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Economic Commission for Latin America

Research Project

LATIN AMERICAN DEVELOPMENT: ITS APPRAISAL AND
LONG-TERM PROSPECTS

Preliminary Summary Outline

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INTRODUCTION

In recent years, the secretariat has carried out two biennial appraisals of Latin American development in connexion with the application and implementation of the International Development Strategy (IDS) at the regional level. These studies led to the Quito and Chaguaramas Appraisals, which represented a valuable contribution to the work of the United Nations and were of particular importance in shaping a Latin American position covering matters with political connotations, in respect of which it is not easy to reach agreement.

However, when these and other similar studies are considered in the light of the irreluctable responsibilities of ECLA, the evolution of the ideas which the secretariat has been formulating for some time, the transformations and changes which have been taking place in Latin America, and those now developing at the international level, the feeling grows that the time is ripe and there is now a need for the secretariat to devote its efforts to more ambitious studies of greater organic importance. Such studies should be aimed at "rethinking" the realities of the economic and social process in Latin America; highlighting both its common features and the special characteristics shown by the broad panorama of the countries of the region; studying the prospects and options offered for the development of our countries in the long term and within the framework of the new international conditions which the future holds out, and contributing ideas or suggesting strategies and policies which put the institutional and structural changes that need to be promoted in a clearer light.

These objectives have led the secretariat to propose a project which could be drawn up around three central themes, namely:

- (a) The appraisal of the economic and social process during the postwar period;
- (b) The potential and limitations of Latin American economic development, and

/(c) The

- (c) The study of the long-term economic growth prospects at the national, regional and international levels, on the basis of various development scenarios.

The very nature of the preoccupations which underlie the project reveals two of its methodological aspects. On the one hand, it will be concerned with the long term, since the factors influencing the matters of greatest interest only undergo significant change over long periods. On the other, it must cover social, economic and political aspects, so that it will have to adopt an integrated approach. In addition to covering matters of long-standing concern to ECLA, the project offers the opportunity of making progress in directions which fully coincide with the recommendations of the General Assembly.

Last year the General Assembly adopted resolution 3362 (S-VII) on Development and International Economic Co-operation, 3409 (XXX) on the Unified Approach to Development Analysis and Planning, and 3503 (XXX) on the Examination of Long-Term Trends in the Economic Development of the Regions of the World. In these resolutions stress is placed on the tasks which the secretariats of the regional commissions should discharge in the integrated analysis of long-term development, and they reaffirm the responsibilities incumbent on the ECLA secretariat in the execution of studies on development problems.

PRELIMINARY SUMMARY OUTLINE

LATIN AMERICAN DEVELOPMENT: ITS APPRAISAL
AND LONG-TERM PROSPECTS

PART I

Appraisal of the economic and social process
over the period 1950-1975

- I. Development and social change
 - A. Social stratification. Its evolution since 1950. Emergence of new strata.
 - B. Urbanization. Magnitude of the phenomenon. Cultural and consumption patterns.
 - C. The rural situation. Systems of exploitation. Agrarian reforms. Migration from rural areas to the cities. Political and social participation.
 - D. Distribution of income and of social services. Critical poverty. Evolution of educational systems.
 - E. Population growth. Geographical redistribution. Evolution of trends.
 - F. Challenges to existing national societies. Tendencies towards social development. Emergence of an alternative model.

- II. Growth and economic change
 - A. Fundamental changes during the period 1950-1975.
 - B. The dynamics of the process. Domestic and external factors.
 - C. State participation. The role of public enterprises.
 - D. Foreign trade, external financing and transnational corporations.
 - E. Income distribution and critical poverty.
 - F. Spatial distribution of economic activity. Appraisal of the heterogeneity of countries or groups of countries.

/III. International

III. International economic relations

- A. Latin America in the context of the changes which occurred in the world economy between 1950 and 1975. The main changes which have taken place in the structure of Latin America's foreign trade and external financing.
- B. International trade. Economic development and the balance of payments. Basic commodities. The trade in manufactures and semi-manufactures. The relationship between imports and stages of the development process.
- C. External financing. The elements determining its composition and magnitude. Evolution of external indebtedness.
- D. Latin America's economic relations with other areas. The industrialized market economy countries and the socialist countries.
- E. Co-operation between the developing countries.

IV. The economic integration of Latin America

- A. The establishment of the regional and sub-regional integration schemes. The initial impulse. The present crisis.
- B. Integration and national development. Stages in the integration processes and in the economic growth models of the countries.
- C. Appraisal of trade in the various integration schemes. Latin American trade outside the integration schemes. Relations between the schemes.

V. Sectorial changes

- A. Agricultural development.
 - 1. The agricultural sector in the context of the national economies. Relationship with the external sector.
 - 2. The agrarian economy. Basic institutional aspects.
 - 3. The dynamics of agricultural production. Changes and heterogeneity. Domestic and external demand.
 - 4. Agriculture and the problem of nutrition.

/B. Industrial

B. Industrial development

1. Evolution of the industrial sector. Principal characteristics. Appraisal at the world level. Its role in the development of the countries of the region.
2. Factors in industrial development. Industrial development scenarios and patterns.
3. The role of government in industrialization.

C. Energy

1. The energy sector in the context of the national economies.
2. Appraisal of energy supply and demand in the period 1950-1975.
3. The Latin American energy situation in the world context.

D. Mining

1. The relative importance of the sector at the regional and national level.
2. Evolution of demand and production in the period 1950-1975.
3. The Latin American mining sector in the world context.

E. Transport and communications

1. Sea transport. National merchant fleets. Multinational endeavours. Foreign fleets. New technologies.
2. Land transport.
3. Communications.

PART II

The prospects for Latin American development: Evolution and change in the next 25 years

VI. Basic resources. Availability and the requirements of economic growth

- A. The population and human resources. Demographic prospects and the labour force.
- B. Agricultural resources. Expansion of the agricultural frontier and changes in productivity.
- C. Mineral and energy resources. Reserves, and the technical and economic factors affecting their exploitation.
- D. The capacity of accumulation.

VII. Definition and analysis of various Latin American development scenarios. Quantitative analysis schemes

- A. Scenario based on the projection of the prevailing general trends and features of the Latin American economic and social process. Analysis of the degree of stability, contradictions and problems likely to arise from these trends and lines of development.
 1. Economic growth: the significance that the projection of past trends and of the targets of the IDS would have at the national, regional and international levels. Evolution at the end of the present decade and in the longer term. Effects on employment, income distribution, and the solution of the problem of critical poverty.
 2. Capital formation. National saving and external financing.
 3. Social evolution. Urbanization, education, life styles, social stratification. Outside influences.
 4. International economic relations. Foreign trade and external financing. Evolution of dependency on industrialized countries. The role of transnational corporations. The process of regional integration.

5. Sectorial evolution. Production, productivity and employment. Agriculture, nutrition and foreign trade. Industrial production and patterns of industrialization. Energy. Mining.
 6. Heterogeneity and similarity of national development at the regional level. Changes in the relative positions of countries.
- B. Scenario based on the assumption of increasing regional integration changes in the international economic order and acceleration of the rate of growth. Social orientation of development.
1. Economic growth: acceleration of growth and less unequal tendencies in the distribution of production and income at the world and regional levels. Increase in employment. Changes in income distribution and special attention to the problem of critical poverty. Changes in structure of domestic demand.
 2. Capital formation: volume and sectorial allocation. Increase in national saving and share of external financing.
 3. Social evolution. Greater social and political participation. Changes in social stratification in keeping with economic and social changes. Educational policy.
 4. International economic relations. Lower rate of growth of the industrialized market economy countries. New structure of external trade relations. Changes in degree of dependence on industrialized countries. Trade flows and their composition. Terms of trade. External financing. Increase in trade between the developing countries.
 5. Regional integration. Increase in regional and trade and changes in its composition. Relations between the integration schemes. Financial co-operation. Sectorial economic effects of integration, at the national level. Relative evolution of the integration schemes.

6. Sectorial evolution and change. Production, productivity and employment.

Agricultural production: production requirements and availability of basic resources. External trade.

Industrial production: increase in rate of growth; trade between the countries of the region and with other areas; social needs, structure of demand, and patterns of industrialization.

Energy: domestic demand, production and primary sources; structural changes; external supplies and regional balance.

Mining: domestic demand, production and foreign trade.