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EXPERT WORKING GROUP ON SOCIAL ASPECTS OF ECONOMIC
DEVELOPMENT IN LATIN AMERICA

PROGRAMMED ECONOMIC DEVELOPMENT AND POLITICAL

ORGANIZATION

   (An effort to identify inconsistencies)

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INTRODUCTION

1. Purpose of the present study

In accordance with the provisional agenda drawn up by ECLA and other United Nations bodies for the Expert Working Group on Social Aspects of Economic Development in Latin America, scheduled to meet in Mexico City from 12 to 23 December 1960, the purpose of the present study is to clarify the points referred to in item C-2b under the heading "Relationships between programmed economic development and political organization: an effort to identify inconsistencies".

This study should therefore be considered part of a wider survey aimed at determining the relationships between the process of economic development and the overall process of social evolution mainly in order to ascertain, on the one hand, the effect of the former on the latter and, on the other, the social conditions, in the broad sense of the term, upon which programmed economic development depends.

The purpose of the present study, within the broader framework outlined above, is to clarify in a general way the relationships between programmed economic development and the political organization of the community, and to determine, with particular reference to Latin America, the political conditions under which community development programming would be possible.

2. Arrangement of the text

The text of the present study is divided into two parts of unequal size. The first and shorter of the two seeks to explain the development problem as a process and as a project, by analysing the process of overall social development and by explaining what is meant by programming and the conditions that must be fulfilled for it to meet the circumstances of the case and be susceptible of implementation. It

aims at providing the data and categories needed for a further understanding of the political conditions under which programming would be possible. These are dealt with in the second and larger part of the study, the last chapter of which is devoted specifically to conditions in the Latin American countries.

3. Principal conclusions of the first part

In the first part of the study, analysis of development as a process and as a project leads to the following first conclusion : development is an overall social process, and economic, political, cultural and social development can be spoken about only in a partial sense or in the interest of simplicity.

Second conclusion: Development as a concept differs and to some extent conflicts with the "enlightened" idea of progress. In theory, development is the realization of pre-existing potentialities in the historico-social process. These potentialities are the ways of exercising rationality. The process of development, in actual fact, is the historico-social process itself to the extent that it moves towards increasing rationalization.

Third conclusion: Development as a completely spontaneous process, as it occurred in the United Kingdom and some of its former colonies, is statistically rare and historically virtually unique. Development in France and Germany before the First World War took place within the framework of a form of State intervention which might be appropriately called "bismarckism", and since the Second World War has been following a pattern of "neo-bismarckism".

Fourth conclusion: Development programming is a rationalization technique the effectiveness of which depends on how accurately the situation has been analysed, the mutually compatible objectives - which must also be compatible with the situation - selected, and the appropriate measures adopted for the fulfillment of these objectives. How far it can

be carried out depends, in principle, intrinsically upon its merits and extrinsically upon the continued existence of the external circumstances postulated in the plan.

Fifth conclusion: Of all the external circumstance upon which the extent of its implementation depends, the most important are the _political_, in the broad sense of the term, which are, at the same time, the _most easily changed_. The more under-developed a community, the more it needs to programme its development and the more susceptible it is to changes in the political circumstances on which the implementation of the plan depends.

Sixth conclusion: Development programming varies depending upon whether it follows or precedes the process of development. In the former case, in an endeavor to expedite the process, it may be organized on agreed bases, and the objectives of the plan and the free initiative of the agents will tend to coincide to a substantial degree. In the latter case, in order to initiate the development process from a state of acute under-development, the extreme heterogeneity of the participating agents hampers general agreement on objectives and jeopardizes the _a priori_ criteria for assessing its merits; programming then has _to be imposed authoritatively and enforced by threats_.

4. Principal conclusions of the second part

In the second part of this study, the following first conclusion emerges from the analysis of the political conditions affecting the extent to which development programming can be carried out; the political conditions, in the broad sense of the term, which make development programming possible in a community include those conditions exogenous to the merits of the plan which enable the Government to proceed consistently with the formulation and execution of the plan.

Second conclusion: The above conditions relate to three possibilities:

(a) The possibility that the community has, as a politically in-
dependent national community, of developing as a national State;

(b) The possibility that the community has, as an under-developed
society, of overcoming the social crisis produced by the "de-
monstration effect" of fully developed communities;

(c) The possibility that the community may overcome the political
crisis produced by the fact that the process of constituting
and exercising authority is not representative.

Third conclusion: So long as they adhere to the present system of
national States, the small under-developed countries cannot develop
either as independent national communities, because they lack the ne-
cessary real basis, or by renouncing their own nationality, because
they would be discriminated against by other nationalities.

Fourth conclusion: The larger under-developed countries are faced
with the dilemma of requiring large-scale foreign investments in order
to achieve a significant rate of development and of not being able to
develop as national communities if strategic sectors of their economy
come under the control of foreign interests. In order to escape from
this dilemma they must adjust their economy to the requirements of na-
tional autonomy by introducing a system of savings, investment and pro-
duction which will ensure the maximum rate of development that the com-
munity can bear.

Fifth conclusion: (a) The soial crisis cannot be overcome unless
the community is made aware of the social accounts so that, taking them
into consideration, it may decide on a given rate of consumption and
savings, apportioning them among the various social strata; (b) in or-
der to make this apportionment, a political formula will have to be
adopted that is consistent with the degree of authority that can ac-
tually be exercised by the ruling class and with the type of leadership
that it can give. In the world of to-day, there are three possible

political models so far as this objective is concerned:

(i) "Neo-bismarckism" - suitable for countries where the middle-class entrepreneurs are the ruling class. Under this system the head of the Government has to arbitrate between the strata of society. This arbitration is based on objective social accounting which ensures the maximum investment potential that the community can bear. The participation of each stratum is commensurate with its effective political capacity to secure recognition for its claims. Leadership in promoting the development of the community, conceived as a nation, is exercised by national entrepreneurs in accordance with the programme drawn up by the State;

(ii) "State capitalism" - suitable for countries where a middle-class technocracy is the ruling class. Under this system, the initiative for and supervision of projects pass from the enterprises to the State, and the process of equalizing the consumption capacity of all strata and individuals proceeds at a lively pace;

(iii) "Development socialism" - of which there are two types, "original" and "derived". The former is suitable for the very special cases of countries where, because of the rapacity and obscurantism of the ruling class, the middle class is reduced to a bare subsistence level and to clandestine activities and breeds a group of professional revolutionaries. "Derived socialism" is designed to answer the need to bolster State capitalism by economic or political measures. In both cases, this system involves a more radical form of State capitalism which socializes the means of production and eliminates the market economy.

Sixth conclusion: (a) In order to overcome the political crisis two processes are necessary: one of establishing authority (political functions) which is truly representative of the community, and one of exercising this authority (governmental functions) which is representative of the former and thus genuinely responsible; (b) To this end, as with the problem of overcoming the social crisis, a political pattern must be adopted which is in keeping with the relative importance and strength of the social strata, viz:

(i) "National capitalism" - where an entrepreneurial middle class predominates - backed by a "development party" that, under "neo-bismarckian" leadership, becomes the majority party and as such exercises authority with the support of the masses, in opposition to reactionary and radical-revolutionary forces, and guides the community towards national development by means of suitable programming in which enterprises are run by entrepreneurs;

(ii) "State capitalism" - where a middle-class technocracy predominates which assumes power by means of a coup d'état and forms the "revolutionary party". Through this party it joins forces with the rural masses and the proletariat and, with their support, it promotes national development by means of suitable programming in which enterprises are run by a technocratic bureaucracy;

(iii) "Development socialism", either "original" or "derived", in the cases mentioned earlier, which promotes development by means of planning in which enterprises are run by a bureaucracy of revolutionaries.

Seventh conclusion: Form the point of view of the political conditions under which their development programming would be possible,

the Latin American countries may be divided into three groups:

(a) Those which can adequately meet the requirements for development as national States and have already achieved a considerable degree of economic development, with an annual net per capita product in excess of 200 dollars and a dynamic and efficient entrepreneurial middle class; these countries can and should establish "national capitalism" by means of a "development party" under "neo-bismarckian" leadership;

(b) Those which, while they meet the requirements for development as national States, are in an acute state of under-development, with an annual net per capita product of less that 200 dollars, and do not have a dynamic and efficient entrepreneurial middle class; these countries must establish "State capitalism" and, in due course, "development socialism".

(c) Those which, although they may have an annual net per capita product in excess of 200 dollars do not meet the requirements for development as national States and therefore find themselves in a tragic deadlock.