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Industrialization, democratization, creativity and change in Latin America during the 80s: a critical examination of alternative strategies in selected cases

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1. Introduction

1.1 - The political economy of Latin America and the conceptual frameworks utilized for its analysis have entered the 80s in a state of generalized crisis. There should be little consolation in the fact that this double phenomenon is not exclusive to the area: on the one hand, the seriousness and the urgency of the problems the region is facing; and, on the other, there is no reason to assume that the solutions being worked out in other latitudes would be transferable to our region.

1.2 - From 1950 to 1977, the Latin American economy grew, at a higher level than the rest of the world economy (5.5% and 4.9% annual growth in the GNP. respectively), exceeding that of the United States (3.6%) and Western Europe (4.3%),trailing only Japan (8.6%) and countries with a planned economy (7.3%). Nevertheless, in social terms, this dynamism was far from being satisfactory: given the highest population growth in the world, the growth of the per capita product in Latin America was inferior to that of the rest of the countries (2.6% and 2.9% respectively) and stayed below the rates of Western Europe (3.6% and Asia (2.7%).

If this happened in a context of relative expansion, since 1980 the situation has taken on unexpectedly dramatic characteristics: in 1982, for the first time since

the Second World War, the GNP declined in Latin America as a whole, and the majority of the countries have incurred in external financial insolvency -notwithstanding the size of the internal market, the amount of oil reserves and other natural resources and even the diverse strategies followed with regard to the international - market. Some indicators of this conjuncture are explicit enough: a decline of 1% in the regional GNP and of 3.3% in the per capita product; a significant rise in the - rate of inflation reaching an average of 80%; a deficit of 14 billion dollars in the ballance of payments, etc. Zero economic growth is expected for the period 1981 - 1983, while the population will have increased a bit - less than 10%, with a corresponding deepening of the - problems created by the enormous magnitude of the le - vels of urban and rural marginalization suffered by the area.

1.3 - The crisis in the interpretative framework of the main factors that have led to this situation is no less significant:

1.3.1 - From the end of the Second World War up to - the mid 60s, Latin American social thought was dominated by two constrasting visions, nourished, in fact, by a common evolutionist framework.

1.3.1.1 - On the one side, the theories of modernization, be it in its initial emphasis on "economic development" or in its subsequent concern for "social and political development", postulated a transition from a traditional society to a completely modern one by means of a series of stages that would, more or less repeat the path previously taken by England or the United States leading to self-sustained growth and representative democracy. The election of a point of reference was critical to these positions, not only for merely ideological reasons (international expansion of capital, polarization of the "cold war"), but also for theoretical ones: its theology needed a precise point of arrival if it was going to treat the past as a residual category which included situations so diverse as the "generation of 1880" in Argentina, the "porfiriato" in Mexico, the First Republic in Brazil and the sugar plantations in the Caribbean. The process of development was thus turned into a comparative statics between an undetermined concrete (the history of these societies) and a determined abstraction (the future awaiting them), mediated by a transitional present in which modernization was fighting against its obstacles. A clearly optimistic overture: in 1948, Samuelson revindicated the theorem of comparative advantages in order to sustain that in-

tensification of foreign trade would end up closing the gap between underdeveloped and industrialized countries. Sober allegro of Nurske: in fact, the "vicious circle of poverty" could only be broken with a very strong shot of capital and technology coming from abroad. Realistic moderato of the Lewis's model: the underlying condition for steady growth with an unlimited supply of labor was that the process of accumulation should not be disturbed by premature pressures from trade unions or political parties. Meanwhile, and although Latin America's economy was growing, the obstacles were multiplying and modernizers were uncovering new pathologies. One of them, seemed to be endemic: the increasing demands of the popular sectors, movilized first by the populist experiences and then shaken by the reverberations of the Cuban Revolution. The teleology of modernization combined a principle of economic organiation (the market) and a principle of political organization (representative democracy). Faced with a reality that persisted in behaving perversely, this scheme underwent and adjustment: - the second principle was postponed in favor of authoritarian solutions that would assure the operation of the first one. In less than a decade, a historian close to the State Department published two books that bear witness to this evolution: in the first one, John Johnson

identified the Latin American middle-classes as carriers of progress and democracy; in the second one, he set - them aside adscribing now the modernizing mission to the Latin American armed forces. At the end of the 60s, the "Rockefeller Report" would close a decade that was opened with the Alliance for Progress (ALPRO) and with the Bay of Pigs. After a visit to different countries of the area, the Vice-President of the United States (representative of the most progressive side of the Republican - party), greeted enthusiastically the armed and police - forces of Latin America as the standard-bearers of progress struggling against the forces of subversion.

1.3.1.2 - Up until that time, the main alternative to the theories of modernization had significant points of contact with them. No doubt that the economicist versions of Marxism that were dominant in Latin America proposed another point of arrival. But they also depended theoretically, on anchored, as they were, in a philosophy of history with five well-defined stages which Stalinism - had transformed into a universal doctrine. Again, this allowed the observer to unify in abstract the Latin American past, which appeared determined everywhere both - by feudalism and imperialism. Of course, provided the - comfortable certainty of a common socialist destiny to be reached after the full development of national cap-

italism. The present was defined as a moment of transition in which the worker-peasant alliance should close ranks around the potentially progressive sectors of the local bourgeousie in order to force them to perform -- their historical, anti-oligarchical and anti-imperialistic tasks. In this way, the market and representative democracy were subordinated to the dynamics of another organizational principle (the class struggle) whose logic was supposed to be known in advance. As should be - obvious, when the class struggle explains everything it is the class struggle itself which is left unexplained. This is exactly what took place in Latin America. Two - reductionisms -one, to the economic sphere; the other - to the class struggle- were combined to give a simplistic answer to very complex situations. Every coup d'etat was thus considered as a manifestation of the past and could not be other than a mere oligarchical-imperialistic manoeuver; and every popular movement that strayed - from the pre-established canons was analyzed as a deviation that only made sense by reference to a normality - which was expected and which did not occur.

1.3.2 - During the second half of the 60's, growing insatisfaction with the two interpretative frameworks - just mentioned, produced an audience which was both - available and avid for the new writings on dependency -

that were appearing. The antecedents of this literature are well known: the ECLA studies that followed the 1949 "Manifesto"; the theses put forth by Paul Baran in his Political Economy of Backwardness (1958); the impact of the Cuban Revolution, which made the theory of stages - fall apart; etc. Thus, it occurred a significant change in the focus of analysis: in order to understand the - evolution of Latin America, it was necessary to understand first the evolution of the world capitalist system. If there were stages, they were those of this system, not the ones imagined for the units that composed it. As often occurs with conceptual polarizations, the more the dependency problematique tended to be defined in contrast to the models that were then in vogue, the greater was its tendency to reify the world capitalist system, weakening once more the specificity of each national history. No doubt, this was more notorious in the approaches which were centered around the topic of imperialist exploitation and the outward transfer of resources. But even when it was redefined as a condition that affected the internal structure and functioning of the Latin American social formations, the notion of dependency did not lead to the elaboration of an authentic theory. It has been above all a "sensitizing concept" which, rather -

than defining what has to be seen, suggests where to - look.

Therefore, it is validly introduced a crucial dimension that previous treatments had ignored, the vision it proposed was always more partial than those presented - by the latter. And since explanations hate a void, it - is not surprising that the very writings of the dependentistas ended up by incorporating themes stemming from the other prospectives. This paradox is particularly - evident in those studies that, after submising our national realities in a vast chain of metropoles and satellites that suppossedly determines them, analyze such realities with recourse to concepts elaborated precisely in the light of the evolution of the metropoles themselves (feudalism, capitalism, bourgeoisie, proletariat, etc.), undermining in this way their own argument about the specificity of the situations of dependency. Furthermore, an excessive emphasis on external conditioning - factors, led sometimes to ignore the real degree of autonomy accruing to the Latin American ruling sectors and also to relegate the analysis of the internal causes - that helped to consolidate a distorted pattern of capitalistic accumulation in the region.

1.3.3 - Once the innovation impetus of the literature on dependency began to dissipate, the work of most Latin American researchers, lacking significant theoretical - axes of atraction, tend to disperse. Since the last decade, that work has taken on mainly two forms: the comparative study of limited topics (labor markets: strategies of survival; transnational corporations: industrial sectors, etc.); or the conjucture or, more often from a historical perspective. Certainly, some new terms have been proposed ("bureaucratic-authoritarianism", "triple alliance", associated development", etc.) but they have almost always been descriptive notions that showed their limitations when transposed as theoretical categories. This is no way means that the concentration of the literature on more specialized topics and problems has - been unproductive. But, in view of the magnitude of the present crisis in the political economy of Latin America and its interpretative frameworks, the valuable contributions generated by that literature suggest, precisely, the importance of beginning to draw a critical and comparative balance that could pave the way for new explanations and could also contribute to the current elaboration of <u>concrete</u> utopias, grounded in the diverse historical realities of the region. That is to say that

behind the present theoretical crisis lurks both the exhaustion of the interpretative options of the 50s and 60s and the potentialities of the mostly monographic contributions of the last decade.

2. Objectives

With such background in mind, we will attempt to revise and deepen, insofar as we can, the knowledge that has been accumulated on the general questions which are sketched below. We trust that the following brief summary will suffice to make clear their strategic relevance for the more general re-elaborations which are needed.

2.1 - The analysis of the operation and the reproduction of liberal democracy in the more advanced capitalist countries coincide in identifying as indispensable a high positive corelation between legitimacy and efficiency. Ideally, those systems reach their general point of equilibrium when the rulers and the ruled adhere to a political legalitiy -that of the liberal- democratic state- which promotes and guarantees an efficient operation of the economy, ie., such that the diffusion of - the capitalist relations of production, circulation and consumption allows for the satisfaction of the culturally-defined needs of the vast majority of the population.

The main reason for that requirement is easy to understand: liberal democracy is characterized by the mode of legitimation which Weber called "legal-rational", - that is, a mode grounded on merely formal principles - as, (for example, the electoral regime); it then follows that in the long run such mode of legitimation can not promote a consensus because of what those principles are , but rather because of the favorable consequences resulting from their application.

Nevertheless. those analyses rarely bring out the presence of a third element, that has served historically to constitute and to sustain the link between legitimacy and efficiency. We refer to creativity, understood both as a systemic effect and as a product of the harmonious or conflictive action of the social agents. In - this sense, there is no need to accept that the capitalist democracies have reached or may ever reach the ideal point of equilibrium in order to admit that they have - generated a great number of mechanisms and strategies - of adjustment and change; and, furthermore, that the - latter have taken on particular forms in specific contexts. We believe that, at least, two factors have contributed in giving less saliency to this decisive principle of creativity. On the one hand, the excessive generalization of the notion of "bourgeois revolution", -

that for a long time served to obscure considerable national differences among the advanced capitalist countries and, thus, the extent to which more or less original solutions were implemented in each one of them. On the other hand, the fact that the most influential studies on the problems of legitimacy and efficiency were either elaborated at a high level of abstraction or took as their point of reference situations which were already fully consolidated as, for example, England at the end of the 19th century or the United States in the late 1940s or 50s.

Of course, to stress such creativity does not mean at all to ignore the contradictions, the irrationality or the inequalities that have marked the development of the more advanced capitalist societies. But it is specially dangerous to underestimate the crucial importance of that dimension when the focus of analysis is shifted to contexts such as the ones we intend to study.

For instance, it is evident that liberal constitutionalism was not a genuine Latin American creation but a European import, instrumentalized by the creole oligarchy. That is why here, unlike Europe, formal democracy did not follow industrialization but preceeded it, having to adapt to an exogenous and ambivalent capital-

ist rationality which tended to victimize the majority of the population. Grounded on such social bases and - with the framework of export oriented agrarian (or mining) economies, democracy could only turn out to be a simulacrum:a growing divorce between "individual" and - "collective" efficiency criteria invariably led discrimination and fraud to take the place of legitimacy. Thus lacking a genuinely creative link between legitimacy and efficiency the way in which politics and economics were articulated served to disarticulate society as a whole and to perpetuate the privileges of an enlightened minority who played the liberal themes in an authoritarian - and exclusive key.

Given this point of departure, it is noteworthy - that the greatest collective manifestations of creativity have since then occurred at the political and not at the economic level. And also that Mexico has enjoyed the most stable political system in Latin America, precisely because this is the country that has implemented some of the most original and sui generis political solutions of the region in the last sixty years -which - for that very reason challenge any attempts at categorization inspired in the experiences of the central countries.

But, sooner or later, political creativity -expressed in corporatist essays, populism, peculiar party alliances and even certain types of military intervention, has proven unable to guarantee by itself a stable link between the market (as a principle of economic organization) and representative government (as a principle of political organization). And this has been so not only because it was not accompanied by a macroeconomic creativity that would have helped to establish the necessary nexus between legitimacy and efficiency, by fostering - the latter. Certainly, there has been no lack of creativity at the microeconomic level; but it has maximized its options within a space with an overall tendency towards inefficiency, despite periodic "booms" that, from time to time, served to disguise that tendency. (A revealing lapsus: the defenders of the statu quo have come to call those "booms" miracles, that is, unexpected phenomena which are tenuously inscribed in the logic of - their antecedents). It is worthwhile here to repeat an observation, which is no less valid because often mentioned: within the framework of a distorted and dependent capitalist development the optimal decisions in - terms of private profitability seldom aggregate towards an increase in the efficiency of the system as a whole. If further proofs were needed, suffice it to mention -

the recent boom in financial speculations in the more developed countries of the area: it showed a remarkable ingenuity and flexibility of individual agents, who made exorbitant gains while contibuting to a dramatic crisis of the national economies.

But the problem is more general: experience has demonstrated that Latin America can even have growth without there being creativity. Except that this means a - kind of growth which sacrifices the well-being of a high proportion of the population, whose aspirations are put aside through incommunication and, if this is not enough through overt coercion. In the case of countries like Argentina or Chile, where a complex set of factors favored greater social integration, the absence of creativity in highly conflictive political conjunctures ended up by - putting a broke on growth and by generating a crisis -- that led to a repressive solution through a different - path.

It follows, then, that in the case of Latin America, we firmly believe that an essential objective of social creativity should be the promotion of an efficiency apt to overcome the deficiencies suffered by the majority - of the population. The evidence that has accumulated is fairly conclusive: the staisfaction of basic needs, employment, education, health, on the one hand, and political involvement on the other, must be priority goals - and not derived ones. This is so because the trans- -

ference of productive schema adequate to the consumption patterns of the advanced capitalist countries and of the privileged sectors of Latin America, may generate growth but it also perpetuates the distortions, and is in no - way capable of solving the problems mentioned above simply as a lateral effect. That is, it neither increases - overall efficiency nor does it thus manage to expand legitimacy.

That is why, from our perspective, creativity is associated with the establishment of historically situated collective goals; with deepening the concrete understanding of man and social relations; and with a growing control of the natural environment and the processes by - which it can be transformed. That is also why many different actions constitute expressions of creativity: the efforts at energy conservation which have recently spread in the more advanced countries; the space explorations by the two great powers; the progressive substitution of a flow of information for a flow of persons; on the attempts in some socialist countries to move towards greater economic and political descentralization. Political alliances among heterogeneous movements and parties who join in the search for more civilized ways of social coexistence in some Latin American countries ruled by exclusive regimes, also seem to us to be expressions of -

creativity. Moreover, it would be unfair not to include in this rapid list the multiple forms of solidarity and the various survival strategies that the marginalized urban and rural sectors of Latin America have put into -- practice over the years.

Within the framework of this general concern with the "problematique" of legitimacy/creativity/efficiency, in this project we intend to undertake the analysis of two specific processes that in the case of Latin America, we deem to be central to that concern although they do not exhaust it.

2.1.1 - Firstly, we are refering to the process of industrialization, which has hereto taken the form of a strategy of development led by a manufacturing sector - that is truncated, distorted and precariously linked to the deficiencies and potentialities of the countries of the region. As has been shown repeatedly, a central feature of this strategy has been the absence of creativity. This is so even though the relative weight of the manufacturing sector in the economy as a whole rose in Latin America from 18% (1950) to 24% (1977), reaching a level similar to the one that obtains, for example, in the -- United States (25%). However, due to a series of reasons that will be a topic of this project, an industrial pat-

tern has been reproduced in the area which is strictly functional to the conditions prevailing in the advanced countries but not to the local needs. The correlates of this inadequacy are evident: a) a concentration of income at levels unknown in industrialized nations; b) a fragile and asymmetrical relationship between agriculture and industry; c) a growing external deficit generated by the manufacturing sector; d) an energy platform - which seriously neglects the resources available in the area; e) a notorious weakness of the capital goods sector, which gravely impinges upon the present financial - crisis; f) the transnationalization of the manufacturing sector which, far from resolving the inefficiency of the productive structures, has made it more critical; g) a "frivolous" protectionism which, in contrast to the one implemented in Japan, for example, has served to defend high levels of profit and not to stimulate endogenous creativity. These and other characteristics of the context make imperative the designing of a new style of industrialization grounded on the present possibilities of the Latin American countries and realistically connected with the models of accumulation that are being - redefined worldwide.

2.1.2 -The second process referred to is that of - democratization. After years of repression and dictator

ships, democratization appears today as an explicit and unavoidable demand throughout the continent. Being a -- widespread demand shared by all social strata, we then need to differenciate the various meanings attached to the idea of democratization by those groups and the modalities it takes in specific situations.

We do not mean that the analysis should be devoted and be ended in considering the subjective behavior of political actors, but rather examining the viability of the alternatives that are being discussed for specific cases at present. Every process of democratization creates its own pattern for organizing liberty, equality, participation and justice. Undoubtedly the effective adaptation of such formula to each country's specificities constitutes an expression of creativity. That is the experience of advanced capitalist countries where popular consultation became a mechanism for social integration. Participation is structured by political associations with historical tradition, whose task is that of negotiating and integrating different demands, there by reducing the area of conflicting among opposing interests. On the other hand, a compact network of governmental institutions, endowed with a relatively high degree of legitimacy are interposed between that participation, already mediated, and the authorities. But above

all, the system's stability lies in its efficiency, in capacity to increase the population standards. That is the reason why the present crisis of the industiralized economies and the visible deterioration of the welfare state are casting doubts on the endurance of democratic institutions. What forms could these institutions assume in Latin America, where the necessary prerequisites are absent, and where negative factors seem to proliferate (elite parasitism; weakness of the democratic traditions; hypertrophy and oppressive tendencies of military burocracies, accumulation of unattend popular demands, etc.) Moreover, for many social sectors (and due to the urgency of problems to be solved) the demand for democratization is not only fulfilled by the formal mechanism of voting, but rather it will require a genuine redefinition of political life, the developing of a natural sense of solidarity through which scarce resources could be shared and collective projects effectively sponsored.

2.1.3 - Observing the two processes mentioned previously, lead us to underline the notion of change. - First of all, because that notion -guided by the idea of creativity- requires an integrated approach which - will take care for the different timing of economic - and political fenomena, without disassociating the assumed objectivity of the former from the subjectivity

of the latter. Secondly, since Latin American societies are complex systems,their evolution cannot longer be understood by referring to decimonomic notions of social change, which are based on the idea of lineal mutations. Criticism of these notions in the light of Latin America's historical experience, is a condition for an adequate diagnosis of the present situation and of the different alternatives.

2.2. - Four countries will be the main subject of this study: on the one hand, Argentina and Chile, and on the other, Brazil and Mexico. Of course, it is not an arbitrary selection. Argentina and Chile are countries whose industrialization was initially advanced and later stagnated. In 1950, together with Uruguay, generated - 41% of Latin America's industrial production, while in 1979, their participation was reduced to 20.5%. In the same period,Brazil and Mexico -the countries with the - highest industrial dynamism in the region- increased - their participation in Latin America industrial supply from 42.1% to 61.8%. That is, while Brazil and Mexico generated an industrial production similar to that of the Southern Cone countries in 1950, for 1978, the production of the latter represented only athird of that of the former.

In the last few years, Argentina and Chile -in -

contrast to Brazil and Mexico -have applied neoliberal, authoritarian models which suppressed industrialization as a political-economic goal. However, due to a set of historical circumstances and despite the slow growth of their economies (between 1960 and 1978, for instance, - their investment coefficients were systematically lower than regional averages), the poverty in the Southern - Cone countries resulted significantly lower than that - of the rest of the area, in spite of magnitudes that - have risen dramatically in the last decade. In contrast, Brasil -which exhibited the most rapid pace of industrialization in Latin America for a quarter of a century - still shows poverty indexes markedly higher than those of the region as a whole, in rural as well as in urban areas. Insofar as Mexico is concerned (whose industrial product grew rapidly between 1950 and 1977, at an average of 7.3% per year). The answer to the problem of social marginality is still to be found: its poverty indicators are just below the regional averages. In any - case, by different path and with different symptoms, the four countries selected will enter the 80's in a critical economic situation: in Argentina, the product fell - 6% in 1981 and 5% in 1982; in Chile, the decrease was - 13% in 1982, a year in which the Brazilian and Mexican economies, in turn, ramained stagnated. In the case of

Brazil, economic activity had already been reduced 2% during 1981 and, in Mexico, 1982 brought an end to four years of steady growth at a rate of 8% per year. What - should also be said with respect to the last two countries is that they have come close to a limit in the - inbalance of their external sectors, which could induce deep policy reformulations in the next few years. To - these disparities and similarities at the economic level, it can be added sociopolitical differences relevant to the comparison presented. Argentina and Chile -the most "European" of the four countries-, where greatest advances in the historic process of democratization have occurred, repressive and authoritarian policies were - the most intense and widespread during the last decade. On the other hand, in 1982, there were elections in Mexico and, since last December, a new Administration is finding solutions to the present crisis. In Brazil, the November 1982 elections signaled a significant step towards a program of "democratic revival", and as a result important changes are observed in the political - background of the country. In Argentina, elections will be called in 1983 and it is confirmed the military departure from the government. Although announcements of this nature have not yet been made in Chile, everything suggest that discussions on reforms are included in the

country's political agenda.

It is worth saying that, within a plurality of contents adn forms, it seems clear that, in the 80's, industrialization and democratization are issues that will be central to the societies we have selected for analysis.

On the other hand, an impact that the international economic crisis over each of those countries will provide a support for an adecuate prospective analysis.

3. Methods and Techniques

3.1 At the beggining, we pointed out the limitations of the leading explanatory models for the contemporary development of Latin America. At this point, it might be seen that we are replacing them with a similar model. - Such is not the case: our intention is not to apply complex theory to the recent history of the four countries under study, but rather use this history to contribute to the construction of one or more theories. We will approach the material from three sensibilizing concepts - (legitimacy, creativity, efficiency) focused on the processes of industrialization and democratization. From - the double stand point of an economist and a political scientist, we will rather take the approach of a historian whose knowledge grows as he examines individual facts, than that of a quantitative social scientist, -

whose knowledge arises from testing a deducting reasoning applied to a collection of facts. Our method, then, will be historical and, at the same time, comparative.

3.2 The development of concepts will depend mainly on the establishment of analogies. Therefore, the more - in-depth the analogies are, the richer the concepts generated will be. To this effect, Latin American literature on the subject matter suffer from two interrelated weaknesses.

3.2.1 - The general theories that have gained acceptance and we are thinking especially in those stressing modernization and dependency- look for their analogies at the level of a comprehensive narrative of global sequences, with which reduce and assimilate particular - histories. On those grounds, every interpretation chooses and presents facts which cannot be questioned by themselves. However the unsolved problem is the nature of - the relations that exist between these facts and, their accumulative effects in time.

3.2.2 - At the same time, particular theories such as "associated development" or "authoritarian bureaucratism" tend to over-generalize delimited national experiences. Summarizing, general theories can only find - their analogies by smoothing over a complex set of facts; on their part, particular theories take care of a wide

range of specific facts,but then, most often than not, they have to force the analogies out of those facts.

3.3 - The alternative we propose goes through two stages:

3.3.1 - In view of the goals indicated above, we - will desagregate the national historical stages of industrialization and democratization into segments amen able to theoretical analysis, as elements of a general class of fenomena. We will not limit the comparison here to the four countries selected, but will deal with every type of historical experience which turn out being relevant.

3.3.2 - In the second stage, we will integrate a general overview form the theoretical interpretation of the particular segments. Once the natural historical se quences are built, would be feasible to prepare comparisons of the interrelated processes of industrialization and democratization in the four countries under study. Only onsuch grounds it would be conceptually appropriate to analyse the different responses of these societies - vis a vis crisis such as that of the 30's or the one unleashed in the present decade.

3.4 - A programme of research such as the one mentioned raises obvious problems of feasibility. Two fact ors intervene here: one, the information and knowledge that the authors have been accumulating on these topics

through the years; and the other, the wealth of monographic material on these questions which as we said previously, has increased significantly in the last decade.

3.5 - As can be seen from the attached chronograma, the method to be utilized will cover the statistical sources and secondary material. This will be complemented, in each country, by interviews with key informants, strategically selected.

3.6 - By means of research hypotheses, we will try to answer a series of questions related to:

3.6.1 - The system: what structural differences and similatirites do the processes of industrialization and democratization present in the four selected countries? How does one explain that the distortions and lack of integration of their industrial sectors are so similar, - and the related political evolutions so different? What degree of functional interdependence exists in each case between those processes? What institutionalforms -public and private- have the processes assumed in different contexts?

3.62 - The actors: How are integrated the subjects of industrialization and democratization in the various social levels (economic, political and ideological)? - What is the behavioral rational of each one of them? - What answers were articulated in each country at key mo

ments: the crisis of 1930, the post-World War II, the decades of transnationalization? With what diagnosis and social projects do they confront the present crisis?

As we have stated, the research work will focus on the causes for the absence or presence of creative solutions; on evaluating the limits and potentialities of these solutions, when they exist; and on establishing the extent to which they contribute, to the legitimacy and efficiency of the social systems of each country. Those will be the factors on central position to the analysis, although we will also make reference to other relevant variables. At an internal level, we deal with such questions as social marginality, farming -industrial relations, cultural institutions and practices, etc. and, on an external one, with the relationship of each of the countries to changing world models of growth and with the constraint that the international alliances (formal or not) impose upon them.

The ultimate goal of the study is as follows: a) to delimit the range of likely options opened to Argentina, Brazil, Chile and Mexico in the 80's in the area of industrialization and democratization; b) on such ground, to formulate hypotheses with respect to the viability of the present policies for economic austerity and political liberalization which are under consider-

ation in those countries; and c) to furnish elements for a prognosis of the legitimacy, creativity and efficiency that can be attained in themedium and long run.

4. Operating Mode and Results

The main approach of the porject will be comparative. But, given the method -disaggregation and the theoretical interpretation of particular segments of each country's history, to be later recast as comparative long-run sequences- it seems convenient to undertake an in-depth - analysis of at least one country's case. This might serve as test for the hypotheses considered. For that purpose, Fernando FAjnzylber and José Nun will together be respon sible for the comparative study, and David Ibarra will be in charge of doing a more specific study on Mexico.

4.2 - In order to illustrate the type of search work that shall be undertaken we specify below the basic format for each of the two final reports that would be prepared, in addition to the partial studies produced along the course of the project.

4.2.1 - Comparative study (Fajnzylber and Nun) Section I - Theoretical framework for the study.

1. Legitimacy
2. Efficiency
3. Creativity
4. Social change

5. Industrialization

6. Democratization

Section II - The porblem of creativity and the relationship of industrialization-democratization, a concrete historical perspective.

7. Western Europe

8. United States

9. Japan

10. The case of Latin America

Section III - Argentina, Brazil, Chile, Mexico and the international context. Analysis of the impact at international factors on the processes of industrialization and democratization in the four countries at selected - historical periods.

11. The crisis of 1981, 1982, 1983

12. Recession - inflation in the period 1974-1980

13. Dynamism in the 50's and 60's

14. Second World War

15. The crisis and the 30's

Section IV - Industrialization, democratization and collective subjects.

16. Comparative examination of the criteria that mobilize the diverse social actors: public officials, political leaders, businessmen, labor movement, - church, armed forces

17. Confrontation of the diagnosis and prognosis concerning the present crisis as seen by the various actors

Section V - Industrialization, democratization and social change in the 80's: the range of realisitic options.

18. Argentina

19. Brazil

20. Chile

21. Mexico

22. General conclusions

4.2.2 -The case of Mexico (Ibarra)

a) Introduction: basic historical background in the Mexico's evolution.

b) Popular attitudes and ideology: interaction among the aspirations of the most numerous groups of the population, ideological changes and responses to the established political structure.

c) Patterns of economic growth: I) The organization of Mexican economy in "haciendas" and mining from the 17th century on.II) Change to an economy exporting primary - goods at the end of the 19th century. The pattern of substitution of imports of manufactures and agricultural - goods after the triumph of the 1971 Revolution.

d) Social change and development: The interdependence

of economic, political and social phenomena. Social stability in the historical development of Mexico, according to the ability of the ruling classes in harmonizing several basic objectives: liberty, material progress, economic equality.

e) The weakening of the Revolution's paradigm: The weakening of the pattern of development. The weakening of the political paradigm of the Revolution in the face of the changing character of the main social and economic problems. Tensions among groups participating in the modern sectors of the economy and those that have been left out from the country's progress. Erosion of the representative nature of the political institutions.

f) The need for change: Conditions that renewing - the Revolution's paradigm should satisfy. An outline of the main characteristics of political and economic reform is terms of its necessity and feasibility.

5. Chronogram and main Resources

5.1 - Chronogram. A tentative June schedule for the research work, is presented below with reference to the comparative survey.

Months / Sections	0	6	12	18	24
I	———			———	
II	———	———			

Months / Sectors	0	6	12	18	24
III		———	———		
IV		———	———		
V				———	———

5.2 Resources. Steps are currently being taken to obtain financing for a) salaries for the main research staff, b) supplies, c) publications, and d) - operating costs for the project headquarters.

Therefore, we indicate below only those needs not yet covered and from which external funding is required.

		USDollars
I	Researchers	
	3 full-time hosts for 24 months (estimated monthly salary: US$3,000)	216,000.00
II	Associate researchers	
	3 full-time associate researchers for 24 months (estimated monthly salary: US$1,350)	97,200.00
III	Research assistants	
	3 full-time research assistants for 6 months (estimated monthly salary: US$1,000	18,000.00

		USdollars
IV	Secretary	
	24 months, at US$1,000	24,000.00
V	Trips and expenses	
	8 airline tickets at US$1,500 each, plus expenses for a total of 200 - days, at US$90 per day	30,000.00
VI	Documentation	
	Books, several documents, photocopies	12,000.00
VII	Equipment	
	Office material and equipment	6,000.00
	Total:	US$ 403,200.00

The aforementioned amount should be prorated for the 24 month period of the project and represents approximately 2/5 of the global cost of the research.

April, 1983