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certain interests—say, the coal-owners or even the unions which, in the Ruhr, represent 400,000 workers? One compromise after another is made and a branch of the economy is subsidised which is no longer justified by current requirements?

ŠIK: I would put it in this way: in that case the problem would be the same as yours or as that in other countries. It would not be easy to change. Since you mention coal—in our country this is also a highly inefficient investment which is becoming increasingly expensive for us. We are going deeper and deeper and we must therefore be converting increasingly to oil-heating and other uses of oil.

INTERECONOMICS: So here too, by taking the example of a branch of the economy which is threatened by a structural crisis, we can see that you have problems similar to the ones we experience.

ŠIK: Yes, that is quite right. Now, if I may say some more about it: this is just where planning should help us somewhat, since it should be possible to predict these things earlier and try to find a solution in good time.

INTERECONOMICS: This is just the reason why we are also intro-

ducing a certain form of planning. This should solve structural crises, growth crises and other crises which may occur. To this extent, there is really a certain "rapprochement" of our problems and of the methods used to solve these problems—talking from an economic and technical standpoint.

ŠIK: I agree completely. If one is better acquainted with the essentials of a socialist economy, it can be seen that the differences vis-à-vis a highly-developed, modern, capitalist economy are by no means so great as people used to think—or wished to think. But I repeat—and please understand—this must not be interpreted as a retrograde step back to capitalistic ownership. There is no question of that.

INTERECONOMICS: At this point, we should really explode a myth which—it may be—a few economists in Eastern Europe have helped to create; we, in the West, are always adding fuel to the fire—namely, that we in the West are still the arch-capitalists we used to be. All the examples quoted at the beginning of this talk and especially those cited towards the end, indicate that in that sense we are

no longer genuine capitalists, but that fundamentally and with a good dash of pragmatism, we are trying to make the best of the market economy in order to achieve certain pre-set targets, but—we must recognise this as the essential difference between our systems—in our system these targets are set more by individuals or by particular groups than is the case in your system (and this will hold even when your new ideas have been implemented).

ŠIK: Quite so; I agree entirely. Nor do I view the question of property so much from its legalistic aspect; it is more a matter of who controls the property, of a social type of production and product distribution, i.e. the way of enforcing certain interests. But as soon as private interests or the interests of small groups are subordinated to the general interest, the economically important essentials of progressive development will actually assert themselves.

INTERECONOMICS: Professor, we ought to end our discussion here. We have heard a wealth of views from you and have arrived at a conclusion which we think will be of great interest to the public.

Effects on Development of the Population Explosion in Latin America

By Dr. Jürgen Westphalen, Hamburg

The present population problem in Latin America is not dependent upon too large a number of inhabitants in relation to habitable area and the potential area available for growing foodstuffs—as in the case of some developing countries in the Far East—but rather upon the far too rapid population increase compared with the growth of the economy, i.e.—to quote R. F. Behrendt¹ upon a marked "disparity between population rates of growth and comparative economic stagnation". There is no inhabited area of comparable size whose population increases as rapidly as that of Latin America. From 1920 to 1950 the population of Latin America increased by 79%; over the same period the population increase in North America was

44%, in Asia 43%, in Africa 42% but in Europe (including USSR) only 18%. It can be estimated that in the second half of the century, i.e. between 1950 and 2000, the population of Latin America will increase by 263% (!), whereas in Asia the increase will be only 180%, in Africa 159%, in North America 86% and in Europe (including USSR) 65%.

The following brief remarks cannot be more than a rough outline of population developments on the Latin-American sub-continent. Some important causes of this development are indicated and their most important economic and social effects described. Finally—but again only in brief—possible population trends will be estimated and indications will be given of some of the requirements in Latin America relating to general development policy in relation to the population problem.

¹ R. F. Behrendt: *Soziale Strategie für Entwicklungsländer. Entwurf einer Entwicklungssoziologie*. Frankfurt am Main 1965, p. 24.

The growth of population within a limited geographical area is the result of natural population increase and of immigration and emigration across the frontiers of the territory. Immigration into Latin America is irrelevant today for overall population development. On the other hand, it is worth mentioning an internal population movement which may currently be observed in Latin America. This internal movement leaves the total population of the sub-continent static, but influences the regional distribution of population and lends the Latin-American population problem its peculiar character. A rough outline will now be given of natural population growth in Latin America.

Population Development

Demographic surveys in various industrial countries have led to the formulation of a "population cycle"²; this can be divided into four quite separate phases. The first phase of this cycle is characterised by a high birth-rate, a high death-rate and thus a very gradual population growth. In the second phase, the death-rate falls rapidly, whereas at the start the birth-rate remains equally high; this means that the population expands at an "explosive" rate. During the third phase, while the death-rate continues to fall, the birth-rate also falls rapidly; this means that population growth is markedly slower. In the final phase death and birth rates are at their lowest ebb; population growth is little or nil.

There are many indications that the population development in Latin America since the 16th century is very similar to the population cycle observed in industrial countries. However, for Latin America a large part of the cycle is still to come.

In Latin America the first phase of the population cycle started about half-way through the 16th century. In previous decades, since its discovery in 1492, the population of the subcontinent had fallen considerably, because the merciless wars waged by the "Conquista", brutal forced labour on plantations and in mines and, above all, respiratory diseases imported by Europeans resulted in a very high death-rate amongst the indigenous Indian population.³ From 1570 until the middle of the following century, the population increased from 10.6 million to almost 12 million. It took about 175 years for the population to double (1825: 23.5 million). By the end of the 19th century the population had once again more than doubled and was about 60 million.

In actual fact, the natural population growth in Latin America in the 17th, 18th and 19th centuries was much slower than these figures tend to suggest. The population figures given also include immigration which was fairly considerable in certain periods. Until the Latin American countries obtained their independence from Spain and Portugal, i.e. at the beginning of the 19th century, the importation of negro slaves played a major role in the growth of the population. In 1570 the number of negroes living in Latin America was estimated at 40,000; in 1650 there were

already about 835,000 and in 1825, at the end of the colonial period, approximately 4.1 million. Then, in the latter half of the 19th century, immigration from Europe increased considerably. Between 1857 and 1910 approximately 2.3 million immigrants reached the Argentine alone—mainly Europeans—and during the peak immigration period from 1890 to 1895, more than 200,000 immigrants to Brazil were counted in one year.⁴

Deducting the number of imported negro slaves and European immigrants from the total population growth figure for this phase (which lasted for more than three centuries of the first population cycle) we are left with an extremely small natural population growth; it is only in the last ten years of the 19th century that this growth-rate starts to rise.

The Population „Explosion“

Since 1900 the population growth-rate in Latin America has visibly accelerated. Constant improvements in medical care, more widespread attention to hygiene and the extermination, or, at least, significant control, of malaria and other diseases resulted in a sizeable reduction in the death-rate. Meanwhile, the birth-rate remained constantly high in most Latin-American countries. This is clearly demonstrated by a comparison of the number of children between 0 and 4 years per 1,000 women aged from 15 to 49 in the North and South Americas⁵; in the mid-fifties the figure was 417 children per 1,000 women in the USA; in the Dominican Republic, Venezuela and Ecuador, however, it was over 700 and in Guatemala, Panama, Paraguay, Columbia, Costa Rica, Honduras, Peru, Brazil and Nicaragua it was between 650 and 700.

However, the sometimes voiced opinion, that the population "explosion" in Latin America is purely the outcome of remarkable medical advances, is not true. Certain behavioural peculiarities of the population are at least equally important. In modern industrial society it is known, in general, "that reproduction after marriage ... is based on a plan envisaging a certain number of children. This procreative plan is realised inasmuch as the subjective fertility period is compressed into a small part of the physiological fertility period, mainly ... in the first years of marriage."⁶ In Latin America, however, this type of voluntary and planned birth control must be considered the rare exception.

In about 1920 the population development in Latin America clearly passed into the complicated second phase of the population cycle—the phase of an "explosive" rise in population. From 1900 to 1920 the number of inhabitants increased by 50 % from about 60 million to approximately 90 million; by 1940 it had reached 130 million, and by 1960 approximately 200 million. It can be said very confidently that in coming years the population "explosion" will become even more pronounced. In most Latin American coun-

² F. Baade: *Welternährungswirtschaft*. Hamburg 1956, p. 26.

³ R. Konetzke: *South and Central America I. Die Indianerkulturen Altamerikas und die spanisch-portugiesische Kolonialherrschaft*. Fischer Weltgeschichte Vol. 22. Frankfurt am Main 1965, p. 106.

⁴ F. Bastos de Avila: *La Inmigración en América Latina*. Revista Interamericana de Ciencias Sociales. Segunda época, vol. 3, special issue. Edited by Unión Panamericana. Washington D. C., 1964, p. 108.

⁵ G. Mortara: *Características de la Estructura Demográfica de los Países Americanos*. Edited by the Instituto Interamericano de Estadística, Washington D. C. 1964, p. 53.

⁶ G. Mackenroth (K. M. Bolte): *Bevölkerung*. (I) Theorie. In: *Handwörterbuch der Sozialwissenschaften*. Vol. II. Stuttgart, Tübingen, Göttingen 1959, p. 157.

tries, even if the death rate has fallen considerably compared with the past, it is still remarkably high compared with the relative figures for industrial countries. The annual infant mortality rate (i.e. deaths of children aged less than 1 year per thousand live births) was 26.4 in the United States in 1957; 117.2 in Chile in the same year, 108.1 in Peru; 106.0 in Ecuador; 100.4 in Columbia; 88.1 in Costa Rica and 80.1 in Mexico.⁷ Thus, the infant and child mortality rates in Latin America are still considerably higher than the minimum achieved by modern methods and experience. Furthermore, a striking deterioration can be established in health standards in many Latin American countries from towns all the way down to rural areas. In general, in rural areas, there is not only a shortage of doctors and hospitals, but—above all—the population is not well enough informed about the requirements of hygiene. There are still enormous tasks to be tackled here so that, particularly in such rural areas, a considerable fall in the death-rate can be anticipated in the future. On the other hand, however, there are no indications that there will be any fall in the birth-rate in Latin America.

According to reliable estimates, the number of Latin Americans will increase from approximately 200 million in 1960 to over 330 million in 1980 and to more than 600 million by the end of the century. However, this "explosive" population increase will not affect the whole of the Latin-American sub-continent equally. The main exceptions will be the Argentine and Uruguay, i.e. the countries with a predominately white population, where European immigrants have had considerable impact upon the social structure. The average annual population increase for the whole of Latin America was 2.5% from 1951 to 1960; this is expected to rise to 2.6% between 1961 and 1980. In contrast, during the 'fifties the population of the Argentine rose by only 2% p.a.; it is estimated that in the 'sixties and 'seventies, the annual population increase will be only 1.7% in the Argentine. In Uruguay the respective growth rates are only 1.4% and 0.8%.

To sum up, it can be said that—despite special circumstances in individual countries—the current phase of population development in Latin America shows the following characteristics: annual growth rates are high—higher than in any other inhabited areas of comparable size—and the tendency is towards further increase. At present there is no sign of a fall in the very high birth-rate. On the other hand, the mortality rate is decreasing all the time. In Latin America today it is quite right to speak of an "explosive" population growth; but in most Latin American countries the real "explosion" is yet to come.

The Flight from the Land

Many urban areas in Latin America show an extremely rapid population increase, especially in certain large seaside towns. In addition to natural population growth, there is a considerable influx to these from rural areas. In Latin America the flight from the land⁸ to the city has recently reached the dimensions

of a modern mass migration. In 1950 an average of 39% of all Latin Americans lived in urban areas; in 1960 this had risen to 46%. The population of Lima, the capital of Peru, rose from about 500,000 in 1940 to almost two million in 1961. About 700,000 people lived in Bogotá, the capital of Columbia, in 1951; by 1965 there were ca. 1.4 million. In 1951, about 58% of all inhabitants of this city came from other regions of Columbia.⁹ In 1920, the Brazilian industrial city of São Paulo had only about 500,000 inhabitants, but by 1952 it had about two million and more than 4 million by 1961.

The extent to which the rapid population growth in cities is the result of this flight from the land only becomes evident when one considers that, in general, in urban areas of Latin America, the natural population growth is noticeably lower than in the country.¹⁰ For instance, in 1950 the number of children under five years per thousand women aged from 15 to 49 in the rural districts of Brazil was 778, in Rio de Janeiro, however, the comparable figure was only 360 and in São Paulo 358. In Venezuela, the figure was 814 children per 1,000 women in rural areas, and in the capital, Caracas, 550; in Chile the relevant figures in 1951 were 781 for rural, and 494 for urban areas.

The main cause of this internal migration lies in the vast differences in development to be found to a greater or lesser degree in all Latin-American countries between urban and country areas. In Latin America, cities—and, above all, foreign entrepôts on the coast—are, to some extent, oases of development in the midst of a vast landscape of backwardness.

Economic and Social Consequences

Only a few examples can be given of the numerous effects of the population growth on economic and social life in Latin-American countries.

1. The basic problem is that in Latin America population growth is taking place at such a rate that economic development can scarcely keep pace, if at all. According to data published in "Visión"¹¹, in eight Latin-American countries—i.e. Bolivia, Costa Rica, the Dominican Republic, El Salvador, Guatemala, Paraguay, the Argentine and Chile—the number of inhabitants from 1957 till mid-1964 grew faster than the G.N.P. As a result, the per capita income in these countries has decreased over this period.

2. The total population in Latin America is growing at a greater rate than food production is increasing. Currently, per-capita food production is approximately 7% lower than before World War II.¹¹ As a result, more foodstuffs are imported each year and an increasing amount of foreign currency, which is urgently needed for the import of capital goods, is spent upon importing commodities which could be produced locally in sufficient quantities if proper use were made of available production facilities.

3. Because of their rapid growth, almost all Latin-American peoples are conspicuously young peoples. Except in Uruguay, the Argentine, Cuba and Chile,

⁷ Statistical data from: Lateinamerika. Eine Analyse seiner gegenwärtigen Probleme. Introduction and adaptation by P. Molt. Edited by Institut für Internationale Solidarität. Bonn 1965, p. 194.

⁸ See J. Westphalen: "Exodo rural en la América Latina", Boletín der Deutsch-Kolumbianischen Handelskammer, Bogotá. No. 16/1962, p. 11 ff.

⁹ F. Bastos de Avila, op. cit. p. 226.

¹⁰ idem. p. 203.

¹¹ "Más población, más problemas". Visión — Revista Internacional (29. 5. 1964).

over 40% of inhabitants of all countries on the sub-continent are under 15—indeed, in 9 countries, the figure is over 43%.¹² The large proportion of young people to total population—which, in most countries, is still growing—means there is an enormous demand for schools and vocational training colleges, teachers and instructors, as well as for new jobs.

4. In general, the birth-rate is highest among the poorer inhabitants living in the interior of these countries. Naturally, this has noticeable effects upon the distribution of income. In Chile, in 1954, the well-to-do, representing 3% of the population, received 25% of the national income, whilst 65% of the population had to make do with less than 16% of the total income. In El Salvador, in 1950, barely 8% of all families received more than 50%, and 61% of families a bare fifth of the total income.¹³ These particularly blatant examples should suffice to spotlight the obvious inequality in the distribution of income over wide areas of Latin America. Because of above average growth rates among poorer elements of the population, this inequality is becoming more accentuated.

In addition, the relatively rapid growth of the poor population in rural areas also means that each year an increasing number of young people can find no work, or no suitable work, in the country and are forced to follow the vast mass of "fugitives from the land" into town. As a result, the housing shortage in Latin-American cities is becoming increasingly acute. In 1950 the unsatisfied demand in Latin America was said to be 31.9 million homes, of which 13.2 million (41%) in towns. Total current demand is 46.2 million homes, urban requirements being 24.2 million (52%); it is estimated that total 1975 demand will touch 60.8 million, of which 36.5 million (60%) in towns.¹⁴ Assuming—although this is almost unrealistically modest—that only 2 or 3 people will live in each dwelling, it can be seen that there are currently 90-140 million people in Latin America who are homeless or have no satisfactory dwelling, 50-75 million of whom are in towns; this figure represents ca. 45-70% of all Latin-Americans, or 55-82% of all Latin-American town-dwellers.

Consequences upon Development Policy

Population and development policies in Latin America must be aimed at bringing population growth into step, to some extent, with general economic and social development. It must be assumed, however, that this process of "synchronisation" would take place in time without planned political intervention; experience gained in the industrial countries of Europe shows that at a certain level of development a marked reduction in birth-rate "automatically" occurs, thus curbing population growth. But to wait for this in present-day Latin America would overstrain the patience of Latin-Americans. Therefore population growth must be retarded by suitable political action and/or general economic growth must be accelerated.

¹² Statistics from: "Boletín Económico de América Latina", Vol. 5, Suplemento Estadístico. Edited by CEPAL, Santiago de Chile 1960, p. 12.

¹³ "Lateinamerika. Eine Analyse seiner gegenwärtigen Probleme", p. 204.

¹⁴ "Lateinamerika. Eine Analyse seiner gegenwärtigen Probleme", p. 211.

The prospects of significantly retarding population growth in Latin America in the near future by means of population policies are extremely slight. Immigration policy can be wholly disregarded, since this is unlikely to have any great significance today in Latin America. But attempts to reduce the birth-rate do not seem very promising either. Measures such as the legalisation of abortion or voluntary sterilisation are of no great significance at present in Latin America, because their implementation requires a certain minimum level of medical assistance and hitherto scarcely any Latin-American country has achieved this level in its rural areas. Publicity for periods of abstinence from matrimonial intercourse will probably be effective only in sophisticated urban areas; such measures will necessarily prove ineffective in rural areas populated almost entirely by illiterates, and also on the outskirts of large towns where the population problem is most acute.

The only measure which promises any chance of success is birth control through the legalisation and promotion of mechanical and pharmaceutical contraception. At present, this is strongly resisted in Latin America—largely because of the influence of the Church. Only recently have there been any signs of change. In March 1965 70 Nobel prize winners from North and South America and Europe appealed to Pope Paul VI to support the nascent reform of the attitude of the Roman Catholic Church towards birth control. However, this can scarcely be expected to have significant effects upon population growth in Latin America before the end of the century.

If there is to be any prospect of success, whatever development measures are considered suitable should be implemented without delay. The need is not only to eliminate those effects of the population "explosion" which have already made themselves apparent—the tendency towards falling per-capita incomes and lower per-capita food production, the shortage of training facilities, teachers and jobs, the housing shortage and the slums on the outskirts of large towns; the main thing is to counter, as soon as possible, the threatening effects of the population growth which will increase at an accelerated pace in the near future.

The area available for food production in Latin America—to be understood here in the very broadest sense as being limited only by nature and the stage of technical development reached, in order to supply the population with everything necessary for its daily requirements—is still sufficient for many times the present population.¹⁵ From this point of view, therefore, there are no insuperable obstacles to overcoming the population problem by development policies. It is questionable, however, whether the exploitation of natural food production areas can be extended at the speed dictated by the "explosive" population growth.

Development Measures

The measures applied will vary from country to country in character and intensity, according to the stage of development reached and the ensuing prob-

¹⁵ See, for example: Los recursos naturales en América Latina, su conocimiento actual e investigaciones necesarias en este campo. Published by CEPAL. Mar del Plata 1963.

lems and prospects; consequently, in each instance, their exact form will depend upon a proper understanding of actual economic, social and political conditions in individual countries. Here, too, only a few examples of general significance will be given.

1. Progressive exploitation of agricultural land in Latin America will require, to begin with, increased production of goods and therefore an increase in gross national incomes. In more detail, this implies that it will be necessary to rationalise and modernise existing fields of production, thus reducing the dependence of Latin-American economies upon the production and export of one or a few staple crops or mining products by the development of new types of product.

2. Therefore, sufficient markets must be opened up for this growing production, not only by careful conservation of traditional markets and the cultivation of new markets abroad but, above all, by the creation of conditions favourable to a large increase in domestic consumption amongst those sectors of the population, a large part of whose requirements has been met hitherto by primitive home products.¹⁶ The efforts to intensify trade between the Latin-American countries by the integration of various economies are of considerable significance since these have met with considerable success in the Common Market of Latin America with promising extensions to the Latin-American free trade zone.

3. Fishing, and an increase in fish processing and fish consumption offer considerable scope for increasing the range of food production; so far, very little has been done about this in Latin America and, in many countries, almost nothing at all. Successes achieved in recent years—mainly in Peru and Chile—in this field are quite considerable.¹⁷ In 1948, Latin America, with a catch of approx. 500,000 tons, registered less than 3% of the total catch of all countries engaged in fishing; in 1962, Latin America, with a catch of 8.5 million tons, more than 6.5 million tons of which were caught by Peru, registered 18% of the world catch.

4. In most countries, agricultural production could be increased not so much by the mechanisation of agriculture, as by measures taken to increase yield per acre, using the same labour. Laying-off of labour should be avoided as far as possible, since this encourages the "flight from the land". Considerably higher yields could be achieved in Latin America by use of selected seeds, soil cultivation, artificial fertilisers and similar measures.

5. In various countries of the sub-continent, adjustments of income and property distribution in favour of the poorer elements through tax and land reforms, or by granting assistance to large families, subsidised housing and other subsidies, can achieve a marked rise in the average standard of living of the population and in the domestic demand for consumer

¹⁶ Surveys conducted in Mexico show that only 12% of all Mexicans are so-called "full" consumers, who are accustomed and able to buy the usual assortment of consumer goods which are on the market in highly developed countries. 25% of the population is considered "partial" consumers, whose consumption level lies above subsistence level but below that of "full" consumers; 63% of all Mexicans can afford only subsistence goods. In other less developed countries this percentage could be even higher.

¹⁷ "Fauna marítima, tesoro sin fin." *Visión. Revista internacional*. (10. 7. 1964).

goods. In some countries—particularly in Brazil, the Argentine and Chile at the moment—it is most important that effective steps should be taken to combat price increases on the home market, thus putting an end to the everlasting inflationary distortion of income distribution.

6. To combat effectively the "flight from the land" in Latin America, the disparity between levels of prosperity and education in urban and country areas will have to be reduced by better communication lines and economic exploitation of the rural areas. In this connection, the much-criticised construction of the new capital of Brazil, Brasília, right in the "interior" of this vast country, is worth mentioning as an interesting experiment.

7. Special efforts should be made to provide housing in the towns. However, even if maximum efforts are made during the next decades, it will not be possible to overcome the housing shortage, but at best to alleviate it somewhat. Over the next few years the housing shortage will rise by about one million units per annum. Assuming the average cost for the construction of one home to be US-\$ 2,000, this represents an approximate annual investment of US-\$ 2,000 million on housing for the increase in annual requirements alone, without taking into account the outstanding shortage of about 46 million dwellings. This is precisely the sum of foreign funds set aside each year by the "Alliance for Progress" for the further economic and social development of the entire Latin-American sub-continent.

8. In view of the already enormous and still growing capital requirements, the investment climate in Latin America will require careful supervision. Political stability and a healthy economic development are necessary to encourage domestic savings, repatriation of the so-called "flight capital" invested abroad and investment of private foreign capital.

9. Some Latin American countries can certainly obtain better access to public funds available through development aid supplied by Western industrial countries, if they carefully plan individual projects within the scope of such middle-term development programmes as exist in most countries; these are, in general, well planned.

10. The vast mass of people living in Latin America—the future agents and beneficiaries of economic development—is insufficiently prepared for coping with current-day Latin-American problems and must first be educated to think and act on lines suitable for development requirements. This applies to many "entrepreneurs" and to most employees, in particular to the majority of civil servants who hitherto have not proved worthy of their important roles in development policy. Generally speaking, in Latin America today, besides teaching them the necessary technical know-how and the ability to manage rationally, the people must be given "the ability to organise socially on the lines dictated by development policies", without which "technical knowledge and economic potential" must remain unexploited.¹⁸ This applies as much to the thin upper social crust as to the broad strata of economically backward people. Wide segments of the rich and influential population in Latin

¹⁸ R. F. Behrendt, *idem*. p. 92 ff.

America are totally unprepared to accept the sacrifices and innovations without which effective reform and development policies cannot be implemented, and large sections of the poor and backward population are insufficiently enlightened and incapable of any active participation in such a policy.

To sum up, there are two conclusions which derive from our analysis of the current situation in Latin America about development aid from Western industrial countries, in particular the aid to Latin American countries from the Federal German Republic.

The view sometimes voiced in Germany that the Latin-American countries are already capable of further developing their economies by their own efforts, so that foreign development aid can be cut down gradually and ended altogether before long, is wrong. The exact opposite is true: the Latin-American population "explosion", which has nowhere near reached its peak, means that economic and social development problems in Latin America will become more acute only in the next decades. Most Latin-American countries will therefore become ever more dependent upon foreign co-operation for the solution

of their development problems. The Federal German authorities concerned with development aid problems should already be aware of this.

The development which has to be achieved in Latin America under pressure will involve a fundamental change in the economic and social structure. Such a change in structure demands that traditional values and customs be set aside and may necessitate the drastic control by the State of the free play of natural forces. In all probability, this will not be a harmonious process; certainly it will be impossible to avoid some reverses and occasional radical revolutionary tendencies. But if development aid to Latin America is to be a success, it must not be influenced by such factors and continuity must be maintained as far as possible. Any development policy in favour of Latin America which reacted to a disturbance of the political or economic climate of the recipient country by cutting down the flow of funds would only create an element of insecurity and would impede progress, quite apart from the inherent elements of uncertainty and inconsistency prevailing in Latin-American countries.

Latin America's Export Structure Needing Reform

By Dr. Werner K. Tillmann, Bogotá

Latin America's share in world exports is declining. While in 1950 its exports still amounted to 12.8% of total world exports, they decreased to 7.9% until 1963. In contrast with the exports of all countries increasing by 153% between 1950 and 1962, Latin America's exports have grown by 59% only. The subcontinent's annual growth rate of exports is similar, i.e. from 1953 to 1963 it amounted to 2.8% only as compared with a 5% one of the other developing countries and one of 6.2% of world exports.

These figures are quite worrying as the Latin American countries—being more or less on their way to economic development—are very much depending on their exports. To a certain extent the permanent deficits in their trade and payments balances and with that the frequently slow economic progress are explained by these adverse figures. Latin America simply must risk the "jump ahead" and pay increasing attention to its non-traditional exports in order to escape the dilemma between a rising demand for imports, caused by its rapidly growing population, and exports increasing but slowly. This implies that its export structure which in the main is based still on one product only (e.g. single-crop farming) has to be changed into a diversified one and that exports of industrial products must be promoted. The following contribution which is partly based on the report of a Special Committee of the Inter-American Economic and Social Council (CIES: Consejo Interamericano Económico y Social) on chances, problems and expansion of exports of Latin American industrial products is to provide a short outline of the development

of the Latin American countries' exports and explain the reasons for the low share of industrial products in total exports.¹ The concluding paragraph contains some recommendations worked out by CIES and aiming at an intensified diversification through a growing share of industrial products in total exports.

Raw and Basic Materials Dominating

Latin America's structure of exports now as before is characterised by an excessively high share of raw- and basic materials (primary products). In 1955 it was approximately 86% and has even increased to 90% up to 1960. These figures apply to the total of all primary products. A comparison with other developing countries shows that a gradual change to semi-finished and finished products has started there and that the share of raw- and basic materials has declined. On the international level the share of primary products has decreased between 1955 and 1962, for in the former year it still amounted to about half of all exports while in 1962 it was no more than 42% roughly. A look at the growth rates shows that world exports of industrial products rose by 74% and those of Latin America by a mere 17%. It appears from these figures that Latin America did not succeed in diversifying its exports in a degree worth mentioning although first starts cannot be overlooked.

In order to arrive at an approximately accurate statement on the development of exports of primary prod-

¹ Estudio de las Perspectivas y de algunos Problemas que enfrenta América Latina para la Expansión de sus Exportaciones de Manufacturas, CIES, Washington, D. C. 12. 3. 1965.