moderate. Consequently, the disequilibrium existing between the two structures was accentuated (see figure III).

Moreover, in economies such as Brazil's and Mexico's, the employment structure altered drastically, while the structure of the product remained virtually unchanged. Here, too, the original discordance was accentuated (see figure IV).

/Figure II

STRUCTURE OF PRODUCT AND EMPLOYMENT

Figure II

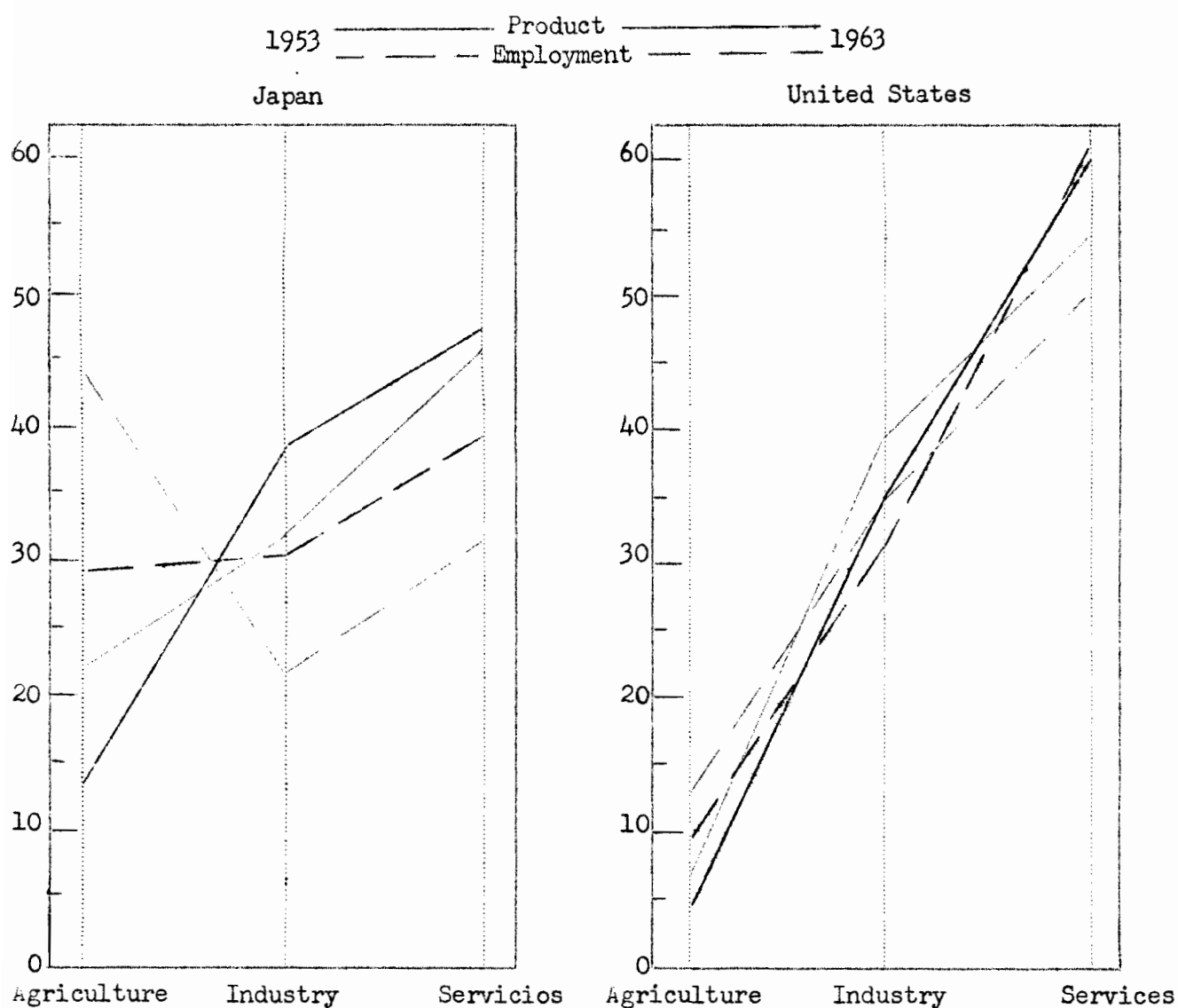
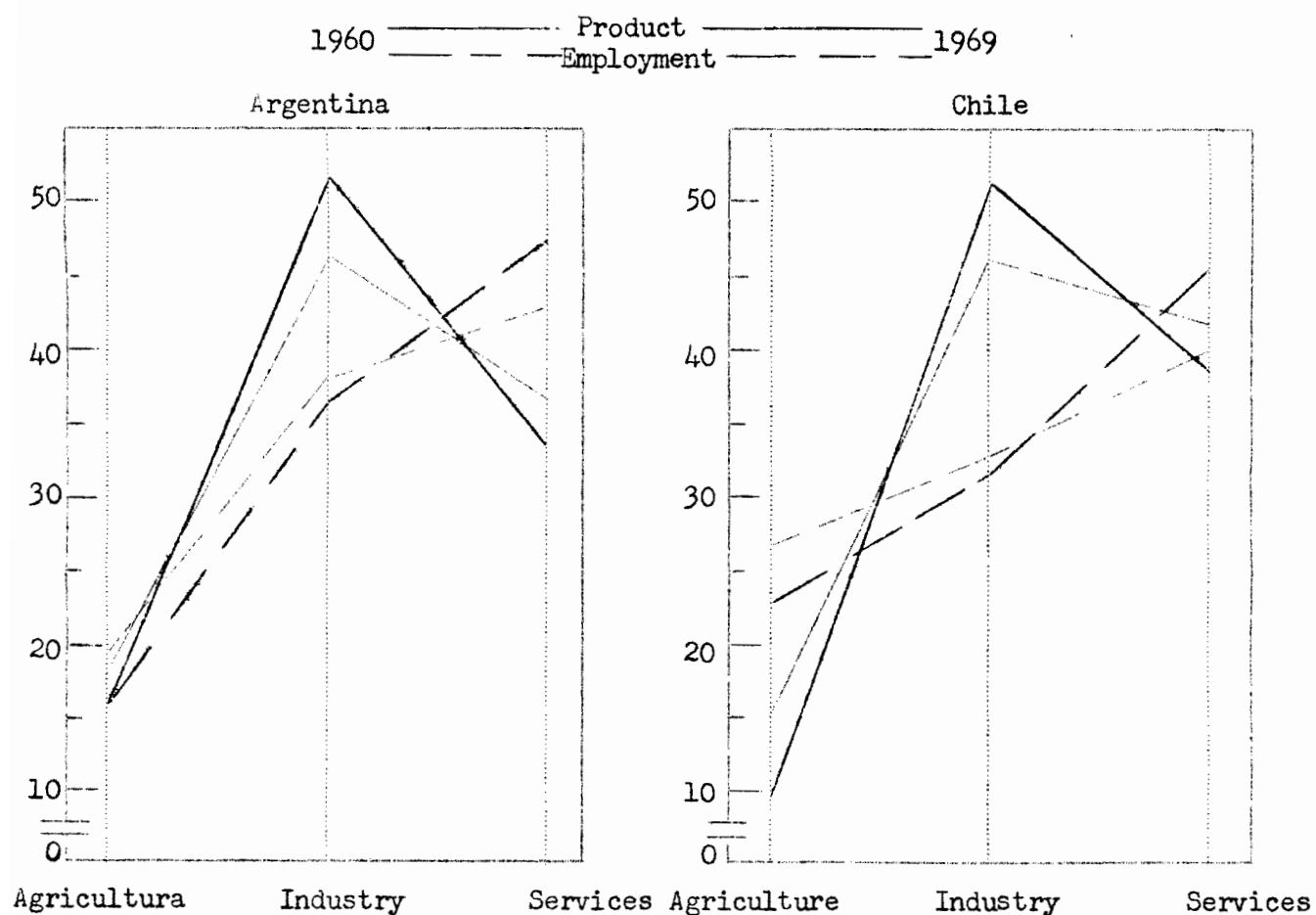


Figure III



/In the

In the countries that have recently become industrialized, such as Bolivia, where there were consequently more abrupt changes in the structure of production, there were no concomitant changes in employment which, in fact, often moved in the opposite direction, with the result that here, too, disharmonies were accentuated (see figure V).

Only in the relatively less developed economies of the region, where the process of modernization lacked dynamism, did the initial disparities between the structure of employment and the structure of production remain as they were, without being accentuated (see figure VI).

The lack of concordance between the development of the structures of production and employment in the Latin American economies led to a heightened disunity between the levels of productivity of the different economic sectors.

Account should be taken of the fact that there are insuperable difficulties to a more detailed analysis of the type that would be called for in a more complete study of the disparities that exist between the levels of productivity of the different economic activities.

(b) The trend towards greater structural diversity

Taking 1950 as a base year for comparison (see table 25, section 4), it is observed that agricultural productivity continues to decline compared with the over-all average, except in the cases of Argentina, Uruguay, Colombia and Venezuela. The growth rate of productivity in the sector has always been less than the average, which is a clear indication of the unequal distribution of the benefits of technical progress.

In industry and basic services, there is a general upswing in productivity, except in Venezuela and Mexico. The upswing is more marked in countries that have recently started on the path of industrialization (Honduras, Nicaragua, the Dominican Republic, Panama and Ecuador), while a more moderate rate is maintained in the more developed countries.

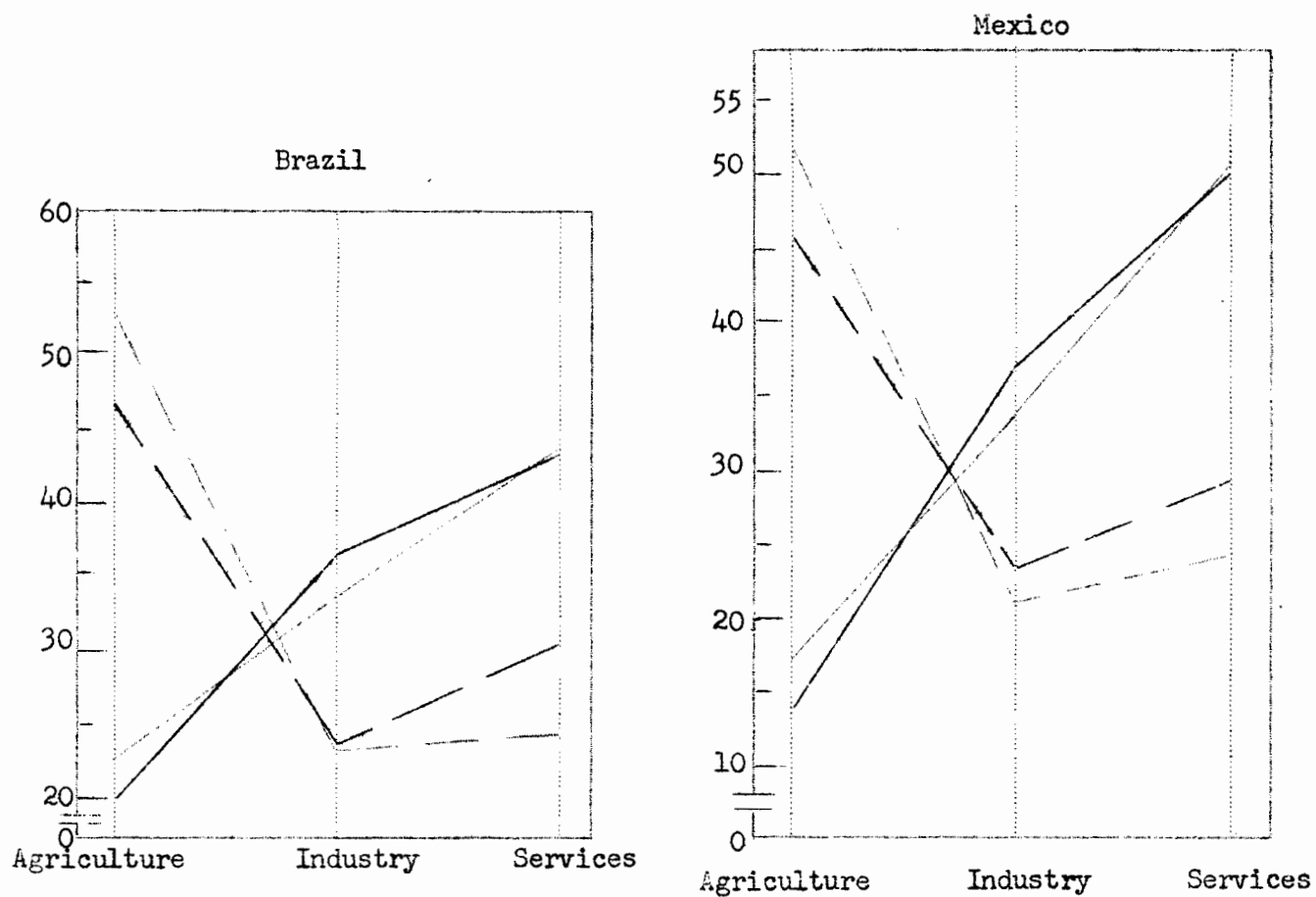
The improved productivity of the sector seems to have been due to both its greater capacity to absorb technological advances and to internal changes in structure, as a result of the displacement of artisan-type activities by manufacturing industry.

/Figure IV

STRUCTURE OF PRODUCT AND EMPLOYMENT

Figure IV

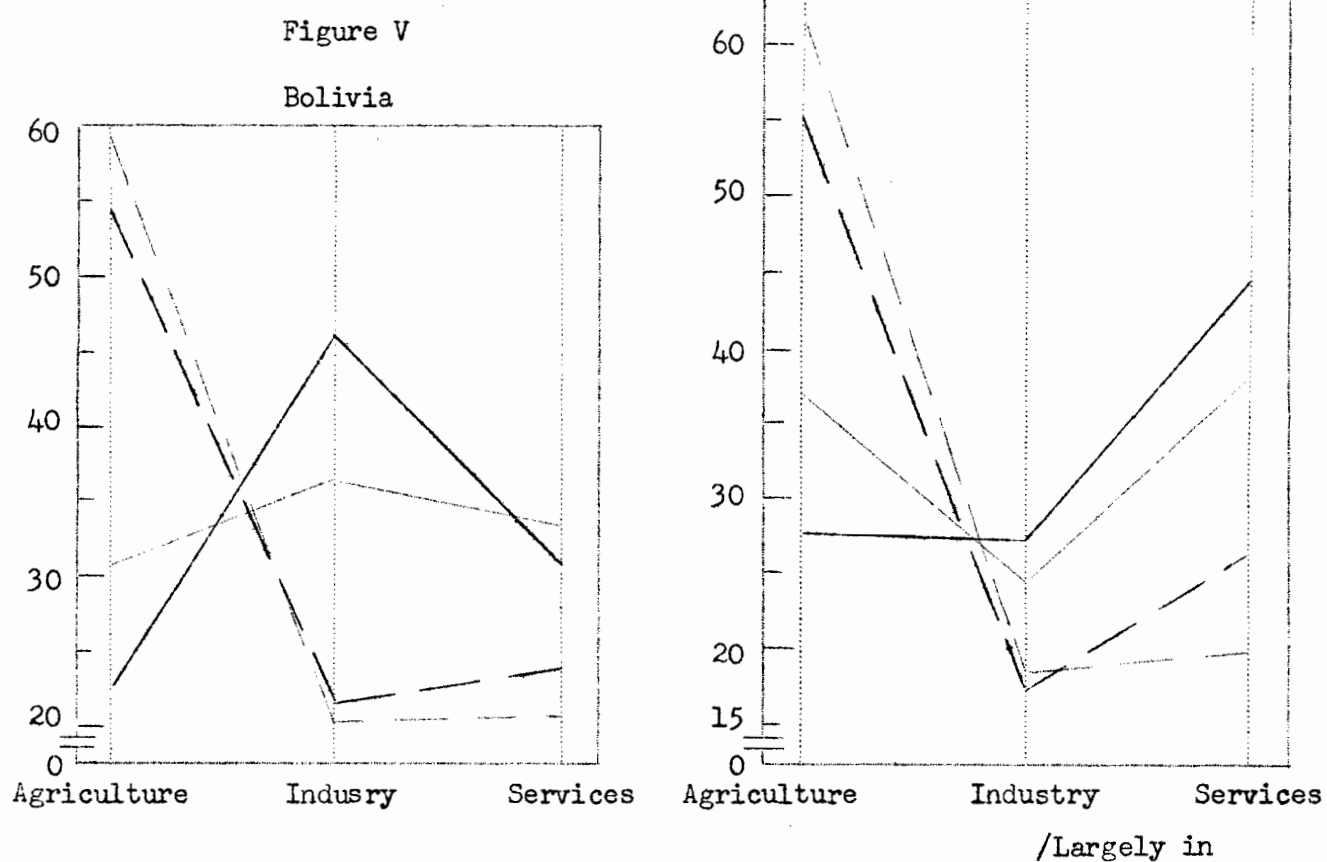
1960 ——— Product ——— 1969  
— — — Employment — — — 1969



1960 ——— Product ——— 1969  
— — — Employment — — — 1969

Figure VI

Nicaragua



Largely in consequence of the above-mentioned developments, there was a sharp downward trend in the productivity levels of the services sector. The only countries where the trend was more moderate were Argentina, Uruguay, Costa Rica, Bolivia, El Salvador, Ecuador and Paraguay (see table 25).

As a result, the sectoral imbalances were accentuated during the decade. The following examples of such imbalances can be given for 1968:

	National Average	Sector with highest level of productivity	Sector with lowest level of productivity
Argentina	100	70.7 (services)	138.8 (manufacturing)
Mexico	100	27.1 (agriculture)	172.9 (services)
Venezuela	100	29.3 (agriculture)	170.2 (manufacturing)
Guatemala	100	42.2 (agriculture)	261.6 (services)
Latin America	100	41.0 (agriculture)	159.7 (manufacturing)

These imbalances in sectoral productivity, however, are not more than a rough estimate of intra-sectoral developments of greater magnitude.

The economic structures of the Latin American countries have been characterized by increasing differences in productivity between the different economic activities, including major intra-sectoral disparities, which are the result of considerable disparities in the forms of organization, the levels of assimilated technology and the prevailing social relationships.<sup>8/</sup>

In previous studies,<sup>9/</sup> reference was made to the growing disparities between what may be considered as modern activities, with productivity levels close to the average for the industrialized economies, and primitive

<sup>8/</sup> See Economic Survey of Latin America, 1964 (United Nations publication, Sales No.: 66.II.G.1), pages 37-47.

<sup>9/</sup> See ECLA, Economic Survey of Latin America, 1969 (E/CN.12/851), Part One.

activities, with rudimentary forms of productive organization and facilities. Thus, while the process of development promoted greater harmony between the structures of production and employment in the developed countries, in Latin America that process led to a heightening of initial disparities and, as a result, of the diversity of the economy as a whole.

#### 4. Composition of the manufacturing sector

Another change that is repeated in the development process is that which affects the relative importance of the industrial subsectors. Generally speaking, it is well-known that the importance of the so-called traditional industries (producing non-durable consumer goods) declined, while the intermediate goods industries gained ground, in particular the metal-transforming industries, which produce both capital goods and consumer durables.

For these reasons it would be as well to examine the structure of industry in Latin America and its evolution during the decade, in order to discover what changes have occurred.

Section 5 of table 25 contains basic data for the period 1955 to 1968. The first noticeable trend is the declining importance of traditional industries in the structure of production. However, this change assumed marked proportions only in Brazil, Argentina, Mexico, Peru, Bolivia, Ecuador and the Dominican Republic, and was unremarkable in the other countries.

The second important trend is the more or less dynamic growth of the metal-transforming industry, with the sole exception of Uruguay, where the industry suffered a recession. However, there is a continued dearth of capacity in the region to produce machinery and equipment, and high proportions of industrial output are achieved only in Brazil, Argentina and Mexico, with 27.2, 36.2 and 31.3 per cent, respectively, of total manufacturing output.<sup>10/</sup>

As regards the development of the intermediate goods industries, which produce a general line of supplies, the changes during the period were moderate, assuming importance only in Bolivia and the Dominican Republic.

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<sup>10/</sup> In 1966, the metal-transforming industries accounted for 34.1 per cent of industrial output in Japan and 39.7 per cent in the United States.

The information contained in table 14 is presented from another angle, with three levels of participation by traditional industries in the composition of the industrial product, and reflects industrial structures that differ more or less in relation to the level of development. The countries with relatively more developed industries, such as Brazil, Argentina and Mexico, considerably strengthened their most dynamic branches of industry to the point where the share of traditional industries was no more than 40 per cent in 1968.

Venezuela, Uruguay, Peru and Colombia remained in an intermediate position, reflecting a more incipient stage of industrialization, and this position was also reached by Ecuador.

Lastly, the structure characteristic of low levels of industrialization persisted in Bolivia, Panama, the Dominican Republic and Guatemala, where the share of traditional industries in output exceeds 70 per cent.

#### 5. General government trends

Section 6 of table 25 gives data on general government spends in Latin America. Although a number of different aspects are involved, the data available on general government are uniform and cover all the Latin American countries only as regards the size of total expenditure, the structure of income and expenditure, and capacity to finance public investment.

The most striking feature is the marked tendency for the ratio of government expenditure to the gross domestic product, to increase. Of the countries considered, this ratio declined slightly only in the Dominican Republic, El Salvador and Venezuela.

The greatest changes, as can be seen in table 15, occurred in Paraguay, Colombia, Argentina and Honduras, where there were sharp increases in government investment and a proportionately smaller increase in current expenditure. The same trend, although less pronounced, is observable in the other countries of the region.

/Taking the

Taking the data for the end of the 1960s, countries can be classified in three types according to the ratio of total expenditure to the gross domestic product. For Argentina, Brazil, Chile and Uruguay the ratio is above 25 per cent. The intermediate group, in which the figure ranges between 15 and 25 per cent, comprises the majority of countries, namely Bolivia, Costa Rica, Ecuador, Peru, Venezuela, Honduras, Nicaragua, Panama, Paraguay, Dominican Republic and Mexico. The third group, in which the figure is below 15 per cent, is composed of Colombia, El Salvador and Guatemala.

Table 14  
LATIN AMERICA: SHARE OF TRADITIONAL INDUSTRIES  
IN TOTAL INDUSTRIAL OUTPUT  
(Percentages)

		1955	1968
Around 40 per cent			Argentina (39.8)
			Brazil (41.9)
			Mexico (41.2)
Between 40 and 70 per cent	Argentina	(52.2)	Chile <sup>a/</sup> (47.5)
	Brazil	(52.2)	Venezuela (48.0)
	Mexico	(52.9)	Peru (57.3)
	Venezuela	(52.6)	Uruguay (61.3)
	Chile <sup>a/</sup>	(57.1)	Colombia (63.2)
	Uruguay	(62.3)	Ecuador (65.5)
	Peru	(66.7)	
	Colombia	(69.3)	
Over 70 per cent	Ecuador	(75.8)	Bolivia (71.4)
	Panama	(78.4)	Panama (73.7)
	Bolivia	(82.5)	Dominican Rep. (85.7)
	Guatemala	(94.2)	Guatemala (91.9)
	Dominican Rep.	(94.6)	

Source: ECLA estimates, on the basis of official statistics. See also section 5 of table 25.

<sup>a/</sup> Figure for 1960.

/Table 15



Table 15

LATIN AMERICA: CHANGES IN THE RATIO OF TOTAL GOVERNMENT EXPENDITURE  
TO THE GROSS DOMESTIC PRODUCT BETWEEN 1959-1960 AND 1968-1969 <sup>a/</sup>  
(Percentages)

Sharp increase	Paraguay	(66.0)
	Colombia	(41.3)
	Argentina	(33.0)
	Honduras	(26.9)
Moderate increase	Nicaragua	(16.8)
	Panama	(15.5)
	Chile	(15.7)
	Costa Rica	(15.6)
	Mexico	(15.3)
	Uruguay	(11.2)
	Bolivia	(10.8)
	Brasil	(8.4)
	Peru	(7.9)
	Guatemala	(3.4)
	Ecuador	(2.7)
Moderate decrease	Dominican Republic	(-8.3)
	El Salvador	(-5.9)
	Venezuela	(-4.3)

Source: ECLA, on the basis of official statistics. See section 6 of table 25 infra.

<sup>a/</sup> Using the same periods as in table 25.

/Turning now

Turning now to the structure of current government expenditure, there is a general trend for the share of consumption or operating expenditure to decrease, with a corresponding rise in expenditure under the head of transfer payments, normally connected with various types of social expenditure. This trend, which is particularly marked in Brazil and Honduras, is not observable in Bolivia and Uruguay, where the share of consumption expenditure noticeably increased.

As regards the level of operating expenditure, it should be noted that in only five of the countries considered (Brazil, Chile, Mexico, Peru and Uruguay) did it represent less than 70 per cent of total current expenditure.

With respect to the composition of general government income, section 6 of table 25 shows that there was no substantial change in the proportion of non-tax revenue. The only exception to this is Ecuador, where non-tax revenue increased considerably and accounted for an average of 34.7 per cent of total revenue in the period 1966-1967.

The general trend as regards the composition of tax revenue was a decline in the share of indirect taxation, with substantial drops in El Salvador, Panama, the Dominican Republic and Venezuela. This was not the case, however, in Argentina, Brazil, Bolivia, Guatemala, Paraguay, Peru and Uruguay, where indirect taxation moderately increased its share of the total (see section 6 of table 25).

The countries considered can also be classified into groups according to the share of direct taxation in the total tax structure (see table 16). Only in Paraguay, Argentina, Brazil, Honduras and Guatemala did direct taxation represent less than 30 per cent of the total tax burden. But no conclusions can be drawn from these figures, for purposes of analysing tax structures in Latin America, without having more comprehensive data on the structure of indirect taxation, for the results of taxation depend to a large extent on the nature and effect of indirect taxes.<sup>11/</sup>

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<sup>11/</sup> See ECLA, Economic Survey of Latin America, 1967 (United Nations publication, Sales No.: E.69.II.G.1), Part One, Chap. IV.

Table 16

## LATIN AMERICA: SHARE OF INDIRECT TAXES IN TOTAL TAX REVENUE

(Percentage averages)

	Period	Country	
Above 40 per cent	1967-68	Venezuela	(67.6)
	1967-68	Chile	(53.1)
	1967-68	Panama	(51.6)
	1966-67	Uruguay	(48.1)
	1966-67	Ecuador	(42.6)
	1967-68	Mexico	(42.0)
	1967-68	Colombia	(41.6)
Between 30 and 40 per cent	1967-68	Costa Rica	(36.3)
	1968-69	Bolivia	(35.6)
	1966-67	Peru	(34.6)
	1967-68	Dominican Republic	(32.4)
	1967-68	El Salvador	(30.6)
	1968-69	Nicaragua	(30.4)
Below 30 per cent	1968-69	Paraguay	(27.2)
	1968-69	Argentina	(26.3)
		Brazil	(25.4)
	1966-67	Honduras	(23.4)
	1966-67	Guatemala	(22.5)

Source: ECLA estimates on the basis of official statistics. See section 6 of table 25 infra.

Section 6 of table 25 also gives data on the relation between general government saving and public investment. There are very marked variations throughout the period, notably in Argentina, Brazil, Colombia, Costa Rica, Ecuador and Paraguay, which are due to a number of different circumstances and cannot be explained by any common set of factors, although an important role is played by the various forms of the general government's domestic and external debt.

Looking now at the share of general government saving in public investment at the end of the decade, the data show that only Ecuador, Colombia, Venezuela and El Salvador achieved a ratio of above 80 per cent, while most of the countries considered fell into the intermediate range between 50 and 80 per cent (see table 17). A number of countries were below the 50 per cent mark, namely Honduras, Costa Rica, Brazil, Paraguay, Peru and Bolivia.

#### 6. Trends in the investment coefficient

In evaluating the development of the Latin American economies, it is particularly interesting to consider the trend of the ratio between the growth of the product and investment.

The investment coefficient of Latin America as a whole in 1969 was approximately 19.6 per cent, which represents quite a sizable capital formation effort compared with the achievements of more developed economies in the past.<sup>12/</sup> This coefficient has been accompanied by a growth rate of the product of around 6 per cent in the last three years.

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<sup>12/</sup> The United States had an investment coefficient of 20.4 per cent during the period 1909-1928 and of 18.2 per cent in 1946-1955. The United Kingdom had a coefficient of 14 per cent in 1900-1914 and 16.2 per cent in 1950-1958. Data from Simon Kuznets, Modern Economic Growth (Yale University Press, 1966), p. 236.

Table 17

LATIN AMERICA: RATIO OF GENERAL GOVERNMENT SAVING  
TO PUBLIC INVESTMENT

(Percentages)

	Period	Country	
Above 80 per cent	1966-67	Ecuador	(123.8)
	1967-68	Colombia	(97.3)
	1967-68	Venezuela	(85.1)
	1967-68	El Salvador	(82.1)
Between 50 and 80 per cent	1967-68	Panama	(75.9)
	1968-69	Argentina	(69.3)
	1967-68	Mexico	(62.2)
	1967-68	Dominican Republic	(61.9)
	1968-69	Nicaragua	(58.8)
	1966-67	Uruguay	(57.1)
		Chile	(54.6)
	1966-67	Guatemala	(50.7)
Below 50 per cent	1966-67	Honduras	(37.5)
	1967-68	Costa Rica	(34.6)
	1967-68	Brazil	(32.5)
	1968-69	Paraguay	(31.5)
	1966-67	Peru	(16.5)
	1968-69	Bolivia	(7.1)

Source: ECLA estimates on the basis of official statistics. See section 6 of table 25 infra.

/Most of

Most of the countries in the region have been able to increase their capital formation, Panama and Paraguay heading the list with increases of 8.8 and 12.1 per cent respectively in their investment coefficients (see table 18). In Venezuela, Colombia and Peru, in contrast, the investment coefficient declined by 9, 7.2 and 5.9 per cent respectively over the same period, which would seem to indicate that the high level achieved in 1955 - well above the Latin American average - was due to special circumstances in these countries.<sup>13/</sup> There were only slight changes in the other countries, and it may be assumed that they were due to transitory phenomena in the years considered. The investment coefficient for Latin America as a whole does not show very marked changes during the period considered.

Above the Latin American average, the differences in investment coefficients are not very marked. In 1969, most countries fell into the 18 to 21 per cent range, except for Panama and Paraguay which had coefficients of roughly 23.7 per cent (see table 19). There are more pronounced differences, however, between the countries below the average, which fall into two groups according to their level of development.

Chile, Uruguay, Peru and Colombia are in the 15 to 18 per cent range. The countries whose coefficient was less than 15 per cent - indicating the early stages of capital formation - were El Salvador, Guatemala, Ecuador and the special case of Haiti, in which the investment coefficient is the lowest in the region, a bare 5 per cent.

#### 7. Internal savings and net external financing

During the period 1960-1969, net financing of investment in the region as a whole remained virtually unchanged, with the share of net external funds increasing by only 0.4 points. Although it is not possible to distinguish a general trend, the data given in table 20 show marked changes in certain countries. There were considerable changes throughout the period in the composition of investment resources in Haiti, Panama,

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<sup>13/</sup> Fluctuations in investment in the petroleum industry were the main reason for the decrease in Venezuela.

Table 18

LATIN AMERICA: CHANGES IN THE INVESTMENT COEFFICIENT  
BETWEEN 1955 AND 1969

(Percentages of the gross domestic product)

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Paraguay	+12.1
Panama	+8.8
El Salvador	+4.4
Honduras	+4.2
Argentina	+3.1
Brazil	+2.2
Mexico	+1.5
Bolivia	+1.2
Costa Rica	+0.9
Chile	+0.5
Guatemala	+0.2
Venezuela	-9.0
Colombia	-7.2
Peru	-5.9
Uruguay	-4.0
Haiti	-3.0
Dominican Republic	-2.9
Ecuador	-2.2
Nicaragua	-0.6

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Source: ECLA estimates on the basis of official statistics. See section 7 of table 25 infra.

Table 19

LATIN AMERICA: INVESTMENT COEFFICIENTS, 1969

(Percentages)

Level	Country	
Above the Latin American average	Panama	(23.7)
	Paraguay	(23.7)
Around the Latin American average (19.6 per cent)	Argentina	(20.9)
	Mexico	(20.7)
	Honduras	(20.7)
	Venezuela	(20.3)
	Costa Rica	(20.3)
	Brazil	(19.6)
	Bolivia	(19.5)
	Nicaragua	(18.8)
	Dominican Republic	(18.8)
	Colombia	(18.6)
	Peru	(18.4)
Below the Latin American average	Chile	(17.1)
	Uruguay	(15.6)
	Ecuador	(14.7)
	El Salvador	(14.1)
	Guatemala	(12.5)
	Haiti	(5.0)

Source: ECLA estimates on the basis of official statistics. See section 7 of table 25 infra.



Table 20

LATIN AMERICA: SHARE OF NET EXTERNAL FINANCING IN GROSS  
DOMESTIC INVESTMENT, 1960-1962 AND 1967-1969

(Percentages)

	Average 1960-1962	Average 1967-1969
Haiti	50.6	9.5
Bolivia	38.6	30.0
Panama	34.4	10.2
Chile	29.2	9.0
Guatemala	21.5	22.8
Nicaragua	17.0	41.2
Uruguay	16.5	-1.4
Costa Rica	16.2	24.2
Paraguay	13.6	17.3
Colombia	11.6	12.1
El Salvador	10.3	15.6
Brazil	9.7	5.5
Ecuador	9.7	25.5
Argentina	9.0	0.1
Mexico	6.8	8.2
Peru	1.4	6.7
Honduras	0.5	26.6
Dominican Republic	-21.0	43.4
Venezuela	-41.7	10.5
Latin America	7.1	7.5

Source: ECIA estimates on the basis of official statistics. See section 8 of table 25 infra.

/Chile, Uruguay

Chile, Uruguay and Argentina, with domestic sources of savings showing an upward trend. In contrast, there was a sharp increase in the external contribution to total savings in Nicaragua, Ecuador and Honduras. The most marked changes, however, occurred in the Dominican Republic and Venezuela. At the beginning of the decade the level of domestic savings in these countries was higher than investment, but this situation changed, with the result that net external funds accounted for 43.4 and 10.5 per cent of investment, respectively, in 1967-1969.

For the region as a whole, the share of external savings was around 7.5 per cent in 1967-1969, which is not a very high figure.

It is useful, however, to distinguish the different levels of the share of net external funds in each country. Table 21 divides countries into three groups and indicates that as a general rule the countries at the highest level of development rely least on the external component of savings. In Mexico, Brazil and Argentina, external funds represent less than 10 per cent of the total. But countries at an earlier stage of industrialization, such as the Dominican Republic, Nicaragua, Honduras and Ecuador, are unable to finance more than 75 per cent of their capital formation from domestic sources, which reflects the high level of the external contribution to fixed investment; the level of dependence is even greater in view of the high import component. In the intermediate group, comprising Colombia, Venezuela and Panama, external financing represents between 10 and 20 per cent of investment resources.

#### 8. Composition of investment

It is also useful to look at the composition of the capital being formed for investment. Among other things it is known that investment associated with construction has a comparatively lower product-capital ratio and is linked more with infrastructure, the progress of urbanization and housing. On the other hand, investment in machinery and equipment is more directly linked with production.

The composition of investment in Latin America as a whole did not vary appreciably during the 1960s (see section 9 of table 25), apart from a decline of 1.9 per cent in the share of construction. There were marked

Table 21

LATIN AMERICA: SHARE OF EXTERNAL SAVING  
IN TOTAL SAVING, 1967-1969

(Percentages)

Above 20 per cent	Dominican Republic	(43.4)
	Nicaragua	(41.2)
	Bolivia	(30.0)
	Honduras	(26.6)
	Ecuador	(25.5)
	Costa Rica	(24.2)
	Guatemala	(22.8)
Between 10 and 20 per cent	Paraguay	(17.3)
	El Salvador	(15.6)
	Colombia	(12.1)
	Venezuela	(10.5)
	Panama	(10.2)
Below 10 per cent	Haiti	(9.5)
	Chile	(9.0)
	Mexico	(8.2)
	Peru	(6.7)
	Brazil	(5.5)
	Argentina	(0.1)
	Uruguay	(-1.4)

Source: ECLA estimates on the basis of official statistics. See section 8 of table 25 infra.

/changes within

changes within the different countries, however, especially in the relatively less developed countries. In Nicaragua, Panama, Guatemala, and Uruguay the share of construction in fixed investment declined markedly, with machinery and equipment increasing its share to 60 per cent. In Colombia, Haiti and Ecuador, construction accounted for close to 50 per cent of fixed investment at the beginning of the decade but by 1969 had raised its share to around 70 per cent. In the remaining countries, the changes did not substantially alter the initial composition, in which the share of machinery and equipment ranged from 80 per cent in Brazil to 30 per cent in Ecuador.

It might be thought that, the higher the level of development, the larger the share of machinery and equipment in fixed investment. But the data available do not bear this out in all countries. In Nicaragua, Paraguay and Guatemala, for example, the share of machinery and equipment in 1969 was above 60 per cent, while the figures for Mexico and Argentina were 46 and 55 per cent respectively. In order to make a more precise evaluation of the composition of investment in Latin America, it is hence necessary to take a more detailed look at the composition of the machinery and equipment sector in each country.

#### 9. Share of public and private sectors in investment

Two factors help determine the share of the public sector in the process of capital formation. In the first place, there is the autonomous nature of public sector investment as a component of over-all demand, which enables it to play a compensatory role whenever the rate of capital formation declines in the private sector. A situation of this kind arose in the period 1960-1963 in Argentina, Brazil, Chile, Colombia and Uruguay, when the public sector kept up its own investment rate despite the prevailing economic recession.

The second consideration has to do with the public sector's freedom of action with regard to yield on investment, which means that it can invest in infrastructure at rates of return that would not be attractive to the private sector.

Table 25 (section 10) shows the trend of public investment in Latin American economies. On the whole, public investment has been on the increase, particularly in Peru, Colombia, Chile, Panama, Paraguay and Bolivia. The only countries showing a sharp drop in the share of the public sector were Venezuela and the Dominican Republic. It would be wrong, however, to attach undue significance to these figures since statistics in Latin America are inclined to blur the distinction between private and public investment, sometimes attributing to the private sector investment made by publicly-owned enterprises.

In most Latin American economies (see table 22), the share of the public sector - which can be taken as indicative of the structure of investment in the region - is more than 30 per cent, and as high as 59 and 58.6 per cent in Bolivia and Chile respectively. Countries like Colombia, El Salvador and Guatemala are in an intermediate situation, with the public sector accounting for between 20 and 30 per cent, while in Uruguay, Costa Rica and Nicaragua public investment represents less than 20 per cent of the total.

The data given in table 22, moreover, do not indicate any clear-cut relationship between the level of development and the public sector's share of total investment.

#### 10. The trend of import and export coefficients

##### (a) The export coefficient

In a great many Latin American countries, the export coefficient, measured in terms of the volume of exports, was higher in the late 1960s than at the beginning of the decade (see table 25, section 11). The trend is particularly noticeable in the Central American countries, where the coefficient for the decade increased to around 6.5 per cent of the product.

There was not, however, any general tendency for the export situation to improve. In Colombia, Mexico, Peru, Paraguay and Venezuela, the export coefficient fell slightly, and in Haiti and the Dominican Republic quite sharply (around 6 per cent of the gross domestic product in the Dominican Republic).

Table 22

LATIN AMERICA: SHARE OF PUBLIC SECTOR IN FIXED  
INVESTMENT, 1969

(Percentages)

Over 30 per cent	Chile	(58.6)
	Bolivia	(59.0)
	Paraguay	(46.0)
	Ecuador	(40.5)
	Brazil	(38.8)
	Argentina	(37.1)
	Mexico	(40.8)
	Venezuela	(36.8)
	Peru	(34.6)
	Dominican Republic	(33.5)
Between 20 and 30 per cent	Colombia	(28.6)
	El Salvador	(23.1)
	Guatemala	(22.2)
	Honduras	(27.8)
	Panama	(27.5)
	Haiti	(22.7)
Less than 20 per cent	Uruguay	(17.2)
	Costa Rica	(17.7)
	Nicaragua	(19.5)

Source: ECLA estimates on the basis of official statistics. See also table 25, section 10.

/When classified

When classified according to the size of export coefficient (see table 23), the relatively more developed countries - Brazil, Mexico and Argentina - actually come bottom. The fact, however, that other variables enter into the picture, such as the type of product exported and the greater or lesser degree of integration of regional markets, means that no precise relationship can be established between the two concepts. Thus, for example, despite their different stages of development, Argentina and Haiti, Peru and Honduras, Venezuela and El Salvador all have roughly similar export coefficients.

(b) The import coefficient

The difference in the way the import coefficients of Latin American economies fluctuated are revealing (see table 25, section 11). Two dominant and quite distinct factors are at work in countries where the coefficient has declined over the past ten years. Thus, the contraction of imports may be either the natural outcome of an import substitution programme or else a reflection of decreases in a country's import capacity during specific periods.

In principle, the decline in the coefficient in countries like Argentina, Brazil, Chile, Colombia and Mexico can be largely ascribed to the more or less vigorous persistence of the import substitution process, and the same may be said of Venezuela, although in this country there were other contributory causes related to changes in the structure of production.

In almost all the smaller countries the coefficient rose, owing to the operation of various factors. Intra-regional trade, especially among the Central American countries, is noteworthy for its structural significance; but the expansion of exports doubtless pushed up imports in accordance with the familiar cyclical movement. Moreover, as is common knowledge, substitution possibilities have their limitations in the smaller countries.

Table 23

LATIN AMERICA: EXPORT COEFFICIENTS, 1967-1969

(Percentages)

Less than 10 per cent	Brazil	(6.1)
	Mexico	(9.5)
Between 10 and 20 per cent	Argentina	(11.7)
	Haiti	(12.4)
	Chile	(13.6)
	Colombia	(14.4)
	Paraguay	(14.6)
	Dominican Republic	(16.4)
	Ecuador	(18.3)
	Bolivia	(18.7)
	Guatemala	(18.7)
Over 20 per cent	Uruguay	(19.2)
	Peru	(21.0)
	Honduras	(24.7)
	Nicaragua	(24.9)
	Costa Rica	(25.9)
	El Salvador	(25.9)
	Venezuela	(28.1)
	Panama	(38.5)

Source: ECLA estimates on the basis of official statistics. See also table 25, section 11.

/Seen from



Seen from the point of view of the average import-coefficient levels for the period 1967-1969 (see table 24), a more or less close structural correlation exists between the relative level of development and dependency upon imports. Thus, the import coefficient of Brazil, Mexico and Argentina are 10 per cent or lower, whereas those of the Dominican Republic, Nicaragua, Bolivia, Honduras and Panama are all over 30 per cent. This position is also indicative of differing structures of growth.

Table 24

LATIN AMERICA: IMPORT COEFFICIENTS, 1967-1969

(Percentages)

Less than 10 per cent	Brazil	(5.7)
	Mexico	(9.8)
	Argentina	(10.0)
Between 10 and 20 per cent	Colombia	(13.1)
	Haiti	(14.1)
	Venezuela	(14.7)
	Chile	(16.2)
	Uruguay	(16.4)
	Guatemala	(17.5)
	Paraguay	(19.8)
	Ecuador	(20.6)
Over 20 per cent	El Salvador	(26.1)
	Peru	(28.6)
	Costa Rica	(30.1)
	Dominican Republic	(31.1)
	Nicaragua	(31.9)
	Bolivia	(32.5)
	Honduras	(32.6)
	Panama	(39.0)

Source: ECLA estimates on the basis of official statistics. See also table 25, section 11.



25

Country	1. Share of the productive sectors (percentages)				2. Structure of the employed population (percentages)				3. Product per person employed (dollars at 1960 prices)		4. Sectoral productivity (average for the economy = 100)								5. Composition of the manufacturing sector (percentages)									
	1960				1969				1969		1950				1960				1970				1955				1968	
	Agri- cul- ture	Indus- try & basic servs.	Serv- ices	Agri- cul- ture	Indus- try & basic servs.	Serv- ices	Agri- cul- ture	Indus- try & basic servs.	Serv- ices	1960	1969	Agri- cul- ture	Indus- try & basic servs.	Serv- ices	Agri- cul- ture	Indus- try & basic servs.	Serv- ices	Agri- cul- ture	Indus- try & basic servs.	Serv- ices	Tradit- ional	Inter- mediate	Metal trans- forming	Tradit- ional	Inter- mediate	Metal trans- forming		
Argentina	17.4	45.4	36.2	19.1	36.3	47.5	15.6	36.3	47.5	2 185	2 621	76.0	118.4	102.6	91.1	122.1	84.4	97.4	138.8	70.7	52.2	38.8	24.0	26.0	38.8	24.0	26.0	38.8
Brazil	22.1	33.9	44.0	52.2	23.3	30.1	46.6	23.3	30.1	1 949	1 203	45.4	126.9	267.8	42.9	147.4	177.4	42.7	155.8	145.5	52.2	30.9	21.7	41.9	30.9	21.7	41.9	
Mexico	16.6	32.6	50.8	48.3	23.0	23.5	47.2	23.0	23.5	1 566	2 108	31.3	124.6	282.8	20.9	151.8	172.6	27.6	155.4	172.6	52.9	27.5	25.5	63.2	27.5	25.5	63.2	
Colombia	24.1	32.3	43.6	48.2	27.2	34.5	26.6	27.2	34.5	2 006	1 182	68.8	173.6	178.8	70.7	131.8	123.1	71.6	148.7	148.7	52.3	32.7	13.0	48.0	32.7	13.0	48.0	
Venezuela	7.2	47.3	45.5	34.2	27.2	46.2	46.2	27.2	46.2	1 031	2 541	19.6	217.0	189.0	21.1	198.7	128.3	29.3	170.2	99.4	52.6	18.6	16.9	57.3	18.6	16.9	57.3	
Peru	28.1	35.4	36.5	52.2	25.8	28.0	46.2	25.8	28.0	1 009	1 059	42.9	122.2	259.9	46.2	142.7	176.1	44.9	150.8	153.2	66.7	29.2	15.2	23.3	29.2	15.2	23.3	
Chile	12.1	46.1	41.5	26.9	31.6	45.9	16.6	31.6	45.9	1 656	1 960	...	...	...	45.0	139.7	104.2	125.9	163.0	83.7	57.1	20.4	17.5	61.3	20.4	17.5	61.3	
Uruguay	19.3	35.3	45.8	36.6	27.2	51.7	16.6	27.2	51.7	1 932	1 832	36.9	91.6	135.8	51.4	132.7	169.6	45.3	157.1	150.5	86.6	8.9	-	86.6	8.9	-	86.6	
Costa Rica	27.0	27.2	46.8	52.5	19.1	24.8	56.1	19.1	24.8	1 380	1 086	61.9	132.4	241.2	55.6	128.6	188.4	46.3	150.8	182.3	94.2	5.8	-	94.2	5.8	-	94.2	
El Salvador	20.3	27.3	45.2	68.0	15.5	19.8	64.7	15.5	19.8	822	1 036	66.1	175.1	349.9	61.8	115.7	197.6	57.5	252.0	148.6	148.6	73.7	18.2	5.4	73.7	18.2	5.4	73.7
Guatemala	20.1	22.2	52.0	71.8	12.3	26.8	66.9	12.3	26.8	603	1 741	60.9	175.1	349.9	60.2	132.3	197.6	57.5	252.0	148.6	148.6	73.7	18.2	5.4	73.7	18.2	5.4	73.7
Honduras	21.2	22.2	46.2	61.8	11.7	26.8	66.9	11.7	26.8	868	1 441	59.9	155.7	235.1	53.0	178.2	191.0	49.8	155.7	155.7	116.4	16.2	-	116.4	16.2	-	116.4	
Nicaragua	27.2	27.9	46.2	47.0	17.0	39.1	43.9	17.0	39.1	1 354	2 159	...	...	...	53.0	278.1	272.7	...	...	...	...	...	...	...	...	...	...	
Panama	24.2	24.6	46.2	61.8	14.7	26.8	66.9	14.7	26.8	1 354	2 159	...	...	...	53.0	278.1	272.7	...	...	...	...	...	...	...	...	...	...	
Haiti	40.5	18.5	33.0	47.0	6.7	...	...	...	...	216	216	46.1	163.8	306.1	59.7	272.7	272.7	...	...	...	...	...	...	...	...	...	...	
Dominican Republic	27.2	24.7	46.2	64.8	14.2	26.0	58.5	14.2	26.0	828	838	...	...	...	67.4	213.4	213.4	41.5	202.1	178.8	94.6	5.4	-	94.6	5.4	-	94.6	
Ecuador	20.6	24.7	46.2	55.8	20.1	27.1	52.5	20.1	27.1	823	949	73.7	109.9	203.8	67.9	172.7	160.5	60.9	142.2	145.0	75.8	23.5	-	75.8	23.5	-	75.8	
Paraguay	20.6	24.7	46.2	56.1	19.0	28.8	51.1	19.0	28.8	723	838	51.6	119.7	190.8	69.2	180.0	146.6	66.9	141.3	129.9	82.9	14.0	3.5	82.9	14.0	3.5	82.9	
Bolivia	20.6	24.7	46.2	59.7	20.1	23.9	55.0	20.1	23.9	445	579	51.6	201.0	186.7	51.3	181.1	163.4	42.0	218.5	128.9	82.5	14.0	3.5	82.5	14.0	3.5	82.5	
Central America	20.2	26.9	42.9	59.7	21.1	23.9	55.0	21.1	23.9	1 259	1 549	...	...	...	42.8	149.4	174.4	41.0	159.7	157.9	...	...	...	...	...	...	...	

Country	6. Relative importance of General Government. Structure of its income and current expenditure										7. Investment coefficients in relation to the gross product (percentages)				8. Composition of savings (percentages)				9. Composition of fixed invest- ment, by types of goods (percentages)				10. Composition of fixed invest- ment by type of investor (percentages)				11. Exports and import coeffi- cients in relation to the gross domestic product (percentages)					
	Ratio total expendi- ture		Current income			Current expenditure		Ratio general gov- ernment public invest- ment	Country	1955	1960	1969	Average 1960-62		Average 1967-69		1960		1969		1960		1969		Average 1960-62		Average 1967-69		Average 1960-62		Average 1967-69	
			Direct taxes	Indirect taxes	Total	Non-tax	Consump- tion						Other	Internal	External	Internal	External	Con- struc- tion	Equip- ment	Public sector	Private sector	Public sector	Private sector	Public sector	Private sector	Public sector	Private sector	Public sector	Private sector	Public sector	Private sector	Public sector
	Ratio total expendi- ture	Direct taxes	Indirect taxes	Total	Non-tax	Consump- tion	Other	Ratio general gov- ernment public invest- ment	Country	1955	1960	1969	Internal	External	Internal	External	Con- struc- tion	Equip- ment	Con- struc- tion	Equip- ment	Public sector	Private sector	Public sector	Private sector	Public sector	Private sector	Public sector	Private sector	Public sector	Private sector	Public sector	Private sector
Argentina	20.3	69.3	28.7	88.5	17.8	75.0	25.0	33.8	Argentina	17.4	22.7	20.3	91.0	9.0	92.9	44.9	58.1	44.2	55.8	23.8	76.2	31.8	68.2	10.8	11.7	12.7	15.4	10.0	15.4			
Brazil	27.0	72.7	28.5	78.2	21.8	72.3	37.7	65.3	Brazil	19.2	18.4	19.6	93.2	6.8	93.2	55.8	44.2	53.8	46.2	43.4	56.6	40.8	59.2	10.7	9.3	11.4	9.8	11.4	9.8			
Mexico	25.0	74.4	28.6	88.8	11.2	70.8	29.2	70.3	Mexico	25.8	20.1	18.6	93.2	6.8	93.2	55.7	44.3	69.6	30.4	14.7	85.3	28.6	71.4	14.9	14.4	15.3	13.1	14.7	13.1			
Colombia	27.1	71.6	25.4	89.3	10.7	56.5	43.5	32.5	Colombia	29.3	17.6	20.3	141.7	11.6	89.5	67.0	33.0	67.0	33.0	45.7	54.3	36.8	63.2	31.7	28.1	17.8	14.7	28.6	14.7			
Venezuela	14.4	66.2	33.8	88.1	9.1	58.7	41.3	83.5	Venezuela	24.3	21.6	17.1	98.6	1.4	93.3	44.5	55.5	42.5	57.5	13.0	87.0	44.6	55.4	13.5	13.6	17.0	16.2	16.2	16.2			
Peru	16.6	58.0	32.0	90.2	8.8	82.5	17.5	62.2	Peru	16.6	17.6	15.6	70.8	29.2	91.0	58.8	41.2	49.4	50.6	46.4	58.6	41.4	19.2	19.8	16.4	16.4	16.4	16.4				
Chile	10.4	58.0	44.0	92.7	7.3	71.5	28.5	97.3	Chile	19.4	19.4	20.3	83.8	16.2	75.8	67.0	33.0	33.0	56.3	15.7	84.3	17.2	82.8	15.9	19.2	19.8	16.4	16.4				
Ecuador	23.4	53.6	46.4	75.0	25.0	90.3	9.7	79.6	Ecuador	19.4	19.4	20.3	83.8	16.2	75.8	67.0	33.0	33.0	56.3	15.7	84.3	17.2	82.8	15.9	19.2	19.8	16.4	16.4				
Paraguay	22.4	53.6	46.4	75.0	25.0	90.3	9.7	79.6	Paraguay	19.4	19.4	20.3	83.8	16.2	75.8	67.0	33.0	33.0	56.3	15.7	84.3	17.2	82.8	15.9	19.2	19.8	16.4	16.4				
Uruguay	18.2	65.4	37.0	98.1	1.8	60.2	39.8	85.1	Uruguay	19.4	19.4	20.3	83.8	16.2	75.8	67.0	33.0	33.0	56.3	15.7	84.3	17.2	82.8	15.9	19.2	19.8	16.4	16.4				
Costa Rica	20.3	69.3	28.7	88.5	17.8	75.0	25.0	33.8	Costa Rica	17.4	22.7	20.3	91.0	9.0	92.9	44.9	58.1	44.2	55.8	23.8	76.2	31.8	68.2	10.8	11.7	12.7	15.4	10.0	15.4			
Nicaragua	15.3	63.7	36.3	89.3	10.7	83.9	16.1	82.4	Nicaragua	12.3	13.9	12.5	78.5	21.5	77.2	63.0	37.0	68.9	31.1	22.7	77.3	22.2	77.8	20.6	24.9	23.1	39.9	32.6	32.6			
Salvador	15.3	63.7	36.3	89.3	10.7	83.9	16.1	82.4	Salvador	12.3	13.9	12.5	78.5	21.5	77.2	63.0	37.0	68.9	31.1	22.7	77.3	22.2	77.8	20.6	24.9	23.1	39.9	32.6	32.6			
Guatemala	15.3	63.7	36.3	89.3	10.7	83.9	16.1	82.4	Guatemala	12.3	13.9	12.5	78.5	21.5	77.2	63.0	37.0	68.9	31.1	22.7	77.3	22.2	77.8	20.6	24.9	23.1	39.9	32.6	32.6			
Honduras	15.3	63.7	36.3	89.3	10.7	83.9	16.1	82.4	Honduras	12.3	13.9	12.5	78.5	21.5	77.2	63.0	37.0	68.9	31.1	22.7	77.3	22.2	77.8	20.6	24.9	23.1	39.9	32.6	32.6			
El Salvador	15.3	63.7	36.3	89.3	10.7	83.9	16.1	82.4	El Salvador	12.3	13.9	12.5	78.5	21.5	77.2	63.0	37.0	68.9	31.1	22.7	77.3	22.2	77.8	20.6	24.9	23.1	39.9	32.6	32.6			
Panama	15.3	63.7	36.3	89.3	10.7	83.9	16.1	82.4	Panama	12.3	13.9	12.5	78.5	21.5	77.2	63.0	37.0	68.9	31.1	22.7	77.3	22.2	77.8	20.6	24.9	23.1	39.9	32.6	32.6			
Haiti	15.3	63.7	36.3	89.3	10.7	83.9	16.1	82.4	Haiti	12.3	13.9	12.5	78.5	21.5	77.2	63.0	37.0	68.9	31.1	22.7	77.3	22.2	77.8	20.6	24.9	23.1	39.9	32.6	32.6			
Dominican Republic	15.3	63.7	36.3	89.3	10.7	83.9	16.1	82.4	Dominican Republic	12.3	13.9	12.5	78.5	21.5	77.2	63.0	37.0	68.9	31.1	22.7	77.3	22.2	77.8	20.6	24.9	23.1	39.9	32.6	32.6			
Ecuador	15.3	63.7	36.3	89.3	10.7	83.9	16.1	82.4	Ecuador	12.3	13.9	12.5	78.5	21.5	77.2	63.0	37.0	68.9	31.1	22.7	77.3	22.2	77.8	20.6	24.9	23.1	39.9	32.6	32.6			
Paraguay	15.3	63.7	36.3	89.3	10.7	83.9	16.1	82.4	Paraguay	12.3	13.9	12.5	78.5	21.5	77.2	63.0	37.0	68.9	31.1	22.7	77.3	22.2	77.8	20.6	24.9	23.1	39.9	32.6	32.6			
Bolivia	15.3	63.7	36.3	89.3	10.7	83.9	16.1	82.4	Bolivia	12.3	13.9	12.5	78.5	21.5	77.2	63.0	37.0	68.9	31.1	22.7	77.3	22.2	77.8	20.6	24.9	23.1	39.9	32.6	32.6			
Lat. Am.	15.3	63.7	36.3	89.3	10.7	83.9	16.1	82.4	Lat. Am.	12.3	13.9	12.5	78.5	21.5	77.2	63.0	37.0	68.9	31.1	22.7	77.3	22.2	77.8	20.6	24.9	23.1	39.9	32.6	32.6			

Country	Year	Value	Unit
Argentina	1965	100	100
Brazil	1965	100	100
Chile	1965	100	100
Colombia	1965	100	100
Costa Rica	1965	100	100
Cuba	1965	100	100
Ecuador	1965	100	100
El Salvador	1965	100	100
Guatemala	1965	100	100
Honduras	1965	100	100
Mexico	1965	100	100
Nicaragua	1965	100	100
Panama	1965	100	100
Paraguay	1965	100	100
Peru	1965	100	100
Puerto Rico	1965	100	100
Uruguay	1965	100	100
Venezuela	1965	100	100

For table 6: Republic of Argentina: Secretaría del Consejo Nacional de Desarrollo: Plan Nacional de Desarrollo 1970-1974 and Distribucion del Ingreso y Cuentas Nacionales en la Argentina, vol. 2, current BILA, at the end of official statistics reports of the current BILA.

Dominican Republic: Oficina Nacional de Planificación, *BASES PARA EL DESARROLLO ECONÓMICO, SOCIAL Y CULTURAL*, 1970, 1971, 1972, 1973, 1974, 1975, 1976, 1977, 1978, 1979, 1980, 1981, 1982, 1983, 1984, 1985, 1986, 1987, 1988, 1989, 1990, 1991, 1992, 1993, 1994, 1995, 1996, 1997, 1998, 1999, 2000, 2001, 2002, 2003, 2004, 2005, 2006, 2007, 2008, 2009, 2010, 2011, 2012, 2013, 2014, 2015, 2016, 2017, 2018, 2019, 2020, 2021, 2022, 2023, 2024, 2025, 2026, 2027, 2028, 2029, 2030, 2031, 2032, 2033, 2034, 2035, 2036, 2037, 2038, 2039, 2040, 2041, 2042, 2043, 2044, 2045, 2046, 2047, 2048, 2049, 2050, 2051, 2052, 2053, 2054, 2055, 2056, 2057, 2058, 2059, 2060, 2061, 2062, 2063, 2064, 2065, 2066, 2067, 2068, 2069, 2070, 2071, 2072, 2073, 2074, 2075, 2076, 2077, 2078, 2079, 2080, 2081, 2082, 2083, 2084, 2085, 2086, 2087, 2088, 2089, 2090, 2091, 2092, 2093, 2094, 2095, 2096, 2097, 2098, 2099, 2100, 2101, 2102, 2103, 2104, 2105, 2106, 2107, 2108, 2109, 2110, 2111, 2112, 2113, 2114, 2115, 2116, 2117, 2118, 2119, 2120, 2121, 2122, 2123, 2124, 2125, 2126, 2127, 2128, 2129, 2130, 2131, 2132, 2133, 2134, 2135, 2136, 2137, 2138, 2139, 2140, 2141, 2142, 2143, 2144, 2145, 2146, 2147, 2148, 2149, 2150, 2151, 2152, 2153, 2154, 2155, 2156, 2157, 2158, 2159, 2160, 2161, 2162, 2163, 2164, 2165, 2166, 2167, 2168, 2169, 2170, 2171, 2172, 2173, 2174, 2175, 2176, 2177, 2178, 2179, 2180, 2181, 2182, 2183, 2184, 2185, 2186, 2187, 2188, 2189, 2190, 2191, 2192, 2193, 2194, 2195, 2196, 2197, 2198, 2199, 2200, 2201, 2202, 2203, 2204, 2205, 2206, 2207, 2208, 2209, 2210, 2211, 2212, 2213, 2214, 2215, 2216, 2217, 2218, 2219, 2220, 2221, 2222, 2223, 2224, 2225, 2226, 2227, 2228, 2229, 2230, 2231, 2232, 2233, 2234, 2235, 2236, 2237, 2238, 2239, 2240, 2241, 2242, 2243, 2244, 2245, 2246, 2247, 2248, 2249, 2250, 2251, 2252, 2253, 2254, 2255, 2256, 2257, 2258, 2259, 2260, 2261, 2262, 2263, 2264, 2265, 2266, 2267, 2268, 2269, 2270, 2271, 2272, 2273, 2274, 2275, 2276, 2277, 2278, 2279, 2280, 2281, 2282, 2283, 2284, 2285, 2286, 2287, 2288, 2289, 2290, 2291, 2292, 2293, 2294, 2295, 2296, 2297, 2298, 2299, 2300, 2301, 2302, 2303, 2304, 2305, 2306, 2307, 2308, 2309, 2310, 2311, 2312, 2313, 2314, 2315, 2316, 2317, 2318, 2319, 2320, 2321, 2322, 2323, 2324, 2325, 2326, 2327, 2328, 2329, 2330, 2331, 2332, 2333, 2334, 2335, 2336, 2337, 2338, 2339, 2340, 2341, 2342, 2343, 2344, 2345, 2346, 2347, 2348, 2349, 2350, 2351, 2352, 2353, 2354, 2355, 2356, 2357, 2358, 2359, 2360, 2361, 2362, 2363, 2364, 2365, 2366, 2367, 2368, 2369, 2370, 2371, 2372, 2373, 2374, 2375, 2376, 2377, 2378, 2379, 2380, 2381, 2382, 2383, 2384, 2385, 2386, 2387, 2388, 2389, 2390, 2391, 2392, 2393, 2394, 2395, 2396, 2397, 2398, 2399, 2400, 2401, 2402, 2403, 2404, 2405, 2406, 2407, 2408, 2409, 2410, 2411, 2412, 2413, 2414, 2415, 2416, 2417, 2418, 2419, 2420, 2421, 2422, 2423, 2424, 2425, 2426, 2427, 2428, 2429, 2430, 2431, 2432, 2433, 2434, 2435, 2436, 2437, 2438, 2439, 2440, 2441, 2442, 2443, 2444, 2445, 2446, 2447, 2448, 2449, 2450, 2451, 2452, 2453, 2454, 2455, 2456, 2457, 2458, 2459, 2460, 2461, 2462, 2463, 2464, 2465, 2466, 2467, 2468, 2469, 2470, 2471, 2472, 2473, 2474, 2475, 2476, 2477, 2478, 2479, 2480, 2481, 2482, 2483, 2484, 2485, 2486, 2487, 2488, 2489, 2490, 2491, 2492, 2493, 2494, 2495, 2496, 2497, 2498, 2499, 2500, 2501, 2502, 2503, 2504, 2505, 2506, 2507, 2508, 2509, 2510, 2511, 2512, 2513, 2514, 2515, 2516, 2517, 2518, 2519, 2520, 2521, 2522, 2523, 2524, 2525, 2526, 2527, 2528, 2529, 2530, 2531, 2532, 2533, 2534, 2535, 2536, 2537, 2538, 2539, 2540, 2541, 2542, 2543, 2544, 2545, 2546, 2547, 2548, 2549, 2550, 2551, 2552, 2553, 2554, 2555, 2556, 2557, 2558, 2559, 2560, 2561, 2562, 2563, 2564, 2565, 2566, 2567, 2568, 2569, 2570, 2571, 2572, 2573, 2574, 2575, 2576, 2577, 2578, 2579, 2580, 2581, 2582, 2583, 2584, 2585, 2586, 2587, 2588, 2589, 2590, 2591, 2592, 2593, 2594, 2595, 2596, 2597, 2598, 2599, 2600, 2601, 2602, 2603, 2604, 2605, 2606, 2607, 2608, 2609, 2610, 2611, 2612, 2613, 2614, 2615, 2616, 2617, 2618, 2619, 2620, 2621, 2622, 2623, 2624, 2625, 2626, 2627, 2628, 2629, 2630, 2631, 2632, 2633, 2634, 2635, 2636, 2637, 2638, 2639, 2640, 2641, 2642, 2643, 2644, 2645, 2646





### III. THE SOCIAL IMPLICATIONS OF DEVELOPMENT

#### Introduction

In view of the growing importance attached to this topic, the fact that country studies have only recently begun to include social matters, and the special problems involved in their analysis, it may be appropriate to begin this chapter by describing the main criteria on which it is based.

If statistics in general in Latin America are very much open to criticism, this is especially true of social statistics. In several respects their reliability leaves a great deal to be desired. Some growth rates are quite obviously over-valued, while at the same time data is missing on possible progress. It can almost be said that there is a close correlation between the level of development and the accuracy of statistics in the countries in the region. Hence, data must be considered simply as indicating general trends that inherently contain a degree of error, which in some cases is quite substantial.

In selecting some indicators of general trends in recent years, it would have been preferable to take the period from the middle of the 1950s to the end of the 1960s but, because of the difficulty of obtaining data, it was frequently necessary to use 1950 as the initial year, for which census results are available for the various countries.

As will be seen below, social welfare has shown an upward trend throughout the region, with health and education showing substantial improvements.

However, there are still substantial imbalances in the distribution of the benefits of development among the social sectors.<sup>14/</sup> There are very great differences between the Latin American countries as regards such goods and services as education, housing, health, nutrition, social security, etc., and also as regards rates of growth which, far from cancelling out the imbalances, may even accentuate them.

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<sup>14/</sup> See ECLA, Economic Survey of Latin America, 1969 (United Nations publication, Sales No.: E.71.II.G.1), (in the press) Part One.

/Furthermore, the



Furthermore, the national figures mask the wide variety of situations and internal imbalances within countries; for example, the supply of goods and services is much less in rural areas than in urban areas. The differences noticeable between countries with different rates of growth, are also evident within countries, between the dynamic regions, where the social benefits of development are concentrated, and the backward regions where the absence of these benefits is becoming increasingly pronounced. In recent years, studies of regional development have begun to show up these structural imbalances.

Ecological differences do not tell the whole story. There are imbalances in the distribution of benefits not only between countries, regions and areas, but in all spheres and in all dimensions. Dividing the population into income groups, for example, shows that the top 5 per cent receives an exaggeratedly high share of total income and the lower half of the scale a very small share.

A recent study on the question of nutrition <sup>15/</sup> indicates that Latin America compares favourably with other developing regions as regards the consumption of foodstuffs. Total calorie consumption, which amounted to 2,590 per day in 1965, was 7 per cent above the world average and 20 per cent above the average for the developing countries. According to the study, this is due, inter alia, to imbalances in the distribution of foodstuffs both among the various countries and within them, with the result that certain sectors of the population are more than adequately fed while other sectors are under-nourished, because consumption patterns are closely linked to income distribution, family size and the rural-urban make-up of the population.

A look at these imbalances should help to clear up a number of points. First, it will help to show what this structural variety means in terms of limitations on development in the region. Secondly, it will provide a basis for explaining the objectives set by development images and

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<sup>15/</sup> Howard A. Osborn, Relaciones entre niveles nutricionales y crecimiento de la población en América Latina, presented to the Latin American Regional Conference on Population, Mexico City, 1970.

strategies and, within them, the priorities assigned to social factors. Thirdly, it will provide criteria for the formulation of new development models, in which social factors will have an important role to play not only as regards the means of implementation (to which they are often confined) but also in the actual formulation of the "societal image" that will guide development.<sup>16/</sup>

Without prejudice to all the possible caveats, it may be useful to make a brief analysis of the most striking aspects and changes on the basis of the data available. The over-all picture, of course, is one of movement and progress in the major indicators, although there are appreciable variations in level and trend in each country and in effective content in terms of each social group.

The data on nutrition indicate that there has been slow but general improvement, the exceptions being countries in very different positions in absolute terms such as Argentina and El Salvador.

Progress has been much more marked in health, judging from the indicators. Expectation of life at birth and, in particular, the infant mortality rate has improved a great deal, particularly in many of the relatively less developed countries.

The same is true of education, where literacy rates and enrolment in primary schools have improved, although much still needs to be done given the absolute number of illiterates and the rate of retention at the primary level.

The data on housing suffice to show that there is still much room for improvement in virtually all countries of the region.

As regards employment and social security, the data confirm a number of currently held opinions. One is that, even if account is taken only of registered overt unemployment, the unemployment rate is high and is rising. Another is, that the proportion of the working population covered by social security systems is over 50 per cent in only two countries.

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<sup>16/</sup> See ECIA, Social change and social development policy in Latin America (United Nations publication, Sales No.: E.70.II.G.3), pp. 169-172.



An examination of these general circumstances through the prism of social, urban-rural and regional differences - even though fragmentary and not covering suitable time periods and the majority of countries - does however show up all too clearly the scale and contrast of internal imbalances.

No general conclusions can be drawn from this, but for purposes of illustration suffice it to mention the income differences resulting from certain regional imbalances. In Brazil, for example, 41 per cent of those at the bottom end of the scale (the poorest 20 per cent) live in the Nordeste region, but only 8 per cent of those at the very top of the scale (the top 5 per cent of income recipients) live in the Nordeste. In contrast, the Federal District of Mexico holds slightly more than 1 per cent of the poorest group, but 38 per cent of the top income group.

#### 1. The social situation in the region

Table 52 gives data for the various countries of the region on per capita personal consumption, nutrition, health, education, housing, employment and social security. Except in the case of housing, for which there are insufficient and not easily comparable data, the table shows the trend of changes between the 1950s and 1960s.

The first indicator is per capita consumption, based on the expenditure column of the national accounts. This indicator is perhaps too all-embracing and contains elements that have nothing to do with what is of interest here, but it does help evaluate the scale of the possibilities of meeting welfare needs. A considerable proportion of private expenditure goes on the consumption of foodstuffs and the two indicators most frequently used in this respect are the number of calories and of grams of protein consumed per day, which give an idea of the quality of the food intake.

As regards health, the main indicators are mortality and morbidity. There are fairly comprehensive data on mortality, although not broken down by ages, but the data on infant mortality is usually very inadequate, owing to under-registration of births. For this reason, the table includes mortality in the 1 to 4 age group.

The data on morbidity are too incomplete to provide national coverage, and the indicator used to show the general state of health is average expectation of life at birth.

Comparatively more data are available on education, the literacy rate being the indicator used. Two other indicators were included, covering school enrolment and retention at the primary level. It was considered that in Latin America primary schooling is still the main problem, because of the proportion of the population it affects and existing shortfalls. Data on secondary and higher education, although qualitatively of great importance, relate to smaller segments of the population.

The data on housing include five indicators, so as to cancel out the shortcomings in each one.

The unemployment rate was taken as the indicator of changes in employments, i.e., the ratio of overt unemployment to the total labour force.

With regard to social security, the data available consists of very general estimates, while what is really of interest is the quality of the coverage. Statistics indicate the percentage of the working population covered by social security but do not specify the type of services received.

(a) Consumption

Countries can be divided into four groups with respect to per capita consumption (see section 1 of table 52).

The first group comprises Argentina and Uruguay, which are the countries with the highest consumption. Consumption in Argentina increased by 20.3 per cent during the period considered, rising from 562.2 to 676.5 dollars (at 1960 prices) to place it at the head of the list, while in Uruguay, which was the highest consumer at the beginning of the period, consumption fell by 11.6 per cent, from 591.8 to 522.9 dollars.

The second group is composed of Mexico, Panama, Costa Rica and Venezuela. The largest increase in consumption in the region was in Mexico (45.1 per cent) which became the leader of the group, followed by Panama (42.4 per cent), Costa Rica (37.1 per cent) and Venezuela, in

/which consumption

which consumption grew by only 7.8 per cent, bringing it down from top to bottom place in the group.

Chile falls between these two groups, fairly close to Uruguay, with a per capita consumption of 489.5 dollars. Since no data are available for the period 1954-1956, it was not possible to estimate its growth rate.

The third group comprises virtually all the remaining countries in the region, ranging from Bolivia at 152.2 dollars in 1967-1969 to Peru with 297.6. Growth rates ranged between 9.4 per cent in Bolivia and 41.1 per cent in Brazil.

The last group contains one country, Haiti with the lowest consumption level in 1967-1969 (93.4 dollars) and a growth rate virtually unchanged since 1954-56 (a rate of -0.1 per cent).

The most significant variations in these figures are the decline in Uruguay and the increase in Mexico.

(b) Nutrition

There was little change in the consumption of calories between 1955 and 1967 (see section 2 of table 52). The largest increases came in Venezuela (27.7 per cent), Peru (14.7 per cent) and Chile (11 per cent). Uruguay and Argentina had fairly low figures in 1955; Argentina declined slightly over the period (a drop of 4.9 per cent) while Uruguay improved (up 7.1 per cent) and moved into first place. There were declines also in El Salvador (-9.4 per cent), Honduras (-3.4 per cent) and the Dominican Republic (-7.3 per cent).

On the basis of the age and sex structure of the population, FAO has worked out the daily per capita calorie requirements for each country. Five countries have an average above these requirements (Uruguay, Argentina, Brazil, Paraguay and Mexico), while Chile, Colombia, Peru, Ecuador, Dominican Republic, Venezuela, Guatemala and El Salvador are below them. In Ecuador, food supplies are almost 25 per cent below the requirements.<sup>17/</sup>

There are similar variations in the consumption of proteins: a decrease in Argentina (-9.2 per cent), which had formerly been the largest consumer, El Salvador (-22 per cent), Honduras (-4.9 per cent),

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<sup>17/</sup> Pan American Health Organization, Hechos que revelan progresos en salud, 1968.

Dominican Republic (21.3 per cent), Nicaragua (-5 per cent) and Paraguay (-3.1 per cent). These variations are especially significant since, with the exception of Argentina and Paraguay, the first set of data is for 1961-1962, which means that the decline occurred over a comparatively shorter period of time.

The largest increase was in Venezuela (28.5 per cent), followed by Ecuador (8.7 per cent), Brazil (7.8 per cent) Colombia (7.4 per cent) and Peru (7.1 per cent).

Comparing Latin America's figures for these two indicators with those of France, it is found that in general France is much higher, but roughly at the same level as Uruguay. In 1955, the figures for Argentina were higher than for France, but the positions were reversed in 1967:

	Daily consumption of calories		Daily consumption of proteins (Grams)	
	<u>1955</u>	<u>1967</u>	<u>1955</u>	<u>1967</u>
Latin America	2 420	2 560	63.6	65.4
France	2 890	3 100	95.3	100.7

### (c) Health

Life expectancy was up in every country except Uruguay, which had the highest index in 1950 and registered hardly any change (-0.4 per cent), and Peru, where there was only a slight increase (1 per cent). It rose fastest in Haiti (45.7 per cent), Brazil (32.4 per cent) and Nicaragua (32.1 per cent), all of which had low indexes in 1950 (see table 52, section 3).

A relatively smaller but possibly even more significant increase was recorded in Argentina (10.6 per cent) which already had a high life expectancy in 1950 (60.6 years) and now is virtually on a par with Uruguay. By comparison with Latin America, France's index in 1950 was higher than the regional average but lower than Uruguay's which, however, it had overtaken by 1968 (71.5 years as against 68.5). There are still

/wide differences

wide differences within the region, ranging from 42.6 years in Honduras and 46 years in Bolivia to 68.5 years in Uruguay.

On average, the 1950-1952 mortality rate in the one-to-four age group was fairly high - 20 per thousand compared with a mere 2.1 per thousand in France. By around 1968, the Latin American index had risen by 46 per cent, but the ten to one ratio with France remained (10.8 and 1 per thousand, respectively). Uruguay alone approached France's rate in 1968. The biggest drop in mortality occurred in Chile (75.6 per cent), Guatemala (65.6 per cent), Costa Rica (64.7 per cent) and Venezuela (62.9 per cent), with the result that Chile moved into second place behind Uruguay. At the start of the 1950s, Chile's mortality rate was 13.5 per thousand, declining to 8.2 in the 1960s and as low as 3.3 per thousand in 1968. Dropping even faster during the 1950s, the corresponding figures for Venezuela are 13.2 per thousand in 1950, 5.7 in 1960 and 4.9 in 1968 and for Costa Rica 15, 7.5 and 5.3 per thousand for the same dates.

(d) Education

There were major changes in education, too. The countries with the highest literacy rates in 1950 (Argentina, 86 per cent; Costa Rica, 79 per cent; Chile, 80 per cent; and Uruguay, 85 per cent) registered the smallest percentage increases. Paraguay's literacy rate, which was relatively high in 1950 (66 per cent), changed least of all. Conversely, the best performances occurred in countries with poor 1950 levels of literacy (El Salvador, Guatemala, Haiti, Honduras). The greatest increases were in Haiti (70.9 per cent), which rose from a very low 11 to 18.8 per cent, Venezuela (63.5 per cent) which went from 52 to 85 per cent, and Peru (59.5 per cent), from 42 to 67 per cent (see table 52, section 4).

The figures for the number of children enrolled in primary schools follow a similar pattern, the biggest increase taking place in Bolivia (127.9 per cent) and Honduras (152.3 per cent) which had low percentages in 1950 (24 and 22 per cent respectively). The smallest was in Argentina (10.8 per cent) which, along with Chile, had the highest percentage in 1950. The most notable improvement also occurred in Chile, where enrollment rose from 66 to 81.4 per cent, while the only country showing a decline is Haiti (from 22 to 14.8 per cent).

/In absolute

In absolute terms, however, the picture is more complicated since, while the percentage of the population able to read and write is on the increase, so too is the number of illiterates in the region as a whole and in most countries individually. The opposite was true only of Argentina, Venezuela and Chile (see table 26).

The educational situation appears more alarming looked at from the point of view of the primary school retention rate for the period 1960-1965 (see figure VII).

The highest rate of retention at the end of primary school was in Uruguay (50.3 per cent), followed by Panama (44.2 per cent), Argentina (39.8 per cent), Costa Rica (37.7 per cent) and Chile (37.5 per cent); the lowest were in Haiti, where only 8.6 out of every hundred students completed the six-year cycle, and the Dominican Republic where only 8.1 did so.

The first-year drop-out rate is particularly striking. A study on Central America points out that almost a quarter of all pupils enrolling at some time or other terminate their education before completing (whether satisfactorily or not) their first year of primary schooling - excluding Costa Rica and Panama where the retention rate for the period under consideration is around 80 per cent.<sup>18/</sup> In Mexico's rural areas, where 42 per cent of the school-going population lives, the over-all rate of retention is 9 per cent.<sup>19/</sup>

These data do not take into account the school repeater rate, either because the annual cohorts comprise repeaters from previous years or students who return to their studies after a period of interruption, or else because they do not include those taking a greater number of years to complete the cycle.

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<sup>18/</sup> OCEPLAN, Estudio sobre situación, tendencias y necesidades de la educación Centroamericana, Chapter III : Rendimiento cuantitativo del sistema: retención y desgranamiento escolar, 1970.

<sup>19/</sup> Francisco Alcalá, "Las tareas del Banco Nacional de Comercio Exterior", Comercio Exterior, December 1970.

Table 26

LATIN AMERICA: NUMBER OF ILLITERATES IN THE FIFTEEN-PLUS AGE GROUP  
(Thousands)

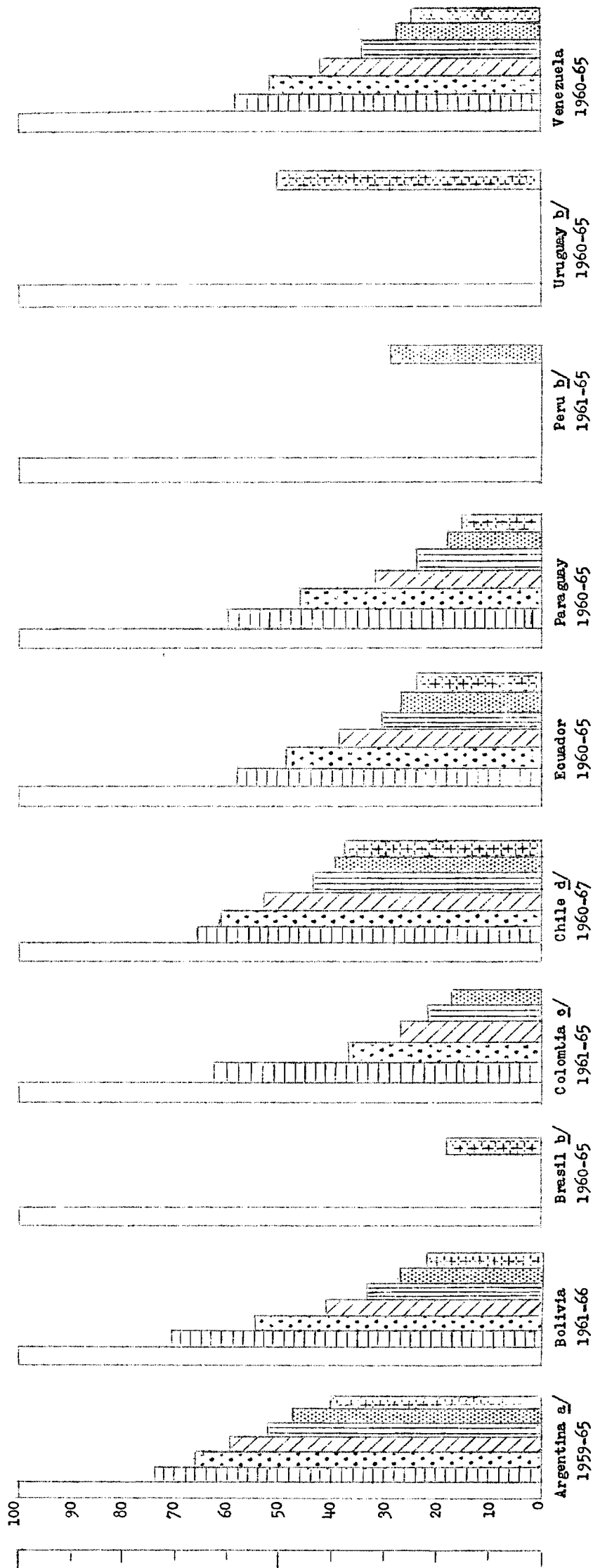
	1950	1960	1970 <sup>a/</sup>
Argentina	1 542	1 206	947
Brazil	15 273	12 816	16 436
Colombia	2 429	2 527	2 817
Venezuela	1 365	1 499	884
Chile	728	730	618
Costa Rica	94	109	133
El Salvador	644	707	896
Guatemala	1 138	1 411	1 686
Honduras	632	642	674
Nicaragua	369	398	502
Panama	133	134	169
Dominican Republic	677	569	1 070
Ecuador	815	800	971
Paraguay	255	250	401
<u>Total</u>	<u>26 094</u>	<u>26 798</u>	<u>28 204</u>

Source: National population censuses.

a/ Estimates.

/Figure VII

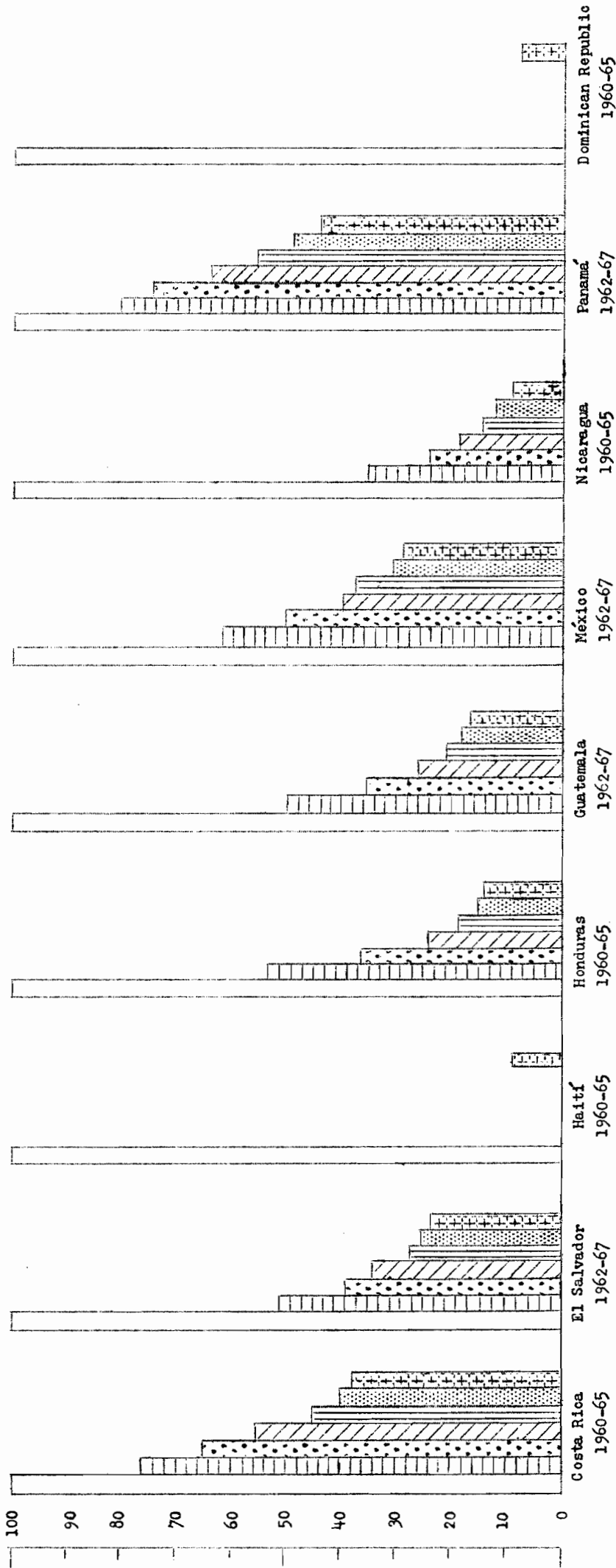
Figure VII  
LATIN AMERICA: RETENTION IN THE PRIMARY SCHOOL SYSTEM, BY GRADES



Source: UNESCO, Statistical Yearbook, 1969.  
a/ In Argentina, primary education has seven grades; 39 per cent of children complete the seventh grade.  
b/ No data available on retention in intermediate grades.  
c/ Primary education has only five grades.  
d/ In Chile, primary education has eight grades; 30 per cent of children begin the eighth grade and 27.3 per cent complete it.



Figure VII (concluded)



The problem of repetition is important and has a major bearing on educational performance and costs. An inquiry into the first primary school year in Ecuador in 1966-1967 provided the following information (in percentages):

	<u>Boys</u>	<u>Girls</u>
Not repeating	58.2	58.6
Repeating one year	31.8	32.5
Repeating more than one year	10.0	8.9 <sup>20/</sup>

In Ecuador, as in other countries, nearly half the pupils repeated their first year.

Consequently, a world-wide inquiry was made into retention rates whose projections allowed for repeater students who completed the cycle; it therefore recorded higher figures for Latin America than those given in table 27.

Table 27

LATIN AMERICA: PRIMARY SCHOOL RETENTION RATE, INCLUDING  
REPEATERS, 1960/1961 TO 1966/1967  
(Percentages)

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Argentina	54.3
Brazil	35.6
Canada	37.2
Colombia	27.3
Costa Rica	57.2
Dominican Republic	30.4
El Salvador	43.3
Guatemala	25.3
Mexico	38.4
Panama	62.3
Paraguay	31.6
Uruguay	66.9

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Source: UNESCO, The Statistical Measurement of Educational Wastage (International Conference on Education, 1970)

20/ UNESCO, The Statistical Measurement of Educational Wastage, (International Conference on Education, 1970)

/A comparison

A comparison of the two sets of figures (table 52, section 5, and table 27) shows that the biggest difference occurs in the case of the Dominican Republic where the retention rate rises from 8.1 to 30.4 per cent when allowance is made for repeaters. It should not be forgotten, however, that the figures being used relate to different years and that one set is based on national totals of students enrolled in consecutive years and the other on an international inquiry conducted in two stages.<sup>21/</sup>

(e) Housing

On the basis of available data, it is difficult to make a comparative analysis of housing since differences in climate, uses and construction materials from one country to another and within individual countries mean that minimum housing requirements are bound to vary, too. This affects both the evaluation of public services and the calculation of the housing shortage (see table 52, section 5).

The United Nations survey of the world social situation in 1967 revealed major differences between countries. Whereas Chile and Venezuela supplied between 60 and 65 per cent of their own needs, the Dominican Republic and Bolivia only catered to 1.6 and 4.2 per cent respectively.<sup>22/</sup>

The countries have more or less the same rating as in other tables, with Argentina at the top of the list. In terms of housing, Mexico comes out relatively worse off than in other indicators.

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<sup>21/</sup> The same inquiry showed considerably higher retention rates for European countries:

	(Percentages)
Bulgaria	77.4
Czechoslovakia	77.0
Hungary	85.2
Italy	90.2
Poland	95.2
Portugal	81.4

In Europe, the country with a retention rate closest to Latin America's is Yugoslavia (58.3 per cent) and, in North America, Canada (66.4 per cent).

<sup>22/</sup> United Nations, 1967 Report on the World Social Situation (E/CN.5/417/Rev.1).

/(f) Employment

(f) Employment

As the figures given only refer to overt unemployment, the real rates of unemployment must in fact be considerably higher (see table 52, section 6). Moreover, it is difficult to define the difference between employment and underemployment in quantitative terms or to distinguish cases of multiple employment. Along with housing and social security, this is the sector that needs greater accuracy in compiling data and defining indicators and indexes. Consequently, these unemployment rates are a better guide to changes within each country (bearing in mind that some figures are not very accurate) rather than to comparative orders of magnitude between countries.

Generally speaking, and excluding Venezuela, Brazil, the Dominican Republic and Haiti, overt unemployment is on the increase in every country, which considering the increase in population, means that the number of unemployed must also be rising in absolute terms.

The biggest change occurred in Ecuador where the unemployment rate rose from a (possibly underestimated) 2 per cent to 5.6 per cent, followed by Paraguay with an increase of 39.6 per cent and Uruguay with one of 36.6 per cent. Argentina, Peru and Mexico, the three countries where unemployment was lowest in 1965, also registered increases ranging from 11.5 per cent (Argentina) to 2.5 per cent (Mexico).

In Central America, there was an over-all rise from 2.6 to 5 per cent. The estimated figures for the whole of Latin America are 7.3 per cent in 1955 and 7.9 per cent in 1965, an increase of 7.6 per cent.

(g) Social security

By and large, the percentage of the economically active population benefiting from social security is fairly low (see table 52, section 7). In 1961, Chile alone (65.7 per cent) exceeded 50 per cent, followed by Argentina with 48.6 per cent. Chile remained at roughly the same level in 1967, with an increase of only 2.6 per cent. Although it had the highest growth rate, Nicaragua's percentage remained fairly low. Elsewhere, the variations ranged from +75.6 per cent in Panama to -8.3 per cent in Paraguay, while the percentage of the population covered by social security in Haiti remained unchanged (1.2 per cent).

## 2. Differences between urban and rural areas

The kind of statistical table of national averages that is used to illustrate different development and growth rates tends to gloss over another kind of disequilibrium inside each country. To bring this factor to light, the national data needs to be further disaggregated, first being broken down into urban and rural areas.

Splitting up the data poses something of a problem, as each country adopts its own criteria for classifying urban areas; while some surveys take urban to mean built-up areas of more than 2,000 inhabitants, other set the limit at 2,500 or even higher. Moreover, there is a semi-urban fringe that is directly affected by its proximity to the city, uses its services and yet cannot be dissociated from the rural area. There are also noticeable differences between large cities, medium-sized cities and small towns that do not show up when they are all classified together as urban.

Important though some aspects of the problem are, information is not available for all the countries or even for all the indicators given in the previous section. Consequently, three indicators have been chosen for purposes of comparison, two of which illustrate the differences that occur inside a country. See table 28.

Argentina, Uruguay and Costa Rica have the highest literacy rates both in the urban and the rural areas and differ only in minor respects. Next come Panama, Chile, Colombia, Ecuador and Mexico, with lower rural literacy rates (but still always over 50 per cent) and wider gaps between urban and rural levels (see table 52, section 8).

In all the remaining countries, the urban literacy rate is consistently over 60 per cent and the rural rate below 40 per cent, except in Peru where the latter is slightly higher. The gaps between the areas are fairly striking: 77.6 and 36.6 per cent in Venezuela; 73.4 and 33.1 per cent in Brazil; 71.2 and 33.7 per cent in El Salvador; 73.9 and 35.4 per cent in Honduras; and 79.4 and 29.8 per cent in Nicaragua. Guatemala has the lowest rural rate of all, with 22.6 per cent (65 per cent in urban areas).

Table 28

LITERATE PERSONS IN THE FIFTEEN-PLUS AGE GROUP

(Percentages)

Census year	Country	Urban population	Rural population
1960	Argentina	93.7	81.5
	Bolivia	...	...
1964	Brazil	73.4	33.1
1964	Colombia	85.0	58.7
1963	Costa Rica	94.4	78.2
1960	Chile	90.8	66.4
1962	Ecuador	88.1	55.5
1961	El Salvador	71.2	33.7
1964	Guatemala	65.0	22.6
	Haiti	...	...
1961	Honduras	73.9	35.4
1960	Mexico	78.7	51.1
1963	Nicaragua	79.4	29.8
1960	Panama	93.2	61.6
	Paraguay	...	...
1961	Peru	82.3	40.6
	Dominican Republic	...	...
1963	Uruguay	92.8	84.0
1961	Venezuela	77.6	36.6

Source: National population censuses.

The international inquiry into school rates of retention referred to previously, reveals rather sharp differences between certain countries. (see table 29).

Table 29

PRIMARY SCHOOL RETENTION RATE, BY URBAN AND RURAL  
AREA, 1960/1961 TO 1966/1967

(Percentages)

	Total	Urban	Rural
Colombia	27.3	47.3	3.7
Dominican Republic	30.4	48.1	13.9
Guatemala	25.3	49.6	3.5
Panama	62.3	80.7	45.3

Source: Same as table 27.

Rural retention rates are extremely low, barely 3.5 per cent at the end of the primary cycle in Guatemala. Though in Panama the figure is somewhat higher, it is still far below the urban rate, on the other hand, in 1971 Mexico recorded an urban rate of retention of around 5.4 per cent, compared with 9 per cent in rural areas.<sup>23/</sup>

Table 30 shows the differences in illiteracy rates between certain departments within a single country. See table 30.

Two distinctions can in fact be drawn from this table. First, there is a considerable discrepancy between the regional and the national average for the whole population (65 and 39 per cent, respectively). The population of the department shown are mostly indians and there is a definite connexion between bilingualism and illiteracy.

<sup>23/</sup> Francisco Alacalá, op. cit.

Table 30

PERU: ILLITERATE PERSONS IN SPECIFIC DEPARTMENTS AS  
A PERCENTAGE OF THE TOTAL AND OF THE RURAL POPULATION,  
1960

	Percentage of illiterates in the fifteen-plus age group in the total population	Percentage of illiterates in the fifteen-plus age group in rural areas
Ancash	51	82
Apurímac	76	86
Ayacucho	72	81
Cuzco	72	80
Huancavelica	66	88
Puno	64	66
Regional average	65	81
National average	39	78

Source: 1961 national population census, as quoted in Emilio Romero and César Levano, Regionalismo y Centralismo (Lima 1969).

Secondly, except in the case of Puno where the difference is slight, the gap between the departmental total and the figure for rural areas still exists. Moreover, the difference between the national rural average and the regional rural average is not very great (78 and 81 per cent respectively), which suggests that the urban-rural gap is even wider in other departments, with a higher rural and a lower urban illiteracy rate.

Other differences occur within a single country according to the size of the cities, as can be seen from table 31.



Table 31

COLOMBIA: GEOGRAPHICAL DISTRIBUTION OF DOCTORS AND  
POPULATION, 1965

(Percentages of the total)

	Doctors	Population
Capitals	74.4	31.1
Towns with 20 000 inhabitants or more (excluding capitals)	16.6	5.3
Towns with less than 20 000 inhabitants	9.2	63.6

Source: Asociación Colombiana de Facultades de Medicina, 1965, as  
quoted in Saturnino Sepúlveda, El Atraso Rural Colombiano, 1970.

As this table shows, the vast majority (90.8 per cent) of doctors are to be found in capitals or urban areas with more than 20,000 inhabitants, although these only account for 36.4 per cent of the population. For the most part, the rural area is covered by the 9.2 per cent remaining doctors living in towns of less than 20,000 inhabitants. The fact that some services are concentrated in urban areas does not, however, necessarily mean that they are not available to the rural areas as this will depend on the distance of the rural area from the nearest town centre.

As for housing, Costa Rica has the highest level of public services in the rural area (running water, 51 per cent; sanitation, 60.7 per cent; electric lighting, 31.6 per cent), while in Uruguay there is a high percentage of rural dwellings with sanitary services (73.7 per cent) but very few with running water (1.7 per cent). Nicaragua offers striking differences between urban and rural areas, very few services being available in the latter (running water, 48.7 per cent of urban dwellings and 0.7 per cent of rural dwellings; sanitations, 87.9 and 11.6 per cent; electric lighting, 71 and 4.3 per cent). Similar marked differences are to be found in nearly every country (see table 32).

Table 32

## LATIN AMERICA: URBAN AND RURAL HOUSING

(Percentages)

Year	Country	Dwellings with running water			Dwellings with sanitation			Dwellings with electric lighting		
		Total	Urban	Rural	Total	Urban	Rural	Total	Urban	Rural
1960	Argentina	51.6	62.9	14.1	86.7	93.1	65.8	68.8	84.0	18.8
1950	Bolivia	-	46.5	-	-	37.3	-	-	-	-
1960	Brazil	21.0	41.8	1.4	50.9	79.2	24.2	38.7	71.5	7.6
1964	Colombia	38.7	...	...	40.6	...	...	34.5	...	...
1963	Costa Rica	68.3	97.7	51.0	74.5	97.9	60.7	54.6	93.5	31.6
1960	Chile	56.1	...	...	82.4	...	...	...	...	...
1962	Ecuador	37.5	87.2	12.0	32.9	79.4	9.0	32.3	78.5	8.5
1961	El Salvador	-	75.7	-	-	100.0	-	-	60.4	-
1964	Guatemala	29.5	70.1	8.2	30.6	70.6	9.5	22.0	56.0	4.1
1950	Haiti	2.9	...	...	10.2	...	...	2.5	...	...
1961	Honduras	24.9	77.4	9.0	19.8	67.3	5.4	14.6	56.7	1.9
1960	Mexico	32.3	...	...	...	...	...	...	...	...
1963	Nicaragua	21.3	48.7	0.7	44.3	87.9	11.6	32.9	71.0	4.3
1960	Panama	46.2	89.5	9.6	64.1	96.5	36.8	44.0	82.7	11.3
1962	Paraguay	5.9	...	...	88.3	...	...	13.2	...	...
1961	Peru	21.1	43.7	1.0	45.0	64.6	27.7	26.0	50.7	4.2
1950	Dominican Republic	29.7	79.9	12.4	90.4	97.4	88.0	13.2	46.2	1.9
1963	Uruguay	68.1	69.5	1.7	93.8	96.5	73.8	79.2	76.8	31.7
1961	Venezuela	46.7	65.4	16.4	62.4	87.4	21.7	60.7	86.1	19.5

Source: Pan-American Union, América en cifras, 1967.

The point should be made, of course, that the absence of many of these services is not always as serious for rural areas, where they have never existed and may be less necessary, as for densely populated urban areas. Statistics, moreover, sometimes belie the real difference between the two. It is difficult, for instance, for statistical estimates to allow for subsistence consumption in rural areas, and besides, the rapid process of urban growth that precedes industrialization makes for a permanent shortage of services that may in fact have increased considerably.

The differences between rural rates are greater than those between urban rates. Furthermore, in countries with a large percentage of the population living in rural areas, the difference between urban and rural rates is greater and the national averages are lower.

### 3. Regional differences

As regards individual regions within a single country, the available data reveal vast differences in Argentina, Chile and, above all, Brazil. In Argentina, one of the most homogeneous countries of Latin America, the disparities between the capital and pampa area and the other four regions are clearly apparent in tables 33 and 34. While the rate of illiteracy is as low as 5.74 per cent in the former, it fluctuates between 11.53 and 17.73 per cent in the latter. The rate of retention in the capital is twice that of the North East area.

In Brazil, the differences in retention rates are even greater. The results of the world-wide inquiry into school retention are shown in table 35.

Although regional distribution is fairly approximate in this case, it does show the distinct dissimilarity of north and south.

In Chile, the highest level of hospital attention and the lowest mortality rate are found in the southern province of Magallanes, followed by the capital, contrasting with the three other southern provinces (Cautin, Valdivia-Osorno and Llanquihue-Chiloe-Aisen) which have the lowest rate of attention and the highest mortality. The latter in fact ranges from 50.9 in Magallanes to 131.1 in Cautin (see table 36).

Table 33

ARGENTINA: PRIMARY SCHOOL ATTENDANCE RATE AND ILLITERACY  
RATE, BY REGION, 1960

(Percentages)

	Primary school attendance rate (6-12 age group)	Illiteracy rate in the 16-plus age group
Capital	94.67	3.19
Pampa area	91.17	6.55
Capital and pampa area	91.75	5.74
Cuyo	82.97	11.53
Patagonia	74.02	14.60
North West area	79.73	17.26
North East area	72.73	17.73
<u>National total</u>	<u>85.61</u>	<u>8.60</u>

Source: 1960 national population census, as quoted in CONADE, Educación, Recursos Humanos y Desarrollo Económico-Social, 1968.

Table 34

ARGENTINA: RATE OF RETENTION IN THE SIXTH GRADE OF PRIMARY  
SCHOOLS, BY REGION, 1961-1962

(Percentages)

Capital	50.43
Pampa area	56.24
Cuyo	44.55
Patagonia	39.98
North west area	27.81
North east area	27.76
<u>National total</u>	<u>48.90</u>

Source: Same as table 33.

Table 35

BRAZIL: PRIMARY SCHOOL RATE OF RETENTION, 1966-1967

(Percentages)

North east area	19.0
North west area	22.9
South east area	47.3
<u>Total</u>	<u>35.6</u>

Source: The Statistical measurement of educational wastage, op.cit.

Table 36

CHILE: REGIONAL DISTRIBUTION OF HEALTH SERVICES, 1968

Region	Hospital beds per 1 000 in- habitants	Number of hours of attention per 1 000 inhabitants	Infant mortality rate
I. Tarapaca	4.1	2.0	65.9
II. Antofagasta	4.8	2.6	85.3
III. Atacama-Coquimbo	2.8	1.8	89.3
IV. Valparaiso-Aconcagua	5.0	2.6	60.2
Z.M. Santiago	4.2	3.6	56.6
V. O'Higgins-Colchagua	2.9	1.9	79.9
VI. Curicó-Talca-Linares- Maule	3.3	1.3	92.1
VII. Ñuble-Arauco-Concepcion- Bio-Bio-Malleco	3.1	1.6	111.9
VIII. Cautin	2.5	1.4	131.1
IX. Valdivia-Osorno	2.7	1.3	124.8
X. Llanquihue-Chiloe-Aisen	2.5	1.4	117.4
XI. Magallanes	5.5	3.1	50.9
<u>National total</u>	<u>3.7</u>	<u>2.5</u>	<u>83.4</u>

Source: Chilean Health Ministry.

/A comparison

A comparison of the north-east and south-east areas of Brazil, where there are roughly the same number of municipalities, shows a similar discrepancy between those with and those without a proper water supply (28 per cent and 83 per cent respectively). (See table 37.)

Moreover, the south-east has 60.8 per cent of the hospital beds and 69.1 per cent of the country's doctors. When combined with the south, the figures are 79.9 and 81 per cent. While the north-east has 630 inhabitants per hospital bed, the south-east has just over 200; as for the number of inhabitants to each doctor, there are four times as many in the north as in the south (see table 38).

These regional disparities, which occur in nearly every country in the region, are tending to become accentuated, in so far as the more dynamic areas manage to maintain better growth rates.

#### 4. Influence of income distribution

Apart from urban-rural and regional discrepancies, a breakdown should be made of social indicators by different income levels.

Up to some time ago, it was maintained in some quarters that an uneven income distribution, in the early stages of development, served to make the development process more flexible and that the discrepancies tended to be corrected in the very process of growth. Studies of recent years have shown, on the contrary, that poor income distribution handicaps the prospects of development and also has serious effects on the welfare and economic and social integration of the population.<sup>24/</sup>

The problem of employment comes before the problem of income distribution. Part of the labour force is not employed or is occupied in virtually marginal activities. The problem is not just one of income distribution within the different groups, ranging from the lowest income group to the top 5 per cent, but also one of access to employment

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<sup>24/</sup> See ECLA, The economic development of Latin America in the post war period (United Nations publication, Sales No.: 64.II.G.6); The process of industrial development in Latin America (United Nations publication, Sales No.: 66.II.G.4); Economic Survey of Latin America, 1969 (E/CN.12/851) pages 1 to 67.

Table 37

BRAZIL: HOUSING AND URBANIZATION, WATER SUPPLY AND  
SEWERAGE IN MUNICIPALITIES, 1967

	North	North east	South east	South	West central	Total
Total number of municipalities	161	1 376	1 412	717	306	3 972
Municipalities with water supply	57	383	1 167	270	77	1 954
<u>Percentage</u>	<u>35.4</u>	<u>28.0</u>	<u>83.0</u>	<u>37.8</u>	<u>25.0</u>	-
Municipalities with sewerage	23	215	929	174	76	1 417
<u>Percentage</u>	<u>14.3</u>	<u>16.6</u>	<u>66.0</u>	<u>24.3</u>	<u>24.8</u>	-

Source: Instituto Brasileiro de Estatística, Anuário Estatístico do Brasil - 1969.

Table 38

BRAZIL: HEALTH SERVICES, HOSPITAL BEDS AND DOCTORS WORKING  
IN HOSPITALS, 1967

	North	North east	South east	South	West central	Total
Number of beds	8 047	40 987	176 230	55 626	9 946	290 836
Percentage of national total	2.7	14.1	60.8	19.1	3.4	100.0
Number of inhabitants to each bed	395	630	214	283	425	-
Number of doctors	516	4 526	23 834	4 091	1 534	34 501
Percentage of national total	1.5	13.1	69.1	11.9	4.4	100.0
Number of inhabitants to each doctor	6 190	5 690	1 580	3 850	3 760	

Source: Same as table 37.

and access to one of those groups, even though it be the lower one, which absorbs those employed at the subsistence level of the totally destitute. If account were taken of those who do not have remunerative employment and therefore do not receive an income, the discrepancies that are examined below would be even greater.

(a) The inequality in the distribution

Analyses of income show that its distribution is very unequal particularly in the industrialized countries of the West.<sup>25/</sup> It is also probable that the gap between extremes of income (and per capita productivity) is growing in all sectors of employment.<sup>26/</sup>

The data on over-all income distribution in Latin America show that the lower-paid half of the population receive barely 13.4 per cent of total income, while 62.6 per cent of income is concentrated in the upper 20 per cent. Moreover, 80 per cent of the population receive less than the average income for the region, while the top 5 per cent receive nearly seven times the average. Indeed, the inequality on the income distribution for the region is focused at the top of the scale. In all the low and middle income groups, income rises comparatively slowly, a rapid rise being shown only after the seventh decile.

The average per capita income rises from 60 dollars for the poorest 20 per cent of the population to 2,600 dollars for the top 5 per cent, a difference of more than forty times.

However, there are differences in the internal situation of the different countries (see table 39).

For the lowest 20 per cent, income ranges from 40 dollars in Brazil to 114 dollars in Costa Rica and 203 dollars in Argentina. For the top 5 per cent, it ranges from 1,350 dollars in El Salvador to nearly 5,000 dollars in Argentina.

Within each country, the most significant change occurs between the penultimate and the last group. Only in Venezuela do the 15 per cent below the top group earn more than 1,000 dollars. The difference between the first and last groups varies between twenty and forty times, being greatest in Brazil and least in Costa Rica.

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<sup>25/</sup> ECLA, Economic Survey of Latin America, op. cit., Part Three, pages 1 to 75.

<sup>26/</sup> ECLA, Social change and social development policy in Latin America, op. cit.



Table 39

## PER CAPITA INCOME OF THE DIFFERENT INCOME GROUPS, AROUND 1960

(Dollars at 1960 prices)

Country	Per capita national income	Lowest 20 per cent	30 per cent below the median	30 per cent above the median	15 per cent below the top 5 per cent	Top 5 per cent
Brazil	230	40	88	181	338	1 820
El Salvador	205	56	72	154	390	1 350
Venezuela	515	77	194	475	1 081	2 730
Mexico	390	70	194	340	767	2 270
Costa Rica	380	114	155	276	633	2 660
Panama	350	86	182	267	516	2 415
Colombia	260	77	124	200	455	1 590
Argentina	780	203	398	661	1 190	4 867

Source: ECLA, Economic Survey of Latin America, 1969 (E/CN.12/851).

To facilitate the analysis of distribution within each country, the income of each group is related to the national average (see table 40).

Table 40

## INCOMES OF THE DIFFERENT INCOME GROUPS IN RELATION TO THE NATIONAL AVERAGE, AROUND 1960

Country	National average	Lowest 20 per cent	30 per cent below the median	30 per cent above the median	15 per cent below the top 5 per cent	Top 5 per cent
Argentina	100	26	51	85	152	624
Brazil	100	17	38	79	147	791
Colombia	100	30	48	77	175	610
Costa Rica	100	30	41	73	166	700
El Salvador	100	27	35	75	190	659
Mexico	100	18	39	87	197	582
Panama	100	25	52	76	147	690
Venezuela	100	15	38	92	210	530
Latin America	100	15	35	80	195	668

Source: Same as for table 39

/In the

In the same way as for the region as a whole, the income of all the groups, except for the upper 20 per cent, is less than the national average. In Venezuela the 30 per cent above the median earn slightly less than the national average income. The top 5 per cent receive between five and eight times the average.

Venezuela, Mexico and Brazil have fairly pronounced disequilibria, the first and second groups being far below the national average. Brazil and Mexico have a high concentration of income in the upper groups.

Other differences appear when the data are broken down between rural and urban income, which has been done for only two countries. However, the division between agricultural and non-agricultural income may be considered as an approximation to the division between urban and rural income (see table 41).

If the rural and urban averages are compared, it is seen that urban income is about twice rural income, except in the case of Argentina. From the standpoint of the different income groups, also excepting Argentina, the poorest 20 per cent of the population comprise more than 60 per cent of the rural population, and nearly 100 per cent in El Salvador. On the other hand, the top income group includes more than 80 per cent of the urban population.

(b) Social implications of the inequality

All these imbalances have important implications for the distribution of goods and services.

Table 42 shows the distribution of the population in Mexico, by income groups and levels of education. It is observed that the majority of the first three income groups (98.4 per cent, 96.1 per cent and 91.7 per cent, respectively) fall within the category of never having attended school or of having reached only the primary level. These three groups comprise 80 per cent of the population. The corresponding figure for the 15 per cent below the top income group is 68.3 per cent, and nearly all the members of this group attended primary school (61.6 per cent). Only for the top 5 per cent of the population do the figures for secondary education and professional training assume any significance.

Table 41

LATIN AMERICA: RURAL AND URBAN INCOMES IN THE COMPOSITION OF THE  
INCOME STRUCTURE IN SELECTED COUNTRIES, AROUND 1960

(Percentage shares)

Country and sector	Average income (rural average = 100)	Share of all income units	Income groups		
			Lowest 20 per cent	75 per cent of the population between the lowest 20 per cent and the top 5 per cent	Top 5 per cent
Venezuela <sup>a/</sup>					
Rural	100	40.8	72.9	34.2	12.2
Urban	250	59.2	27.1	65.8	87.8
Mexico <sup>a/</sup>					
Rural	100	44.2	68.7	40.0	10.7
Urban	231	55.8	31.3	60.0	89.3
Mexico					
Agricultural	100	43.7	68.2	38.4	20.7
Non-agricultural	198	56.3	31.8	61.6	79.3
Brazil					
Agricultural	100	45.4	62.2	43.3	12.1
Non-agricultural	273	54.6	37.8	56.7	87.9
Costa Rica					
Agricultural	100	50.0	76.4	45.0	19.6
Non-agricultural	184	50.0	23.6	55.0	80.4
El Salvador					
Agricultural	100	60.2	100.0	52.0	18.8
Non-agricultural	229	39.8	-	48.0	81.2
Argentina					
Agricultural	100	14.8	21.9	13.2	14.9
Non-agricultural	115	85.2	78.1	86.8	85.1

Source: ECLA, Economic Survey of Latin America, 1969 (E/CN.12/851).

<sup>a/</sup> The Venezuelan and Mexican classifications differ somewhat. In Mexico the urban category includes all towns with 2 500 or more inhabitants. In Venezuela the dividing line is 5 000 inhabitants. About 3 per cent of the population in Venezuela resides in towns of from 2 500 to 5 000 inhabitants.

Table 43 gives the same data, but with percentages of the employed population according to level of education.

There is a clear connexion between income group and level of education. It is seen that 72.4 per cent of those who never attended school and 95.5 per cent of the lowest three income groups are concentrated in the lower half of the income scale. On the other hand, 85.8 per cent of those who received professional training are concentrated in the top two income groups. Comparing the two extremes of table 43, roughly 34.7 per cent of the lowest income group never attended school, while 49.4 per cent of the top group received professional training.

The same connexion between population strata and level of education is found in an inquiry carried out among towns in Brazil (see table 44).

Tables 44 and 45 also show a difference in the relationship of education to income as between the three southern towns and the two towns in the north and north-east of Brazil.

An inquiry carried out among four towns in Chile showed a clear association between the economic level of heads of family and the duration of school attendance. (See table 46.)

Differences according to income levels also appear in the analysis of variations in the structure of consumption. The following tables provide selected data for the whole of Mexico, for two urban areas in Argentina and for two towns in Brazil (see tables 47 to 50).

It is difficult to compare these tables as the prices for each item vary between countries, regions and towns. However, the variations between income groups in the same table can be compared.

In all cases, the percentage of expenditure on food decreases through the scale, while expenditure on other items rises, except in the urban zones in Argentina, where there is also a reduction in expenditure on housing. The elasticity of expenditure on food is less than for most of the other elements of the structure of consumption.

Table 42

MEXICO: STRUCTURE OF THE DIFFERENT INCOME GROUPS WITHIN THE WORKING POPULATION,  
BY LEVEL OF EDUCATION, 1964-1965

	Lowest 20 per cent	30 per cent below the median	30 per cent above the median	15 per cent below the top 5 per cent	Top 5 per cent	Total
Total working population (thousands)	2 084.9	3 127.3	3 127.3	1 563.6	521.2	10 424.3
Percentages, <u>Total</u>	<u>100.0</u>	<u>100.0</u>	<u>100.0</u>	<u>100.0</u>	<u>100.0</u>	<u>100.0</u>
Never attended school	44.1	32.0	19.5	6.7	2.8	25.4
Primary school attendance	54.3	64.1	72.2	61.6	33.3	62.6
Secondary school attendance	1.0	2.3	4.5	13.8	20.9	5.4
Other post-primary school attendance	0.3	1.2	2.8	9.7	9.6	3.2
Professional training	0.3	0.4	1.0	8.2	33.4	3.4

Source: ECLA, on the basis of Secretaría de Industria y Comercio, Dirección General de Muestreo, La población económicamente activa de México 1964-65, Resumen general, vol. VII.

Table 43

MEXICO: PERCENTAGES OF THE WORKING POPULATION IN THE DIFFERENT INCOME GROUPS,  
BY LEVELS OF EDUCATION, 1964-1965

	Lowest 20 per cent	30 per cent below the median	30 per cent above the median	15 per cent below the top 5 per cent	Top 5 per cent	Total
Total working population (thousands)	20	30	30	15	5	10 424.3
Never attended school	34.7	37.7	23.1	4.0	0.5	2 648.3
Primary school attendance	17.3	30.7	34.6	14.7	2.7	6 530.5
Secondary school attendance	3.9	12.8	25.0	38.8	19.5	558.1
Other post-primary school attendance	1.8	11.8	26.2	45.3	14.9	335.1
Professional training	1.2	3.8	9.2	36.4	49.4	352.3

Source: Same as for table 42.

/Table 44

Table 44

## BRAZIL: PERCENTAGE OF ILLITERATES BY INCOME GROUP, 1960

	Lowest 20 per cent	30 per cent below the median	30 per cent above the median	15 per cent below the top 5 per cent	Top 5 per cent	Total
Sao Paulo	17.17	8.20	2.92	0.68	-	6.90
Rio de Janeiro	20.51	10.85	2.12	-	-	8.00
Curitiba	14.20	6.76	2.25	3.11	1.28	6.80
Recife	31.56	14.68	6.64	9.60	-	14.15
Belem	18.73	11.40	5.62	4.25	4.65	9.73

Source: Fundação Getulio Vargas, Pesquisa sobre orgamentos familiares, 1961-62.

Table 45

## BRAZIL: AVERAGE NUMBER OF YEARS OF EDUCATION, BY INCOME GROUP, 1960

	Lowest 20 per cent	30 per cent be- low the median	30 per cent a- bove the median	15 per cent be- low the top 5 per cent	Top 5 per cent	Total
Sao Paulo	3.83	4.65	5.91	8.74	11.63	6.20
Rio de Janeiro	4.26	5.29	7.01	10.57	12.43	7.00
Curitiba	4.38	4.90	6.34	9.49	10.26	6.18
Recife	3.73	4.06	5.15	7.30	10.67	5.13
Belem	3.81	4.13	4.51	5.02	7.37	4.47

Source: Same as for table 44.

Table 46

## CHILE: DURATION OF SCHOOL ATTENDANCE ACCORDING TO THE ECONOMIC STATUS OF FAMILY HEADS, 1953-1956

(Percentages)

Economic status	Attendance in the sixth school year			
	Concepción	Santiago	Antofagasta	Curicó
Low	22.0	27.8	38.9	17.5
Medium	30.7	48.4	49.3	36.7
High	54.0	79.8	53.0	86.7

Source: Eduardo Hamuy, El problema educacional del pueblo de Chile (Santiago, Editorial del Pacífico, 1961).

/Table 47

Table 47

MEXICO: STRUCTURE OF CONSUMPTION BY INCOME LEVEL, 1963-1964  
(Percentages)

	Lowest 20 per cent	30 per cent below the median	30 per cent above the median	15 per cent below the top 5 per cent	Top 5 per cent
I. Food	65.8	61.7	52.9	40.8	23.5
II. Housing	7.0	8.3	8.5	8.3	8.5
III. Clothing	11.2	11.4	12.2	12.7	12.0
IV. Miscellaneous	16.0	18.6	26.4	38.2	56.0
	<u>100.0</u>	<u>100.0</u>	<u>100.0</u>	<u>100.0</u>	<u>100.0</u>

Source: Secretaría de Industria y Comercio, Ingreso y egresos familiares, 1963-1964.

Table 48

ARGENTINA: STRUCTURE OF CONSUMPTION OF THE URBAN  
POPULATION, BY INCOME LEVELS, 1963  
(Percentages)

	Lowest 20 per cent	30 per cent below the median	30 per cent above the median	15 per cent below the top 5 per cent	Top 5 per cent
I. Food	56.5	51.8	45.7	36.2	25.2
II. Housing	14.3	12.8	12.5	10.4	10.5
III. Clothing	8.1	9.8	10.4	11.1	10.2
IV. Miscellaneous	21.1	25.6	31.4	42.3	54.1
	<u>100.0</u>	<u>100.0</u>	<u>100.0</u>	<u>100.0</u>	<u>100.0</u>

Source: Consejo Nacional de Desarrollo (CONADE), Encuesta sobre presupuestos de consumo de las familias urbanas por niveles de ingreso para 1963.

Table 49

SAO PAULO: STRUCTURE OF CONSUMPTION, BY INCOME LEVELS, 1960  
(Percentages)

	Lowest 20 per cent	30 per cent below the median	30 per cent above the median	15 per cent below the top 5 per cent	Top 5 per cent	Total
Number of families	134	201	201	101	34	671
<u>Structure of expenditure</u>	<u>100.0</u>	<u>100.0</u>	<u>100.0</u>	<u>100.0</u>	<u>100.0</u>	<u>100.0</u>
I. Food, beverages and tobacco	53.39	49.26	41.89	33.79	24.53	38.71
II. Housing	23.40	23.62	24.59	24.23	32.82	25.80
III. Clothing	6.95	9.47	10.97	12.71	12.41	11.11
IV. Miscellaneous	16.26	17.65	22.55	29.34	30.24	24.38
(a) Personal and cultural	9.48	9.97	11.71	13.81	14.83	12.35
(b) Transport	5.26	5.60	8.13	11.51	13.37	9.32
(c) Other expenditure	1.52	2.08	2.71	4.02	2.04	2.71
Average family income (thousands of cruzeiros)						711.80

Source: Fundação Getulio Vargas, Pesquisa sobre orçamentos familiares, 1961-62.



Table 50

RECIFE: STRUCTURE OF CONSUMPTION BY INCOME LEVELS, 1960

(Percentages)

	Lowest 20 per cent	30 per cent below the median	30 per cent above the median	15 per cent below the top 5 per cent	Top 5 per cent	Total
Number of families	103	155	155	77	25	515
Structure of expenditure	<u>100.0</u>	<u>100.0</u>	<u>100.0</u>	<u>100.0</u>	<u>100.0</u>	<u>100.0</u>
I. Food, beverages and tobacco	68.1	63.4	58.7	47.6	37.6	53.2
II. Housing	17.0	17.4	19.3	22.3	23.4	20.4
III. Clothing	5.1	6.5	8.2	11.1	13.0	9.4
IV. Miscellaneous	9.7	12.8	13.8	18.9	26.0	16.9
(a) Personal and cultural	4.5	6.4	8.2	9.2	13.0	8.8
(b) Transport	4.2	4.9	4.4	5.6	8.9	5.6
(c) Other expenditure	1.0	1.5	1.2	4.1	4.1	2.5
Average family income (thousands of cruzeiros)						380.2

Source: Fundação Getulio Vargas, op. cit.

/For Mexico

For Mexico and Argentina (urban zones), a comparison of expenditure on food and other items shows a reversal of the trend between the poorest 20 per cent of the population and the top 5 per cent.

	<u>Poorest 20 per cent</u>	<u>Top 5 per cent</u>
Mexico: food	65.8	23.5
other expenditure	16.0	56.0
Argentina: food	56.5	25.2
other expenditure	21.1	54.1

In Brazil, the data in respect of expenditure on food in Sao Paulo are similar to those for the other countries. However, proportionally more is spent on food at all income levels in Recife and Belém.

As regards housing, there is a connexion between the availability of services and the level of income, as table 51 illustrates in the case of Mexico.

Table 51

MEXICO: PERCENTAGE OF DWELLINGS WITH DRAINS, RUNNING  
WATER AND BATH FACILITIES, BY ECONOMIC LEVEL  
OF OCCUPYING FAMILY, 1964-1965

	<u>Drains</u>		<u>Running water</u>		<u>Bath facilities</u>	
	Have	Have not	Have	Have not	Have	Have not
Lowest 20 per cent	4.1	95.9	35.4	64.6	6.1	93.9
30 per cent below the median	15.1	84.9	37.8	62.2	19.2	80.8
30 per cent above the median	30.2	69.8	40.4	59.6	32.3	67.7
15 per cent below the top 5 per cent	60.3	39.7	46.7	53.3	40.0	60.0
Top 5 per cent	82.5	17.5	92.3	7.7	41.9	58.1
Total	26.9	73.1	41.6	58.4	24.5	75.5

Source: Secretaría de Industria y Comercio, Dirección General de Muestreo, La población económicamente activa de México, 1964-1965, vol. VII.

/Here, the

Here, the differences between the different groups vary according to the type of facility offered. Less than 50 per cent of the population in the first four groups and nearly the whole of the top group have running water. In respect of drainage, the greatest change occurs in the top 20 per cent. There is a considerable improvement upwards of the third group in respect of bath facilities.

#### 5. Final comments

The following general conclusions may be drawn from the tables presented in the previous sections:

- (a) The social development indicators improved appreciably in the 1960s;
- (b) The supply of goods and services and many other items, however, is far below what might be considered satisfactory levels;
- (c) Marked differences still exist between the countries of the region and, since their growth rates vary considerably, in some cases these differences are even increasing;
- (d) The different regions in each country vary widely in structure - with disparities between the urban and rural sectors - according to the income level of the population. The 20 per cent of the population earning the highest incomes absorb a high proportion of the available goods and services.

Each of the tables might be analysed in greater detail so as to draw fresh conclusions and working hypotheses for specific research; but the intention here is merely to show general trends and the most important characteristics.

It must not be forgotten, as mentioned above, that this work is mainly based on quantitative elements. In the social area, the statistics are far from accurate and are of no use in analysing the qualitative side, which is the most important element.

If this dimension is introduced in the discussion, the prospects for Latin America turn more complex and perhaps even gloomier. An earlier ECLA study contains an analysis of social trends over the past

/decade, together

decade, together with a policy-oriented diagnosis.<sup>27/</sup> As regards the distribution of goods and services, it is considered necessary not only to seek ways of covering quantitative deficits or simply gaps in distribution, but also to assess their qualitative value.

Two sectors may be taken as an example. The diagnosis of education cannot be confined to determining how many persons are taken care of, nor can future policy be designed simply to increase the number of schools or to take in more children and young people. Why is it desirable to provide education? In terms of what personal and social values? In what form is education being offered? What are the values expressed or implicit in education? Today the content of education and the traditional education structure are being increasingly called into question. Does education take the regional differences in a country into account? Is the same kind of education required in the urban and the rural sectors? What are the requirements connected with industrial development and technology?

The maximum level of health education is constantly changing. Scientific progress is giving rise to new needs and new thresholds, and each new health requirement is inescapable. This aggravates a situation in which minimal requirements of broad sectors of the population are not yet satisfied.

The analysis of data on nutrition, health, education, social security and housing, is confined to social aspects, which, however, do not add up to a serious study of the over-all social structure from the standpoint of its dynamism and its own interrelationships. The income distribution indicator also introduces the social stratification problem but does not analyse it exhaustively. This means that there is a whole social dimension of development which has not been dealt with here.

For more comprehensive studies in future, it would be useful if more data were available on other social questions in the various countries, especially those relating to participation by the people.

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<sup>27/</sup> Social Change and Social Development Policy in Latin America  
(United Nations publication, Sales No.: E.70.II.G.3).

What kind of trade union organizations exist in the different countries? What percentage of the active population do they cover? What are their main activities? Information should also be obtained on local neighbourhood, labour, sports and other types of organizations. The distribution of goods and services is closely bound up with the type of people's organizations that exist and their specific objectives.

Two final comments are relevant. Better and more complete data are required for future evaluations. The Latin American countries should seek more uniform approaches in the preparation of their social indicators and they should systematically break down the information according to origin, i.e., urban/rural or regional, and by level of income.

Lastly, an evaluation of the social distribution of goods and services is possible only in terms of a clear image of society and of well-defined objectives. The results of the appraisal will vary according to the model considered. Thus, too, any exploration of the future will represent neither a projection of present goals nor simply the bridging of existing gaps, but a whole new scale of needs and priorities. Obviously, however, in view of the levels of living highlighted in this analysis, the diagnosis concerning the precarious existence of a large segment of the population cannot change no matter what new living levels may be proposed for the future.

Table 52

## LATIN AMERICA: SOCIAL DEVELOPMENT INDICATORS

Country	1. Consumption				2. Nutrition				3. Health			
	Per capita personal consumption (dollars at 1960 prices)				Per capita supply				Life expectancy at birth			
	Average		Variation		Approximate number		Approximate quantity		Approximate number of years		Variation	
	1954-56	1967-69	1955	1967	1955	1967	1955	1967	1950	1968	1950-52	1968
Argentina	562.2	676.5	3 070 b/	2 920	96.9 b/	88.0	-4.9	-9.2	60.6	67.0	4.3	3.7
Bolivia	139.1	152.2	1 830	1 980	48.6 b/	50.6	8.2	4.1	40.8	46.0	19.1	13.8
Brazil	183.4	258.8	2 560 d/	2 690	61.5 b/	66.3	5.1	7.8	42.3	56.0	...	...
Colombia	229.9	292.0	1 900 d/	2 200	42.9 b/	48.9	15.8	14.0	52.2	60.0	21.4	13.4
Costa Rica	292.8	401.3	2 420 b/	2 610	53.9 b/	57.9	7.9	7.4	56.5	63.3	15.0	5.3
Chile	...	489.5	2 550	2 890	80.1	81.8	11.0	2.1	54.0	62.0	13.5	3.3
Ecuador	201.5	229.0	1 890 b/	2 020	47.5 b/	51.5	6.9	8.4	49.9	57.7	22.2	16.6
El Salvador	288.4	256.3	2 030 b/	1 840	56.7 b/	44.2	-9.4	-22.0	51.4	56.9	17.1	10.4
Guatemala	231.7	283.4	2 040 b/	2 200	55.4	56.8	7.8	2.5	43.6	47.0	62.5	28.5
Haiti	93.5	93.4	...	...	...	...	...	...	32.6	47.5	...	33.0
Honduras	164.5	197.3	2 080 b/	2 010	53.6 b/	51.0	-3.4	4.9	36.9	42.6	24.1	10.6
Mexico	324.4	470.7	2 370 b/	2 550	63.3	65.7	7.6	3.8	48.8	60.0	30.3	12.7
Nicaragua	211.4	295.4	2 300 b/	2 350	62.1 b/	59.0	22.2	-5.0	38.6	51.0	15.3	7.0
Panama	302.7	431.1	2 310 b/	2 500	60.5	62.9	8.2	4.0	62.2	64.3	10.6	7.3
Paraguay	...	235.1	2 510 d/	2 520	65.3 d/	63.3	0.4	-3.1	54.4	59.1	9.4	5.5
Peru	214.2	297.6	2 040 b/	2 340	50.5 d/	54.1	14.7	7.1	57.4	58.0	22.4	18.7
Dominican Republic	161.1	260.0	2 470 b/	2 290	53.0 b/	41.7	-7.3	-21.3	43.0	52.0	13.1	6.3
Uruguay	591.8	522.9	2 960	3 170	95.8	101.6	7.1	6.1	68.5	68.5	1.3	1.3
Venezuela	344.0	370.9	1 950	2 490	51.3	65.9	27.7	28.5	58.0	65.8	13.2	4.9

Table 52 (Cont.)

Country	4. Education				5. Housing				6. Employment		7. Social security							
	Percentage of literate persons aged 15 years and over		Percentage of the population aged 5-14 years enrolled in primary education		Retention rate in primary education system		Percentage of occupied housing units with running water facilities		Percentage of housing units with electric light per room		Unemployment rate	Percentage of the economically active population covered by social security						
	About:		About		About		Census year		Census year									
	1950	1968	Varia- tion	1970 h/	1950	1968	1960-65 1/	1960	1960	1960	1962	1955	1965	1961	1967			
	1950	1968	Varia- tion	1970 h/	1950	1968	1960-65 1/	1960	1960	1960	1962	1955	1965	1961	1967			
Argentina	86.0	91.4	6.3	947	66	73.1	10.8	39.8	1960	51.6	86.7	68.8	15.3	1.4	2.3	2.6	48.6	66.3
Bolivia	32.0	39.8	24.4	...	24	54.7	127.9	22.1	1960	...	...	...	...	...	...	...	...	5.4
Brazil	49.0	69.6	42.0	16 436	28	45.7	63.2	18.2	1960	21.0	50.9	38.7	...	1.3	11.8	11.6	19.2	20.4
Colombia	57.0	72.9	27.9	2 817	28	45.5	62.5	16.7	1964	38.7	40.6	34.5	...	1.9	6.4	10.5	8.3	10.1
Costa Rica	79.0	85.8	8.6	133	49	61.6	25.7	37.7	1963	68.3	74.5	54.6	...	1.5	...	...	26.7	29.7
Chile	80.0	89.6	12.0	618	66	81.4	23.3	37.5	1960	56.1	82.4	32.3	23.8	1.6	5.5	6.4	65.7	67.4
Ecuador	56.0	72.0	28.6	971	41	55.5	35.4	24.3	1962	37.5	32.9	...	49.0	2.5	2.0	5.6	11.9	13.6
El Salvador	39.0	50.8	30.3	896	31	52.3	68.7	22.8	1964	29.5	30.6	22.0	43.1	2.1	...	...	4.7	7.1
Guatemala	29.0	37.9	30.7	1 686	22	35.7	62.3	16.7	1950	2.3	10.2	2.5	44.7	2.1	...	...	21.5	24.9
Haiti	11.0	18.8	70.9	...	22	14.8	-32.7	8.6	1961	24.9	19.8	14.6	57.0	2.4	16.1	15.0	1.2	1.2
Honduras	35.0	47.0	34.3	674	22	55.5	152.3	14.1	1960	32.3	...	...	...	2.4	...	...	3.9	4.5
Mexico	57.0	77.5	36.0	...	39	61.8	56.4	29.1	1960	32.3	44.9	32.9	52.0	2.9	...	2.7	11.5	16.7
Nicaragua	38.0	49.8	28.4	502	28	42.4	51.4	9.4	1963	21.3	64.1	44.0	44.1	2.8	...	...	5.6	14.0
Panama	70.0	78.3	11.9	169	54	60.6	12.2	44.2	1960	46.2	64.1	44.0	38.4	2.4	8.5	10.9	23.4	41.1
Paraguay	66.0	69.0	4.5	401	51	60.2	18.9	15.2	1962	6.9	88.3	13.2	...	2.2	3.2	5.3	10.8	9.9
Peru	42.0	67.0	59.5	...	43	68.7	59.8	29.3	1961	21.1	45.0	26.0	...	2.2	2.4	2.8	22.4	26.5
Dominican Republic	43.0	53.1	23.5	1 070	40	55.7	39.3	8.1	1950	29.7	90.4	13.2	...	1.7	16.1	15.0	16.4	15.4
Uruguay	85.0	89.4	5.2	...	61	73.5	20.5	50.3	1963	68.1	93.8	79.2	...	1.6	7.8	12.3	...	...
Venezuela	52.0	85.0	63.5	884	40	63.0	52.5	25.1	1961	46.7	62.4	60.7	21.1	1.6	12.3	10.0	11.5	21.9

Table 52 (Cont.)

Table 52 (Cont.)

- Sources:
1. Per capita personal consumption: ECLA, on the basis of official statistics.
  2. Nutrition: Food and Agriculture Organization of the United Nations, Production Yearbook, 1968.
  3. Health: Latin American Demographic Centre (CELADE); Pan American Health Organization (PAHO); United Nations, Compendium of Social Statistics, 1967.
  4. Education: UNESCO; PAHO; United Nations, Compendium of Social Statistics, 1969; Pan American Union, América en cifras, 1967.
  5. Housing: Pan American Union, América en cifras, 1967; United Nations, Compendium of Social Statistics, 1967.
  6. Employment: ILPES, on the basis of official statistics.
  7. Social security: Pan American Union, América en cifras, 1967.

a/ Average for 1960-1962.

b/ Average for 1961-1962.

c/ 1945.

d/ Average for 1957-1959.

e/ 1956.

f/ 1954.

g/ 1955.

h/ Estimate.

i/ For the sake of uniformity, the percentage of pupils who had completed six years of primary education was taken for all countries. The data do not allow for repetition, because the yearly cohorts include pupils who either stayed down from previous years or who return after a period of absence from their studies.

j/ 1960.

k/ 1964.

l/ 1966.

m/ 1962.

n/ 1963.





