

AFTERWORD

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An important conclusion to be drawn from this book is that the development of national policy is limited by the type and quality of statistical information available to policy makers. In this section I discuss the implications of my research by placing the six essays on national policy (Part I) in perspective against events since original publication. The problems of recentralization as seen in the Alliance for Progress (Parts I and III) are examined in relation to the task of policy makers and bureaucrats in understanding the quantity of data (exemplified in Part II) that threatens to overwhelm them. And in treating governmental attempts to manipulate complex politicosocial economies set within supranational politics (Part III), I draw upon data presented throughout this work. Given the emphasis on interdisciplinary time-series presented herein, how do images of data influence those who would make policy as well as those who would academically study policy?

NATIONAL POLICY IN PERSPECTIVE

Chapter I, "New Hypotheses for Statistical Research in Recent Mexican History," has implications for the development of national policy. Whereas the Mexican government can control election results for the country as a whole, it obviously has had difficulty in managing the vote in the Federal District, the site of its national headquarters. This political phenomenon suggests that attempts by the official party (PRI) to "buy off" the electorate with "bread and circuses" during the many national holidays have not been as successful as the government had hoped. From another point of view, the growth of the capital and of concomitant government investment that has made Mexico City the all-encompassing bureaucratic and administrative center of the nation has not been able to prevent important voter disillusion in the official party's home base.

Ironically, political unrest in Mexico City may be related in part to the fact that federal investment in the capital has declined in relation to the Federal District's contribution of income taxes. Table 1, which goes beyond data in Chapter I, shows that whereas the Federal District's contribution to income taxes has remained over 60 per cent of the central government's total, the Federal District's share in *public* investment has fluctuated widely, falling significantly during the two years immediately before the student riots of 1968.

Although dissident students seeking to channel

TABLE 1

Mexico's Federal District Share in Central Government
Income Tax Collection and Total Public Sector
Investment, 1965-1970
(Per Cent)

Year	^a Share of Personal and Corporate Income Tax	Share of Public Investment
1965	64.6	25.4
1966	61.2	17.7
1967	65.1	23.9
1968	60.0	28.2
1969	61.9	28.4
1970	61.2	^b 20.2

^aIn 1970, 42 percent of all *impuestos sobre la renta* came from taxes on personal incomes.

^b1971; data for 1970 not available by state.

Source: Table 2; México, Secretaría de la Presidencia, *Inversión Pública Federal, 1965-1970*, pp. 180-201; and *El Mercado de Valores*, September 4, 1972, p. 925.

funds to the rural poor have been opposed to the development of Mexico City (perhaps with some success), relative neglect of Mexico's national capital tends to politically alienate not only the large corporations who are dependent upon an expanding infrastructure of services but also the workers who have flocked to the metropolis in order to find work, housing, and a higher standard of living. Thus dissident students unknowingly may have helped make the climate ripe for political unrest. Pressure from workers may be resolved somewhat in the late 1970s by the plans of Mexico's federal housing agency (established in 1972) to construct low-cost worker housing. As Jesús Silva Herzog, Jr., director of this agency has noted with regard to urban population growth, even if the government were able to build 100 000 units a year through the 1970s, the country's housing deficit in 1980 would be equal to what it is today.¹ That the fund's activities are to be devoted to urban areas such as Mexico City is especially relevant in light of taxation receipts in Mexico.

The high percentage of federal income taxes contributed by Mexico City (Table 2), especially in relation to relatively low investment, may well reveal

¹James Nelson Goodsell, "Mexico Goes All Out To Build New Houses," *Christian Science Monitor*, November 28, 1972.

TABLE 2

^aActual Mexican Income Tax Collections by State, 1961-1970

	1961	1962	1963	1964	1965	1966	1967	1968	1969	1970
TOTAL (Millions of Pesos)	4 636	4 710	5 487	7 254	5 986	8 550	10 167	11 861	13 882	15 230
TOTAL PER CENT	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Aguascalientes	.1	.1	.2	.2	.2	.2	.3	.2	.2	.2
Baja California	2.4	2.7	2.6	2.2	2.1	1.9	1.6	1.6	1.5	1.2
Baja California Territory	.1	.1	.1	.1	.1	.2	.1	.5	.2	.3
Campeche	.1	.2	.2	.1	.1	.1	.1	.1	.1	.1
Chiapas	.3	.2	.3	.3	.3	.3	.2	.3	.2	.2
Chihuahua	3.1	2.3	3.4	2.3	2.3	1.8	1.6	1.7	1.7	1.6
Coahuila	3.3	2.2	2.0	2.7	2.8	2.8	1.8	2.1	2.2	2.1
Colima	.1	.1	.1	.1	.1	.1	.1	.1	.1	.1
Distrito Federal	65.1	64.3	61.5	64.6	64.6	61.2	65.1	60.0	61.9	61.2
Durango	.3	1.1	.3	.3	.3	.3	.3	.3	.3	.3
Guanajuato	.7	.9	.9	.9	.9	.9	.9	.9	.9	.8
Guerrero	.3	.3	.4	.4	.3	.3	.4	.4	.4	.5
Hidalgo	.5	.4	.5	.3	.4	.5	.5	.4	.4	.5
Jalisco	2.8	2.8	2.6	2.7	2.4	2.9	2.7	2.6	2.9	3.1
México	4.4	4.4	5.0	5.4	5.6	6.7	7.5	8.9	9.5	7.7
Michoacán	.4	.5	.7	.7	.7	.5	.4	.5	.4	.4
Morelos	.4	.5	.5	.4	.4	.4	.4	.4	.4	.4
Nayarit	.2	.1	.1	.1	.1	.1	.1	.1	.1	.1
Nuevo León	6.4	6.5	6.5	6.4	7.0	9.9	6.9	7.0	7.1	7.4
Oaxaca	.2	.2	.2	.2	.2	.2	.2	.6	.2	.2
Puebla	1.1	1.3	1.7	1.2	1.2	1.1	1.2	1.3	1.3	3.9
Querétaro	.3	.5	1.8	.5	.4	.5	.7	.6	.7	.7
Quintana Roo	#	#	#	#	#	#	#	#	#	#
San Luis Potosí	.6	.6	.5	.5	.6	.6	.6	.6	.7	.6
Sinaloa	1.1	1.2	1.6	1.0	1.0	.9	.7	1.5	.9	.9
Sonora	1.9	2.0	2.0	1.9	1.6	1.5	1.9	3.0	1.8	1.5
Tabasco	.2	.2	.2	.2	.2	.2	.2	.2	.2	.2
Tamaulipas	1.4	1.7	1.4	1.3	1.4	1.3	1.2	1.5	1.3	1.2
Tlaxcala	.1	.1	.1	.1	.1	.1	.1	.1	.1	.1
Veracruz	1.5	1.9	2.0	1.9	2.1	2.0	1.8	2.2	1.9	2.0
Yucatán	.5	.5	.5	.9	.4	.4	.3	.2	.3	.4
Zacatecas	.1	.1	.1	.1	.1	.1	.1	.1	.1	.1

Less than .05 per cent.

^aNo data prior to 1961; data for each year exclude collections in prior years as well as amounts not distributed by federal entity and payments made directly to the Federal Treasury.Source: México, Secretaría de Hacienda y Crédito Público, *Cuenta Pública* (blue edition).

why the Mexican government has chosen not to release that information.² The figures are published in the highly classified bluebound edition of the public account records, the version with circulation limited to the top government officials. The red-bound edition of public accounts which circulates to a few selected libraries and government agencies omits the important figures that would make the accounts more meaningful. The classified version is unavailable even to Mexico's Dirección General de Estadística, thereby preventing the data in Table 2 from reaching the population through the government's statistical yearbooks which summarize data on federal accounts. With plans under way to improve the Mexican accounting system by bringing budget projects more into line with actual expenditures, it seems counterproductive not to disseminate widely analyses of accounts that would facilitate more open discussion of Mexico's public finance policies. Moreover, Mexico's middle-level *técnicos*, who constitute an important and expanding resource base for development, should not be deprived of this basic information about national policy.

An inherent limitation on rational development of national policy may be seen in Chapters I and II both of which relate to the growth of Mexico City. Not only has greater Mexico City grown northward into the adjoining State of Mexico, thus confusing political administration of the metropolis, but also some of the Federal District itself has remained almost rural in nature. Through a survey by the Public Works Office of the Federal District, the populace of Mexico City has been made more aware of the fact that it shares the District with 49 small towns and villages. (This fact is often obscured, as in Chapter II, "Mexico City as a Magnet for a Mexico's Economically Active Population, 1930-1965," where I have treated "Mexico City" and the "Federal District" as synonymous terms because the administrative reporting of economic census data of the former has been published historically only as part of the latter.) Although elsewhere I have made allowances that take this problem into account,³ here it is important to note that some of the 49 populated centers, contain as few as about 100 persons. Of the communities, only one has a secondary

school. Moreover, garbage collection takes place daily in only 3 of the centers, weekly in 28 others, and does not take place at all in the remaining 18. Only 12 have telephone service; and, in spite of the fact that all are within 20 miles of Mexico City, only 6 have public transportation. None of these centers in the Federal District has a motion picture theater or other buildings for public entertainment.⁴

The growth of Mexico City's urban area between 1960 and 1970 was dramatic (see Table 3). In 1960 one could still virtually equate Mexico City with the Federal District, but by 1970 the 1.7 million persons of the metropolitan area living in the State of Mexico represented nearly one-fifth of the population. Clearly, future analysis of Mexico City's national economic drawing power will need to take into account population expanding beyond the boundaries of the Federal District.

The limits of national policy in relation to outcomes of policy are outlined in Chapter III, "Statistical Indicators of the Impact of National Revolution on the Catholic Church in Mexico, 1910-1967." If some governmental officials, especially during the 1930s, thought that they could transfer the loyalty of the people from the Roman Catholic Church to the state, they were mistaken. A review of historical statistics should be sobering to leaders who have great faith in the power of the state.

After many decades during which anticlericals inside and outside the government attacked the Church (often with the power of the state itself), the percentage of population indicating that they are Catholic has not appreciably changed. And in 1970, 96.2 per cent claimed that they were Catholic⁵ (in comparison with 96.5 per cent in 1960 and 96.6 per cent in 1940). Although the 1970 percentage is the lowest recorded, it is not much below that for 1940, a year in which 2.2 per cent of the population reportedly had no religion. Thus, even after the Mexican government had suppressed the Cristero religious war (1926-1929) and had imposed a program of socialist education under President Cárdenas (1934-1940), loyalty to the Church was still hard to shake. (Surprisingly, in 1970 the percentage of those professing no religion reached almost the

²It could be argued that corporate and personal income taxes dominate contributions, reflecting payments by nationwide activities headquartered in Mexico City. The Mexico City headquarters for business activity, however, gives the Federal District a tremendous economic role regardless of where some funds may have originated. Also the problem may be obviated by the fact that payments made directly to the Federal Treasury are omitted.

³My Poverty Index in *The Mexican Revolution: Federal Expenditure and Social Change Since 1910* (1970) shows as one factor population living in communities under 2 500 persons, a factor that some commentators have missed in seeing this item as giving an upward bias to the Index. For my response to this and other criticisms, see "On Quantitative History: The Poverty Index for Mexico," *Latin American Research Review* 10:1 (1975), pp. 63-75.

⁴C. Conrad Manley, "Mexico City Has Rural Problems," *Times of the Americas*, November 29, 1972.

⁵México, Dirección General de Estadística, *IX Censo General de Población, 1970; Resumen General*, p. 147.

TABLE 3
Metropolitan Mexico City, 1930-1970
(In Millions of Persons)

Year	Metropolitan Mexico City			Mexico City Proper	Total Federal District
	^a Total	^b Federal District	^b State of Mexico		
1930	1.0	1.0	**	1.0	1.2
1940	1.6	1.6	**	1.4	1.8
1950	2.9	2.9	c	2.2	3.1
1960	4.9	4.7	.2	2.8	4.9
1970	8.6	6.9	1.7	2.9	7.0

^aIncludes metropolitan population in Federal District and State of Mexico.

^bIncluded in total for Metropolitan Mexico City.

^c11,000 persons.

Source: Adapted from Luis Unikel, "La Dinámica del Crecimiento de la Ciudad de México," *Comercio Exterior*, June 6, 1971, pp. 507-516, especially Table 1.

same percentage as those who said they were Protestant — the former being 1.5 per cent, the latter, 1.8 per cent.⁶

It can be affirmed, then, that Mexico's state policy has been much more complicated than some government propagandists at one time expected. "Institutionalized Revolution" has not gained at the expense of the Church; rather, the PRI has had to win at the polls the same kind of monolithic support as did the Church, according to the censuses. It is notable that even in 1930 after its heated battle with the Church, the government did not alter census data to achieve its ends. Perhaps government leaders realized that subsequent censuses would show a pattern in time-series data, and any alterations would attract unfavorable attention.

In light of the 1970 Mexican census figures which in Table 4 suggest that in 1967 the country had about 1.6 million fewer persons than estimated in Table III:4, apparently I should revise my calculations of the number of inhabitants per priest for 1967 downward from 5 765 to 5 537. (This figure would be somewhat closer to the Church's estimate of 5 332 priests per inhabitant, as discussed in Chapter III.)

Mexican officials note, however, that since census takers can never locate all countable persons, the population estimates used in Chapter III could be correct. In addition to a floating population, which is hard to count in any country, the Mexican Statistical Agency reports that it has difficulty including infants in the census; census officials speculate that this is because in areas of high infant mortality parents are not sure their newborn children are persons, that is, humans capable of survival.

Rapid expansion of Mexico's known population is shown in Table 4. With growth rate projected to increase by at least another 40 per cent by 1979, the country's population will increase to about 68 million persons. Population of this size certainly poses tremendous problems for the government, which must create much of the social and economic infrastructure necessary to provide, for example, educational opportunities, sewage facilities, and low-cost public housing as well as public communication, electric power, and irrigation systems in a country that had only 25 million persons in 1949, 34 million in 1959, and 47 million in 1969.⁷

My comments in Chapter III on President

⁶The percentage of Jewish faith declined to .1 per cent in 1970 after reaching a high of .3 per cent in 1960, according to the Mexican population censuses.

⁷On demographic growth, see Richard W. Wilkie, "Urban Growth and the Transformation of the Settlement Landscape of Mexico, 1910-1970," in J. W. Wilkie, Michael C. Meyer, and Edna Monzón de Wilkie (eds.), *Contemporary Mexico: Papers of the IV International Congress of Mexican History* (Berkeley and México, D.F.: University of California Press and El Colegio de México, 1975), Chapter 8.

TABLE 4
Mexico's Population Growth, 1959-1970
and Projected Growth, 1971-1979

Year	Total (In Millions)	Per Cent change by decade since 1949
1959	33 880	31.4
1960	34 923	
1961	36 075	
1962	37 265	
1963	39 238	
1964	39 781	
1965	41 097	
1966	42 459	
1967	43 863	
1968	45 316	
1969	46 818	38.2
1970	49 090	
1971	50 829	
1972	52 641	
1973	54 529	
1974	56 495	
1975	58 545	
1976	60 681	
1977	62 909	
1978	65 234	
1979	67 660	44.5

Source: Table VIII:1 and data supplied to author by the Mexican Statistical Agency.

Echeverría's birth control views require updated comment. Not only has the government reversed its stand by the initiation on January 1, 1973, of a "family planning program" (the term "birth control" is not acceptable in a predominantly Catholic country),⁸ but also the Catholic hierarchy has given its qualified support to the establishment of governmental family-planning clinics. In a "Message to the People" signed by 80 bishops, the Catholic hierarchy has related

Mexico's 3.5 per cent annual population growth rate to "irresponsible fecundity."⁹ Such a public statement (however tentative) has enabled the government to reassess its position.

If some policy makers in Latin America have hoped to slow birth rates, other leaders have desired to maintain high birth rates in order to create an internal market for a "realistic" intrazonal trading region. In this manner Latin America might escape dependency upon the influence of a few developed countries, especially the United States.¹⁰ While those policy makers argue that Latin America has too little population to constitute a viable market system, it appears that they may better stress that Latin America's population is adequate to the task providing that quality of life rather than the mere quantity of persons were to be improved. Some leaders want both quality and quantity, but that does not seem to be realistic.

In any case because of national economic problems, the prospect for very rapid success of regional zones is problematic, as is discussed in Chapter IV, "Bolivian Foreign Trade: Historical Problems and MNR Revolutionary Policy, 1952-1964." Hopeful arguments for Latin American intrazonal trade are moderated by realities. On the one hand, the expansion of national markets has sounded appealing, with the gradual elimination of barriers to intraregional trade and the pooling of efforts to achieve both complementary and supplementary integration of the Latin American area — each of the countries working with the others instead of following an autarkic course. Since 1960 the Latin American Free Trade Association (LAFTA) has evolved to include eleven countries: Argentina, Bolivia, Brazil, Chile, Colombia, Ecuador, Mexico, Paraguay, Peru, Uruguay, and Venezuela.

On the other hand, the incorporation into LAFTA of over 90 per cent of Latin America's population and over 94 per cent of its area has highlighted the problems of transportation and communication among countries that represent varying levels of political stability and economic standards of living.¹¹ Although the intrazonal exports of LAFTA have increased greatly in absolute terms (see Table XV:8), the percentage of LAFTA trade in total Latin American exports has increased only slightly, not exceeding 10 per cent before rigidities in the system

⁸See Frederick C. Turner, *Responsible Parenthood: The Politics of Mexico's New Population Policies* (Washington, D.C.: American Enterprise Institute for Public Policy Research, 1974).

⁹*Los Angeles Times*, December 15, 1972. The full message is reprinted in *Demografía y Economía* (Mexico City) 7:1 (1973), pp. 124-134.

¹⁰One argument is that the United States favors birth control to maintain Latin America as an underpopulated and nonviable economic market dependent upon U.S. trade. See also the concluding note to Chapter III, above.

¹¹See K. C. Kearns, "The Andean Common Market," *Journal of Inter-American Studies and World Affairs* 14 (1972), pp. 225-249. See also Banco Interamericano de Desarrollo, *Expansión y Diversificación del Comercio Exterior de los Países de ALALC (1953-1969)* (Buenos Aires: Instituto para la Integración de América Latina, 1974).

stalled growth. Since 1966, LAFTA's percentage of Latin American exports has averaged 8.5 per cent. Bolivia's share of exports to LAFTA partners actually declined from 1.1 per cent in 1961 to .9 per cent in 1966 when it became a LAFTA member. (In 1964 its share had fallen as low as .3 per cent.) By 1970 however, Bolivia's LAFTA trade had increased to about 1.6 per cent with a higher level expected from oil exports during the 1970s.

Because of the relative stagnation of LAFTA and because some of the Andean countries have been concerned about the growing power of Argentina and Brazil in South American affairs, a west-coast counterforce began to emerge in 1968 with the creation of a subregional Andean Common Market (ANCOM), including Chile, Colombia, Ecuador, and Peru. Bolivia joined ANCOM in 1969; and in 1973, Venezuela joined after much debate, its 10 million relatively affluent population doubling the estimated consumer market of the region.¹²

With regard to Bolivian trade patterns, if Bolivian leaders had hoped to escape from dependence upon tin during the MNR period from 1952 to 1964, their aspirations were further heightened by General Alfredo Ovando's nationalization of Gulf Oil's investment. While Ovando no doubt used the oil issue for political as well as economic purposes, the results of his actions did not work out as he had expected. Not only did the expropriation fail to unite the country behind him at a time of political instability, but government takeover of Gulf Oil led to increased political instability as investors lost what little confidence President Paz Estenssoro (1960-1964) and President René Barrientos (1964-1969) had precariously achieved. In any case, the possibility of renegotiating the Gulf Oil contract

(perhaps along the lines it would later take with Union Oil) could have eased Bolivia's tense political situation.¹³

Until 1974 when Bolivia's petroleum profits increased owing to world pricing conditions, Bolivia seemed to be far even from beginning to establish its economic independence. Writing in 1968, when I completed *The Bolivian Revolution and U.S. Aid Since 1952* (1969), I noted that if assistance could be extended long enough to help the country achieve economic diversification, especially through oil production, then Bolivia might well be able to stand on its own. Although subsequent nationalization of Gulf holdings threatened an end to U.S. assistance necessary to help cover Bolivia's deficits, it turned out that even as General Ovando ranted at the "imperialist Yankees," he was agreeing in 1970 to pay Gulf handsomely for its properties expropriated in 1969, some observers speculating that Gulf would eventually make 320 million dollars from its 12-year investment.¹⁴ With this settlement U.S. aid to Bolivia continued into the 1970s at high levels (see Table 5), and even during the year of expropriation, U.S. aid was a major factor in the support of Bolivian deficit spending (see Table 6), much of which went to pay for unprofitable state-run enterprises and, thus, indirectly for nationalization of the oil industry. Ironically, then those who saw AID as preventing development of Bolivian nationalism have missed the point that in the long run AID may well have bought Bolivia the time needed to build a diversified economy. In the meantime (and in the foreseeable future), the growth of the public sector discussed especially in Chapter VI has resulted in governmental agencies fighting over the spoils of nationalization, as in the case of Cerro Mutún.

¹²*Times of the Americas*, February 21, 1973. Perhaps the complicated Venezuelan debate concerning the advantages of joining ANCOM (Venezuela had become a LAFTA member in 1966) might be related conveniently to Table XV:9. Here we may see that because Venezuela has the most favorable intrazonal balance of trade of any of the LAFTA/ANCOM countries, potentially it has something to lose now that it has joined ANCOM. With plans by ANCOM to distribute new industrial development throughout all of the countries, theoretically Venezuelan imports should rise to cut its export profits. If, however, Venezuela had not joined ANCOM, its profitable industrial exports to ANCOM countries might have been jeopardized. An important question for the Venezuelan future is this: Will the advantages of joining ANCOM (to maintain as well as expand its ANCOM markets) be outweighed by the potential loss of foreign exchange as Venezuela's ANCOM imports rise to meet exports? For the Andean Investment Code, see *Journal of Commerce*, April 26, 1971.

¹³With regard to Bolivia's oil industry, although exports fell after Bolivia expropriated the U.S.-owned Bolivian Gulf Oil holdings in October 1969, exports apparently recovered by the end of 1971 — Argentine purchases helping it to regain and surpass the pre-expropriation level of petroleum exports. Bolivia's continued expansion of oil production became a prime goal again after the fall of General Juan José Torres on August 22, 1971. The government of Colonel Hugo Bánzer Suárez (which until January 1974 enjoyed the support of former President Paz Estenssoro as well as Paz's old enemies in the Bolivian Socialist Falange Party) moved in March of 1973 to attract new foreign capital to the country. Results of negotiations yielded a contract with the Union Oil Company of California to explore one million acres of the Bolivian-Peruvian border (*Los Angeles Times*, March 13, 1973). This new policy, along with settlement with Gulf Oil, is intended to restore investor confidence in Bolivia, a goal seen as prerequisite to resolving high unemployment and severe financial problems.

¹⁴*Pick's Currency Yearbook* (1971), p. 72. The pact was repudiated by Torres but then reinstated by Bánzer who immediately began payment of 78 million dollars in compensation to Gulf Oil over a 20-year period, this amount increasing the total debt of Bolivia (including pre-1952 amounts) from 413 million dollars in 1969 to 591 million dollars in 1971; see Bolivia, Ministerio de Finanzas y Consejo Nacional de Economía y Planificación, *Programa de Estabilización y Desarrollo* (1972), pp. 39 and 41.

TABLE 5

[†]Trend of Total AID Actual Disbursements, to
Bolivia, 1960-1971
(Millions of Dollars)

Year	Total	^{††} Loans
1960	17.8	1.6
1961	16.8	2.6
1962	28.0	6.0
1963	36.2	18.2
1964	57.6	21.9
1965	19.1	14.1
1966	17.8	4.7
1967	22.3	16.4
1968	30.6	28.3
1969	17.3	16.9
1970	29.7	20.3
1971	20.2	14.5

[†]Data not internally consistent; includes P.L. 480 Title I and II Loans.

^{††}For obligations (in contrast to disbursements), see Table XVII:1, above.

Source: AID/Bolivia, *Economic and Program Statistics 7* (1965), p. 31; 8 (1966), p. 31; 13 (1972), p. 41.

Bolivia's economic problems led to hopes that development of the new iron ore deposits located at Cerro Mutún would help to resolve difficulties. It was a dim hope, however, until 1974 when Brazilian financing seemed to offer a way out of Bolivian governmental infighting over which agency was to control that potential wealth.¹⁵ If my comments in Chapter VI on the impotence of Bolivia's *técnicos* sound strong, the struggle over Cerro Mutún suggests that I may have underestimated Bolivia's governmental problem as it attempts to work with Brazil, let alone to recentralize government operations by doing away with the autonomy of decentralized agencies.

Complications in the Cerro Mutún case of Bolivian government ownership of national resources are evidenced in the fact that so many powerful agencies have been created that they have indeed become states within the state. In this manner, the Bolivian government had to create yet another autonomous state agency in the form of a steel corporation. But who is to run this agency created by the Ministry of Mines? The answer was ludicrous: As reported by the weekly *Latin America* (February 2, 1973), the autonomous state mining corporation won 30 per cent of the steel

company's equity, sharing power with the state oil corporation (20 per cent) and the state Corporation of the Armed Forces (20 per cent): Not to be left out of this economic hodgepodge, the Bolivian Development Corporation and the state tin smelter corporation gained shares of 10 per cent each. Also, there are vague plans to sell shares to the public sometime in the future.

Bolivia's confused attempt to recentralize government operations illustrates how deeply export problems have been involved with interrelated aspects of politicosocial economy discussed in Chapters V and VI. These relationships are implicitly emphasized in Bolivia's 1972 stabilization plan. Even though after 1970 Bolivian oil exports were gaining and dependency on tin had fallen below 50 per cent of exports (Table 7)¹⁶ the country had to undergo a 66 per cent devaluation of its currency in October of 1972.¹⁷ The problems leading to this drastic realignment of currency are related to the period of political instability as well as to the real economic value of exports. Bolivia did not recover its 1952 real value of exports until 1968. After 15 years of increasing population (estimated to be about 4.7 million by 1970), it is clear that

TABLE 6

Financing Bolivian Deficit Spending,
1958-1971

Year	Deficit Millions of Pesos	Percentage Banco		
		AID	Central	Other
1958	99.9	100	**	**
1959	184.4	54	16	30
1960	161.9	53	6	41
1961	84.8	106	5	11
1962	67.9	96	2	2
1963	76.6	85	17	2
1964	63.5	68	55	23
1965	150.8	14	41	45
1966	134.1	9	87	4
1967	180.5	11	78	22
1968	217.9	23	42	35
1969	146.6	27	78	5
1970	178.5	10	87	3
1971	357.0	5	70	25

Source: Bolivia, Ministerio de Finanzas y Consejo Nacional de Economía y Planificación, *Programa de Estabilización y Desarrollo* (1972), pp. 14-15.

¹⁵*Latin America*, May 3, 1974.

TABLE 7

Value of Bolivian Exports,
1952 and 1964-1971

^a Year	Millions of Dollars	Millions of Dollars of 1951	Percentage Shares	
			^b Tin	Petroleum
1952	141.3	142.7	60.0	**
1964	113.8	117.7	71.1	.5
1965	131.8	133.1	70.5	.5
1966	150.4	129.7	62.0	4.3
1967	166.3	140.9	54.6	13.8
1968	170.6	142.1	54.2	14.2
1969	198.2	159.8	51.7	11.6
1970	228.3	174.3	44.6	4.5
1971	212.2	157.2	^c 49.9	11.3

^aFor other years (not strictly comparable), see Chapter III.^bIncludes tin solder.^cIncludes 11.3 per cent metallic tin.

Source: Bolivia, Ministerio de Finanzas y Consejo Nacional de Economía y Planificación, *Programa de Estabilización y Desarrollo* (1972), pp. 24-25. Values deflated with U.S. Export Price Index given in Table XII:1 above; see also Tables IV:1 and IV:7.

the situation in economic foreign relations remains precarious.

The following quotation, justifying the need for the dramatic devaluation of currency, shows the complexity of Bolivia's public-sector problems. It is not only difficult for government planners to explain factors seen to cause crises but clearly beyond their ability to control problems as they had hoped. Thus, in 1972 the treasury minister noted:

Our fundamental balance of payment disequilibrium [see Table XIV:1] originates in the fact that during the past 16 years the cost of Bolivian-produced goods has increased 150 per cent in contrast to about 45 per cent in those countries with which we trade. This fact has caused a demand for imported goods and foreign exchange exceeding available supply.

On the one hand, although the price of imported products has been raised by tariffs to exceed the cost of Bolivian-produced goods, nevertheless, this action has been defeated by the introduction of contraband merchandise into the country, estimated in recent years to be valued between 35 and 40 million dollars. On the other hand, the flight of capital has gradually increased because the dollar has become a commodity which in relative terms is ever more inexpensive. This problem has been made more serious by the existence of exchange controls and free or black market exchange rates in neighboring countries; thus it has been very lucrative to obtain dollars (legally or illegally), change them into Chilean escudos, Argentine pesos, Brazilian cruzeiros, etc., and make extraordinary profits from the rate of exchange. These profits have been increased through the purchase of goods for shipment into Bolivia as contraband made so valuable by our tariffs.

This situation has produced a considerable loss of reserves, diminishing our foreign purchasing power. . . . [at the same time] increasing the quotation of the dollar on the black market and thus creating stocks of our export products as would-be purchasers await an expected devaluation of our currency. [Moreover], the hoarding of goods and the general sociological climate fed by rumor has required the [devaluation October 27, 1972, of the peso from 11.88 to a value of 20 pesos per dollar].¹⁸

Issues in Chapter VI go beyond Bolivian politics of international finance and export problems. Not only do they exemplify the hopes and plans for industrialization in comparison with countries like Costa Rica and Mexico with very different histories, geographies, and peoples but they also involve the budgetary process by which controls over planning may be implemented. In spite of Bolivia's predicament, the country has shown surprising industrial growth, but contrasted with Costa Rica and Mexico, its future is uncertain.

Even Costa Rica is no longer considered the "trouble-free" paradise of Latin America (see Chapter VI). Rather, it is now seen to be facing some of the same problems as Uruguay. With the Uruguayan

¹⁶If we were to adjust tin figures for tin solder and metallic tin processed by Bolivia's own tin smelter finally opened in January of 1971, this dependency upon nonprocessed goods would decline even further. Full data are not available, but metallic tin constituted about 11.2 per cent of 1971 exports, according to the source in note 18 below. For information on Bolivia's new antimony smelter, see *Latin America Economic Report*, June 21, 1974.

¹⁷See *Times of the Americas*, December 20, 1972.

¹⁸See Bolivia, Ministerio de Finanzas y Consejo Nacional de Economía y Planificación, *Programa de Estabilización y Desarrollo* (1972), pp. 11 and 18. For devaluation decree, see *Bolsa Review* (London) 6 (1972), p. 674.

model of government in mind, José Figueres became president of Costa Rica in 1948 after staging a political revolution; and he set out to decentralize administrative procedures leading ultimately to a restructuring of his country's economic and social life. In running for president in 1970, Figueres set out to implicitly recapture for the chief executive the nation's budgetary power necessary to resolve problems brought to public attention by Costa Rican intellectuals. That some Costa Ricans have identified the problems as having been created by decentralization may well make the country a governmental model for Uruguay, the country that provided the original decentralization model. We do not yet know how successful President Figueres (1970-1974) was in overturning the decentralized system he created after 1948: The process of unifying the public sector so that Costa Rica can meet the challenge of industrialization will take at least several presidential terms, as did the process of decentralization.

It is noteworthy that the Figueres group will have an opportunity for the first time to develop sustained programs because the Partido de Liberación Nacional was not turned out of the presidency in 1974. Previously the Figueres Partido de Liberación Nacional has alternated four-year terms with the opposition, but the succession of PLN's Daniel Oduber (elected for the term 1974-1978) sets a new precedent.

Whereas many felt that the Central American Common Market (CACM), formulated in 1960, would spur development in Costa Rica and other CACM countries, it was clear by the late 1960s that it was not functioning for all as projected (see Tables XV:10 and XV:11). Not only were Costa Rica's intrazonal trade balances becoming increasingly negative but Honduras was in deep trouble as its CACM trade balances showed ever higher debits. Only Guatemala and El Salvador enjoyed credit balances. Honduranian frustration was partly demonstrated in the so-called soccer war with El Salvador in 1969, which ostensibly arose out of a bitterly fought soccer match between the two countries, but in reality gave vent to Honduranian unrest. Population spillover by Salvadorian migrants seeking opportunity in the less densely populated countryside of Honduras (combined with El Salvador's relative prosperity compared with that of Honduras — see Tables XVIII:1 and 3) raised Honduranian feelings to so feverish a pitch that CACM gains by El Salvador only added up to one more disadvantage for Honduras. The 1969 war not only disrupted land communications between Guatemala at one end of Central America and Nicaragua and Costa Rica at the other but also meant

the continued unhappiness of Honduras, which officially withdrew from the CACM in January 1971.¹⁹

Even before problems between Honduras and El Salvador surfaced, Costa Ricans were wondering if they could compete in a common market in view of their higher standard of living, higher prices, and unique concern for democracy, a concern that all too often has meant that tax concessions to attract foreign capital could not simply (or speedily) be made by dictator's decrees as is often the case in other Central American countries. Furthermore, a comparison of Tables 8 and XV:11 reveals that Costa Rica's view of its trade relationship has been much more pessimistic than data compiled by the CACM. In 1966, for example, whereas Costa Rican figures showed a negative trade balance, CACM data showed that the country exported more than it imported. Also the differences between Costa Rican and CACM data amounted to between 2 and 4 million dollars in 1967 and 1970. Calculations from Table 8 show that between 1966 and 1971 a yearly average of 1.8 per cent increase in Costa Rica's share of total trade with CACM countries cost the country an average yearly loss of 5.6 million dollars. The balance of trade data in Table XV:1 show that Costa Rican participation in the CACM did *not* improve its balance of trade position; rather, it began to shift its deficits from the world at large to the CACM region. Unfortunately, the shift has the potential of reorienting a country's hostility away from the "world" (made up of distant, nebulously known countries) and toward its CACM neighbors.

Growth of intrazonal CACM trade is shown in Table XV:10. Although the increase from 7.5 per cent to 27.2 per cent between 1960 and 1970 was dramatic (the 1969 "soccer war" causing only a slight, temporary recession), and although the percentage of CACM exports also increased by about four times, the CACM share in total Latin American exports remained low. Many deem CACM to be much more successful than LAFTA but comparison of Tables XV:8 and XV:10 only partly bear them out. True, the CACM percentage of exports as a share of LAFTA's percentage had increased from 7 per cent to 23 per cent; still, the CACM's share in all Latin American exports was only 2.2 per cent, compared with 9.3 per cent for LAFTA.²⁰

In spite of problematic relations with CACM countries, Figueres has reiterated his desire that Costa Rica remain in the market. Figueres believes that in the long run, Costa Rica's developmental strategy must rely upon attracting foreign investment, particularly

¹⁹The *Times of the Americas*, March 28, 1973, detailed continued hostility, but by late 1974, President Oswaldo López Arellano of Honduras was willing to attend an informal meeting of Central American presidents to discuss Venezuela's offer of 80 million dollars to stabilize prices of Central American coffee; see *Latin America*, December 6, 1974.

TABLE 8

Costa Rica's Trade Balance and Share of Total
Trade with Central America, 1960-1971

Year	Millions of Dollars	Per Cent
1960	-1.1	3
1961	-1.9	4
1962	-1.7	2
1963	.3	4
1964	7.1	9
1965	3.6	11
1966	-1.7	17
1967	-7.8	18
1968	-12.6	22
1969	-13.5	20
1970	-22.6	21
1971	-29.5	22

Source: Costa Rica, *Comercio Exterior* (1971) pp. xx-xxi; *ibid.* (1961) p. xvii; *ibid.* (1965) p. xvi; *ibid.* (1962) p. xvi; *ibid.* (1967) p. xix; and Pan American Union, *América en Cifras* (1965) Vol. 3, p. 42.

from the United States.²¹ According to Figueres, Costa Rica is in a unique position to take advantage of any potential growth of the CACM because, even though it has a high standard of living and high worker-wage scales, which might discourage investors seeking to minimize the cost of industrial operations, it has a reservoir of labor that is relatively educated and efficient. Presumably such factors would offset higher costs of establishing and operating new industry.

The Costa Rican case serves as a microcosm for understanding much of the debate concerning the value of attracting such foreign investment. Father Benjamín Núñez, leader of the left wing within Figueres' Partido Liberación Nacional, claims that encouragement and acceptance of foreign investment involves accepting the U.S. developmental model. Instead of accepting the U.S. model, Father Núñez would rather change the social outlook of Costa Ricans, as he has indicated in an oral history interview with me:

Núñez: For instance, why do we have to consume in Costa Rica American cereals for breakfast, such as Kellogg's Corn Flakes, and other assorted brands? Because that is a sign of economic development? We must abstain from these items which are delicacies to us, which will use up our dollars so badly needed to buy instruments of work that we cannot produce and we must continue to consume the traditional breakfast of coffee, milk and tortillas, which is a sort of rough cereal. I could illustrate this with many other examples.

Do you see my point? I want to make this clear because it's a new approach I am trying to present as a solution to the Costa Rican problem. We *have* to go back to our poverty level, not to stay there, but use it as a starting point of frugality in order to create habits of saving and capitalization. I recently proposed this plan of poverty to the employees of the Institute for Housing. I asked them: "Why do you dress in woollens here on your working days? Why don't you wear cotton? Why do you have to wear neckties (an item which conveys many other symbols, both national and attitudinal, and which defines a whole standard of living)? Why don't you come here in cotton dresses or khaki trousers?"

Wilkie: Because they want to be part of the middle class! You know that one of the goals of the Alliance for Progress has been to make the workers *feel* as if they belong to the middle class so that they will believe that they have a stake in society and won't rebel. In our own country, laborers generally identify with the middle class, not the working class.

Núñez: That is an important point: in a middle class society, as it exists in the United States, it is justifiable to have large audio consoles, fancy television sets, Corn Flakes, and so forth. But why do we Costa Ricans have to have these standards in our middle class?

Wilkie: But if it is fashionable to eat something like Corn Flakes, how are you going to change the fashion without force?

Núñez: Oh, that is where power comes in. If I were the President of Costa Rica I would

²⁰For an inconclusive and out-of-date inductive "model" dealing with CACM trade, see G. Christou and W. T. Wilford, "Trade Intensification in the Central American Common Market," *Journal of Inter-American Studies and World Affairs* 15:2 (1973), pp. 242-264.

²¹One of the more notable investors attracted was Robert Vesco, who fled the United States after indictment for looting a firm he controlled and for obstructing justice in connection with a secret 200,000 dollar contribution to the 1972 Nixon campaign. President Oduber refused to permit his extradition, but did warn Vesco that he would be expelled if caught trying to infiltrate the Costa Rican government; see *Los Angeles Times*, October 8, 1974.

immediately prohibit the importation of all automobiles for five years. I would be very unpopular among women because I would erase many luxury things that they wear. . . .

Therefore, the first task is an educational one: to create new habits, to instill a sort of Spartan spirit, a conviction about the need of present sacrifices for future satisfactions. When I go to the homes of the higher middle-class families in Costa Rica, I see that they usually have a *bar* [with] American or Canadian scotch, and so forth. They don't have the right to a bar! In my home I don't have any liquors because I cannot afford to have them. And yet I see members of the middle class who receive less money than I (and who have more responsibility because they are married) who have a bar. They don't have a library, they have a bar.

Wilkie: Do you think that Castro in Cuba has brought the Cuban people back to the proper concept of poverty?

Núñez: I think so, with the exception in this case that Cuba is suffering the isolation and the hard conditions of an embargo that has been placed on them.

Wilkie: Maybe Castro cut off luxury imports the ideal way! He didn't declare that Cuba couldn't import goods, he encouraged the United States to declare an embargo. Maybe that's what you should do in Costa Rica. (Laughter)

Núñez: I would like to.

Wilkie: Then you would be the hero, standing against the giant. Whereas if you simply cut off automobile imports, for example, your countrymen would be after your head.²²

How does a nation go about creating a new social outlook? One could follow Castro's plan for immediate action by implementing on-the-job decision-making incentives. A longer term approach is to develop the educational system not only quantitatively (by increasing the pool of persons capable of contributing to modern economic production) but also qualitatively (by creating ethical values leading to production for the welfare of the country's entire populace). As rector of the University of Costa Rica's teacher-training campus in Heredia, Father Núñez has opted for the latter course.

Recognizing the patent educational needs of Latin America to meet new patterns in national development, it is instructive to compare Costa Rican educational expenditures with those of other countries examined in Part I. Figures for Costa Rica and Mexico (see Table 9) may be compared with those for Bolivia (see Table 10).

Costa Rican expenditure on education may be favorably compared with that of Mexico. These two countries have generally increased outlay in standard amounts per student, whereas in Bolivia the amounts often either remained the same or declined during a comparable thirteen-year period between 1955 and 1967.

It would be presumptuous, of course, to attribute economic differences in the three countries merely to spending in levels of education, especially when Costa Rican educational outlay appeared to hold even between 1959 and 1963. Nevertheless, Costa Rica's educational budget is much more impressive than that of Bolivia for several reasons. Not only was it absorbing a student increase of 117 per cent into the educational process compared with Bolivia's 108 per cent increase (the increase in Mexico was 151 per cent),²³ but some Costa Rican educational support was hidden in the budget.

The need to hide funds for education stems from Costa Rican relationships between the centralized and decentralized sectors. Under the country's Constitution of 1949 (Article 85),²⁴ the University of Costa Rica is an autonomous entity with financing fixed at no less than 10 per cent of the budget for the Ministry of Education. In order to evade this constitutional mandate, the central government and legislative assembly have curtailed university funds by channeling educational funds into non-Ministry of Education accounts. In this manner, money for educational construction has been allocated to the Ministry of Transport (formerly the Ministry of Public Works, charged with road construction) or allotted directly to many schools and cultural agencies as direct subventions. (The subvention category is a general fund which one must disaggregate according to social, economic, and administrative functions in order to understand Costa Rican outlays.)²⁵

If the central government is able to avoid paying the University its "just" share of educational outlay, it

²²J. W. Wilkie, Albert L. Michaels, and Edna Monzón de Wilkie, Oral History Interviews with Father Benjamín Núñez, Columbus, Ohio, April 22, 1968.

²³Totals for students attending both public and private schools are used for calculations here because not only do students make intersectoral transfers, but also it is important to gauge consistency in funds made available to provide quality education for students actually enrolled. One could use data on expenditures for eligible students or for total population, but the results would be problematic since the figures are unrelated to the students who might be intellectually ineligible to enroll let alone be able to afford to go to school.

²⁴Costa Rica, Asamblea Legislativa, *Constitución Política de la República de Costa Rica* (7 de Noviembre de 1949).

TABLE 9

A Comparison of Educational Expenditure per Student in
Costa Rica and Mexico, 1955-1967

Year	Costa Rica			Mexico		
	^a Students (In Thousands)	Actual Per Cent of Central Government Expenditure for Education	Constant ^b Colones Per Student	^a Students (In Thousands)	Actual Per Cent of Central Government Expenditure for Education	Constant ^c Pesos Per Student
1955	181	15.5	104	3 889	8.2	111
1956	186	19.1	121	4 042	8.8	125
1957	205	19.5	124	4 346	9.1	125
1958	219	24.3	150	5 013	9.6	129
1959	231	24.3	147	5 420	10.6	138
1960	249	26.2	159	5 908	9.7	156
1961	260	24.9	152	6 657	10.8	154
1962	285	23.5	153	7 043	12.4	164
1963	306	24.2	144	7 506	14.2	174
1964	322	25.1	156	8 088	13.2	202
1965	352	27.4	168	8 561	11.1	201
1966	376	26.9	182	9 235	14.5	213
1967	394	26.9	187	9 750	12.9	225

^aIncludes rural and urban enrollment (public and private) of pre-primary, primary, secondary, professional, commercial, normal, university, and adult school students. Cf. Chapter IX.

^bAmounts are in constant terms deflated for 1936 San José wholesale prices.

^cAmounts are in constant terms deflated for 1950 Mexico City wholesale prices.

Sources for Costa Rica: Budgetary data are from Table VII:3. Number of students is from *América en Cifras* (1965) pp. 41, 58, 109, 165, 203; and (1967) pp. 43, 66, 139, 199, 245, 259. Costa Rica, Dirección General de Estadística y Censos, *Anuario Estadístico* (1966) p. 93; (1967) pp. 104-105; (1968) pp. 112, 125. UCLA *Statistical Abstract of Latin America* (1966) pp. 94-95. Data include an estimate of approximately 30 000 students out of the entire total, 1955-1967. Constant colones are calculated with price-index data given in Chapter XII.

Sources for Mexico: Constant pesos are calculated from budgetary and price-index data in (a) Wilkie, *The Mexican Revolution: Federal Expenditure and Social Change Since 1910*, p. 23; and (b) updated with figures from data given in Chapters VII and XII. Number of students is from *América en Cifras* (1965) pp. 43, 60, 118, 174; and (1967) pp. 45, 69, 149, 209, 247, 262. Data include an estimate of about 1 200 000 students for the entire period, 1955-1967.

is because many leaders feel that with expanding educational budgets, a fixed 10 per cent is too great a limitation on the central government which must meet a variety of demands for which no earmarked funds are available; at the same time, many leaders feel that the University is relatively overfunded in comparison with the country's other needs.

Actually, manipulation of the University subvention is one of the few ways in which the central

government can maintain a pool of discretionary funds over which the President of Costa Rica has control. Given these budgetary limitations, it is probable that Father Núñez will encounter frustration in his attempt to plan and create a new social view through the educational system.

Planning for educational development in Bolivia is based upon a level of understanding so naïve that the Costa Rican kind of budgetary subterfuge does not

²⁵The Costa Rican "subvention category" (22 per cent of total actual outlay in 1959) corresponds to the old "state obligations" category in Bolivia (61 per cent in 1957) and to the Mexican "erogaciones adicionales" category (23 per cent in 1963). For an alternative disaggregation of Costa Rica's educational share of the budget, see Costa Rica, Oficina de Planificación, *Previsiones del Desarrollo Económico y Social de Costa Rica y Planes del Sector Público para 1969-1972; Sección Quinta, Planes del Sector Público (b) Inversiones Públicas*, 1969, p. 257; it should be noted, however, that these figures contain pensions (in contrast to Table 15 here) and estimations of investments.

TABLE 10

Urban Education as a Bolivian Central Government
Expenditure Priority, 1951-1969

Year	^a Students (In Thousands)	^b Actual Per Cent	Constant ^c Bolivianos Per Student
1951	187	20.6	90
1952	194	23.7	90
1953	201	18.8	69
1954	218	16.9	45
1955	231	16.0	39
1956	239	22.0	55
1957	249	9.7	37
1958	254	12.3	56
1959	283	13.6	50
1960	299	15.7	49
1961	328	14.4	45
1962	359	15.8	47
1963	375	17.1	54
1964	396	15.8	49
1965	428	19.1	70
1966	452	23.9	83
1967	481	22.1	73
1968	500	21.4	72
1969	541	22.1	68

^aIncludes enrollment of public and private pre-primary, primary, secondary, professional, commercial, normal, university, and adult school students. Cf. Chapter IX.

^bIncludes Ministry of Education and central government subventions to the universities. Prior to 1970 the Ministerio de Asuntos Campesinos was responsible for rural education; other rural education programs were conducted by the national tin, oil, and development corporations.

^cAmounts are in constant terms deflated for 1931 La Paz retail prices. The boliviano was replaced by the peso in 1963, but the former is used here for historical consistency.

Sources: Pre-1963 non-university student data are from Bolivia, Ministerio de Educación y Bellas Artes, *Estadística Escolar, 1959-1966*, Table 1; post-1964 data are adapted from AID/Bolivia, *Estadísticas Económicas* 11 (1970) p. 7. Data on university students are from *América en Cifras* (1965) p. 161, and (1967) p. 195; this data includes an estimate of approximately 76 000 students for the entire period, 1951-1969. Constant bolivianos are calculated from budgetary and price index data in Wilkie, *The Bolivian Revolution and U.S. Aid Since 1952*, pp. 4, 26, 71-72; and updated with data from Chapters VII and XII, respectively.

even enter into our analyses. As discussed in Chapter VI, Bolivian planning is without foundation and, if planners were to examine historical patterns of change, they might revise their plans to take into account a realistic point from which to start. Thus, to take the educational case, in criticizing the state of the Bolivian educational system, leading *técnicos* point out that in the future reforms must be undertaken which will supply the trained manpower to develop and run the modern society to be created in the next twenty years. Unfortunately, financial considerations are absent from planning.²⁶ A glance here at Table 10 helps us to understand the seriousness of this oversight which has resulted in a declining amount of constant bolivianos available per student.²⁷

Past wide fluctuation in the percentage of central government funds allocated for the development of urban education also explains why the system has problems. (Rural education has been basically concerned with creating literate citizens rather than with providing technical, professional, or commercial manpower.) In any system if money for education fluctuates violently from year to year, the results can hardly be consistent, to say nothing of the building of faculty esprit de corps and physical facilities necessary to create an articulated system that would encourage students to advance in school. Perhaps the most important problem that *técnicos* face in their attempt to modernize Bolivian schooling is determining how to provide the educational system with consistently expanding funds in the face of alternative social, economic, and administrative expenditure priorities.

Moreover, if Bolivia wishes to reform its system of public administration through the introduction of "scientific principles" (the phrase of Bolivia's *técnicos*), then the country faces a serious dilemma. The country has neither created the personnel nor developed the financial plan necessary to staff adequately the central government bureaucracy, let alone the decentralized agencies. And when the decentralized sector was faced with integration into an inferior bureaucracy, its employees threatened to strike.

The development of modern society does not depend upon completely turning government over to the *técnicos*; rather, it depends to an important degree upon the development of an efficient and expanding educational system that prepares the populace to serve the public and private sectors intelligently and to provide the basis for an informed citizenry capable of contributing to political, social, and economic develop-

²⁶See Chapter VI, notes 40-42, especially the latter.

²⁷Even though outlay for urban education generally has been between 15 and 24 per cent of central government expenditures, the country remains basically at a very poorly educated level. (According to AID Mission estimates, Bolivia's illiterate population 15 years old and over was 68 per cent in 1950; 64 per cent in 1960; and 60 per cent in 1970.) This raises an important question. If

ment. But if no more attention is placed upon the educational budget than in the past, the plans of those *técnicos* who now seek to expand education will appear even more unrealistic than at present.

Tragically, Bolivia's educational budgets no doubt have fluctuated because the government has been reluctant to support students who have preferred political action to the study of complex and difficult social and economic issues. Thus, when Paz Estenssoro attempted to circumvent such problems by creating a new technical institute which would be independent of the traditionally chaotic university system, he found bitter resistance from the faculty and students of the existing universities, a resistance that contributed to the downfall of the MNR government in 1964. With the fall of Paz, the technical institute was immediately invaded by its enemies and incorporated into the old system.²⁸

If Bolivia, Costa Rica, and Mexico appear to be only partly on the road to recentralization, they may find dramatic encouragement by comparing their progress (or plight, depending on point of view) with that of Venezuela. As Table VI:1 shows, in 1967 almost one-third of that country's outlay was decentralized, yet according to the 1968 report of the Venezuelan Comptroller General, he could get no realistic totals for the autonomous agencies. He noted extreme disorder in the selective check of 30 agencies which his office audited, finding that the books and balances of 24 of those entities did not reasonably reflect their financial situation nor the result of that year's operations. In three agencies his office could not even begin work because documentation and registration of operations was lacking. Finally, the Comptroller General noted plaintively that his office is impotent for several reasons. Without budgetary control over autonomous agencies (which also enjoy autonomy in policy and administration), his attempts to stop illegal expendi-

tures were ignored and the courts would not prosecute his complaints.²⁹

Since such plaintive yearly reports have long been submitted to the Venezuelan national Congress, one would have expected some legislative investigation to come to the aid of the frustrated and helpless Comptroller General, but he seemed to get little reaction until 1970. In July of that year, the minister of finance in the year-old government of Rafael Caldera announced the initiation of program budgeting with implementation of administrative and accounting standards necessary to revamp the government finance system. But not until October did Caldera present these reforms to Congress, at the same time announcing that 45 new investigative positions had been created in the Ministry of Finance to evaluate expenditure in the autonomous agencies.³⁰ In the meantime, he called on heads of autonomous agencies not to pay themselves higher salaries than those assigned to cabinet ministers.³¹ Since the central-decentral struggle is only beginning in Venezuela, as in other countries (including the United States), it remains to be seen where attempted reforms will lead.

Clearly the supranational idea of what I have termed "recentralization" espoused in the Alliance for Progress will take several decades for implementation to gain ground. Ironically, this concept of government pushed by the U.S. presidency at home as well as abroad failed to thrive in the United States at the very moment that President Nixon was ready to reorganize the executive branch by creating a new super cabinet.³² With the scandal of Watergate trapping the President and all the President's men into feverish activity to hide from Congress sweeping abuse of executive powers, the whole idea of recentralization had to be shelved. It remains to be seen following the resignation of Nixon whether or not Congress will simply ignore reorganizational plans or will actively

the financial resources of a nation are so meager that so high a percentage of outlay results in so little, should that country not consider how better to allocate its funds to achieve at least several priorities? The alternative, of course, is to continue to dissipate funds in a myriad of programs none of which have enough finances to meet their goals.

²⁸For a recent account of this problem see James M. Malloy, *Bolivia: The Uncompleted Revolution* (Pittsburg: University of Pittsburgh Press, 1970), pp. 308-309. The Venezuelan central government is currently attempting to organize a new, apolitical university system which will compete with the politicized old system.

²⁹Venezuela, Contraloría General, *Informe, 1968*, pp. xi-xii, 180. Cf. César J. Hernández B., "La Contraloría y el Gasto Público," *El Universal* (Caracas), June 29, 1970, who maintains that the Comptroller General has not vigorously sought prosecution of dishonest public officials.

³⁰*El Universal* (Caracas), July 23 and October 22, 1970.

³¹*Ibid.*, August 7, 1970.

³²Under Nixon's reorganization plan, existing programs would be reorganized and consolidated to avoid duplication of services in many of the present cabinet offices. Thus, he proposed that a Department of Human Resources consolidate programs in the Department of Health, Education, and Welfare (HEW) with, for example, portions of activity in the Departments of Justice and Labor. The Department of Community Development would have swallowed, for example, the Department of Housing and Urban Development, and some of HEW. The Department of Economic Growth and Productivity would take over for the Department of Commerce, the remainder of the Labor Department, and the Small Business Administration as well as portions of the Departments

begin a new decentralization process, possibly removing such agencies as the Internal Revenue Service from presidential control.

Ironically, too, complaints about U.S. presidential war powers and concern over emergency economic controls which he may implement in times of crises have obfuscated a very real issue: In spite of the fact that the president has much greater budgetary power than Congress (which until 1974 lacked a research unit comparable with the Office of Management and Budget), social and economic funds basically are beyond the direct reach of the president. If technicians in the executive branch have momentarily been thwarted by a pervasive distrust of the Nixon-style presidency, they had had a longer term of success abroad than they could ever have hoped for in the United States.

By 1960 U.S. technicians had triumphed in the formulation of foreign policy by winning acceptance of an Alliance for Progress designed to make U.S. funds available to states that developed "effective state plans." The rationale was simple: State planning would eliminate inefficiency in order to maximize use of funds to achieve socioeconomic rapid change. Thus Latin American *técnicos* found an unwitting ally in AID which encouraged the establishment or reestablishment of powerful executives. That such executives would not necessarily make a distinction between partial and complete national planning no doubt came as a shock to AID officials who did not understand the process of prescription: If a dose of planning is thought to be necessary, why not increase the dosage and speed development? In this view, the rationale of AID backfired in that it did not necessarily save capitalism by sanctioning development of mixed capitalism; rather it reinforced *técnicos* who had socialistic proclivities. Why attempt to regulate the private sector as in

the "cumbersome" U.S. model? Better to nationalize private interests and gain direct control, especially given the so-called widening gap separating the rich countries from the poor.

UNDERSTANDING STATISTICAL IMAGES

As we have seen throughout this volume, the quality of national policy depends upon the information available at the time decisions are made. Because basic research has not been undertaken, whole developmental thrusts in Latin America are based upon images such as the desperate need to close the so-called widening economic gap between Latin America and the United States. And when social statistics are put forth to show Latin America's widening social gap, all too often it is without testing those statistics to see if today's baseline data yield a historical trajectory that would support such a hypothesis. Let us examine images in social, political and economic cases.

Rather than widening, the social gap between Latin America and the United States is indeed narrowing, as I show in a forthcoming study.³³ Thus I develop a Health, Education, and Communication (HEC) index composed of the following items:

Health (H):

1. Life expectancy
2. Infant mortality rate
3. Persons per hospital bed
4. Persons per physician
5. Persons per dentist

Education (E):

6. Literacy rate for population age 15 and over

of State and Treasury dealing with economic affairs. A fourth super agency would have been the Department of Energy and Natural Resources. According to Roy Ash, Nixon's advisor on reorganization, bureaucracy impedes streamlined operations as in the case of forest policy where one agency decides whether or not trees can be cut for lumber but another agency must decide whether to preserve the same tree for recreation. See *Los Angeles Times*, October 24, 1973.

At the same time, however, the Watergate scandal undercut Nixon's plan, the Senate moving to curtail presidential emergency powers granted since 1933 and never repealed. Among 470 "authoritarian" powers granted to the U.S. president were included the following legal authorities: To place any person in the United States in a military detention camp for up to one year; to dispatch U.S. military forces anywhere in the world in the interest of U.S. defense; to seize and control all transportation and communications, including the right to close down any radio, television, newspaper, or news wire services; to institute martial law; to seize properties and commodities; to organize and control the means of production; to restrict travel of everyone in the United States. See *Los Angeles Times*, September 30, 1973, and March 18, 1974.

In the matter of police powers, then, President Nixon was free to do as he wished, including abuse of FBI, CIA, and Internal Revenue Service investigations (often all targeted simultaneously on some poor soul for purely political reasons). Yet with all the military power also at his command, he obviously felt that he was severely limited in social and economic affairs of state, confused lines of authority having resulted in competing patron/client relationship: If clients could not get satisfaction, they could go to another agency and get results — or often get results from both without anyone being the wiser. And, as noted in Chapter VI, Nixon felt that between trust funds and "fixed outlay," the fact that the president has little discretionary control over expenditures also militated for reconcentration of power in his hands.

³³ See my study "The Narrowing Gap: A Social Indicator Profile (SIP) of Latin America, 1950-1970," in J. W. Wilkie and Kenneth Ruddle (eds.), *Methodology in Quantitative Latin American Studies*, volume 6 in the *Supplement Series* to the *UCLA Statistical Abstract of Latin America*, in preparation.

7. Share of school-age population 7-14 enrolled in primary school
8. Share of school-age 13-18 enrolled in secondary school
9. Share of students enrolled in higher schools as a share of students enrolled in primary schools

Communication (C):

10. Newspaper circulation, copies per 1 000 persons
11. Number of telephones per 100 persons
12. Number of persons per motor vehicle in use

Arguments pro and con these twelve items are discussed at length in the study, which also gives subindices for each group of items.

According to data in Table 11, the average HEC differential between Latin America and the United States declined from 1 166.7 in 1950 to 864.5 in 1960, and to 652.4 in 1970. (A zero differential means that Latin America would have the same HEC standard as the United States, which represents a convenient yardstick to which many Latin Americans compare their national level of living.) In spite of greater efforts to force social change during the 1960s, the rate of change did not quite reach that of the 1950s, this in contrast to the static economic gap portrayed in Chapter XIX, above.

With regard to the ranking in Table 11 of Latin American countries according to the 12 HEC items, it is important to suggest that scholars may utilize this scale in order to choose countries for comparative analysis that are dissimilar. They would thus eschew the traditional Argentina-Brazil-Chile study or the Mexico-Argentina-Brazil study because their generalization about Latin America would not reveal the range of life in the region, these countries all representing the most advantaged half of my Social Indicator Profile for Latin America. In contrast, of the four countries analyzed extensively in this volume, for example, Costa Rica and Venezuela ranked between 4 and 7 between 1950 and 1970, with Mexico ranking between 9 and 11, and Bolivia ranking 17.

Debate over the ranking of Latin American countries according to degree of democracy has enlivened the scholarly profession since 1945, when Professor Russell H. Fitzgibbon of UCLA began to conduct a poll of observers. It is regrettable that in the ensuing argument the key issue was lost, that is, that the Fitzgibbon rankings do not reflect democracy so much as the scholarly image of democracy, an image that has influenced not only several generations of students (many of whom went on to government and/or private business dealing with Latin America)

but also opinion in the United States and subsequently elite opinion in Latin America itself.

In order to overcome problems in the composition of the Fitzgibbon index, I suggested to Professor Kenneth F. Johnson (who in 1960 became associated with the now retired Fitzgibbon) that he publish a retrospective view of the entire statistical series. The data, generated at five-year intervals between 1945 and 1970, offer a unique time-series source for understanding our view of Latin America. By presenting data on each of fifteen items gathered each quinquennium, and by eliminating ten socioeconomic items in a recalculated index limited to political items, difficulties with the original Fitzgibbon-Johnson index would be reduced. Utilizing my preferred five items, Johnson has recalculated the index, given in summary form in Table 12. Johnson's retrospective study "Measuring the Scholarly Image of Latin American Democracy, 1945-1970" will also be published in this series in the forthcoming volume 6, *Methodology in Quantitative Latin American Studies* now in preparation. Since Johnson makes full data available for the first time, scholars are urged to formulate their own image from the raw data should they disagree with my preferred scale (asterisked below) or with Johnson's alternative calculations utilizing the following original items:

1. Educational level
2. Standard of living
3. Political maturity
4. Internal unity
5. Lack of foreign domination
- *6. Freedom of speech, press, and assembly
- *7. Free elections
- *8. Free party organization
- *9. Independent judiciary
10. Government accountability
11. Social legislation
- *12. Civilian supremacy
13. Ecclesiastical separation and freedom
14. Professional governmental administration
15. Local government

Professor Johnson plans to carry out future scholarly rankings of Latin American democracy in this new light.

As a final example of data related to images, and to complete the discussion here of politico-social economic data, let us note an economic case wherein presentation of data on "gaps" often involves illogical selectivity by propagandists. In one corner, statistics on income distribution are used to show the gap widening ("the rich get richer and the poor get poorer"); in another corner they are used to show that economic growth yields different results ("the poor as well as the rich are both absolutely better off"). The alternative

TABLE 11
A Social Indicator Profile (SIP) of Latin America, 1950-1970

Part I.

Health, Education, and Communication (HEC) Differential
Between Latin America and the United States

Year	Differential				Percentage Change			
	Health Average 5 Items	Education Average 4 Items	Communication Average 3 Items	Total Average 12 Items	Health	Education	Communication	Total
1950	341.2	403.8	3 559.6	1 166.7				
1960	315.0	263.1	2 582.2	864.5	-7.7	-34.8	-27.5	-25.9
1970	255.3	228.2	1 879.7	652.4	-19.0	-13.2	-27.2	-24.5

Part II.

HEC Rankings of the 20 Latin American Nations

	1950	1960	1970
Argentina	1	2	1
Bolivia	17	17	17
Brazil	11	10	10
Chile	4	6	6
Colombia	9*	9	11
Costa Rica	6*	7	5
Cuba	5	3	7
Dominican Republic	16	14	13
Ecuador	14*	13	14
El Salvador	8	15	16
Guatemala	18	18	19
Haiti	20	20	20
Honduras	19	19	18
Mexico	9*	11	9
Nicaragua	14*	16	12
Panama	3	4	3
Paraguay	13	12	15
Peru	12	8	8
Uruguay	2	1	2
Venezuela	6*	5	4

*Tie rankings.

Source: Abstracted from James W. Wilkie, "The Narrowing Gap: A Social Indicator Profile (SIP) of Latin America, 1950-1970," in J. W. Wilkie and Kenneth Ruddell (eds), *Methodology in Quantitative Latin American Studies* (Los Angeles: UCLA Latin American Center, University of California) in preparation.

views were aptly illustrated in a debate concerning Latin America in the pages of the *Los Angeles Times* in the spring of 1973,³⁴ with argument hinging on inadequately presented data for Brazil.

Let us examine from both points of view data on income distribution in Mexico, for which newly revised

long-term data are available,³⁵ first giving the "relative argument" which is usually used to generate opposition to the government: "In 1950 the popular and middling classes (comprising 70 per cent of Mexican families) received only 31.6 per cent of all family income, a share which decreased by 1969 to 27.0 per cent. In

TABLE 12

Revised Fitzgibbon-Johnson Index: Reputational Democracy in
Latin America: 1945-1970: Rank Order Using Five Key Criteria
(Free Speech, Free Elections, Free Party Organization,
Independent Judiciary, Civilian Supremacy)

	1945	1950	1955	1960	1965	1970
Argentina	9	15*	15	4	7	14*
Bolivia	16	13	12	15	16	13
Brazil	12*	5	4	6	10	17
Chile	3*	2	3	3	2*	1
Colombia	3*	6	9	5	5	5
Costa Rica	2	4	2	2	1	2
Cuba	5	3	10	16	19	19
Dominican Republic	20	20	20	20	14*	8
Ecuador	12*	7	6	9	12	7
El Salvador	14	14	8	13	11	9*
Guatemala	11	11	13	12	13	9*
Haití	19	17	14	18	20	20
Honduras	17	8	11	14	14*	12
México	7	9	5	7	6	6
Nicaragua	15	18	19	17	17	16
Panamá	6	10	7	11	9	14*
Paraguay	18	19	18	19	18	18
Perú	8	15*	17	10	8	11
Uruguay	1	1	1	1	2*	3
Venezuela	10	12	10	8	4	4

*Tie rankings.

Source: Kenneth F. Johnson, "Measuring the Scholarly Image of Latin American Democracy, 1945-1970," in J. W. Wilkie and Kenneth Ruddle (eds.), in *Methodology in Quantitative Latin American Studies* (Los Angeles: UCLA Latin American Center, University of California), in preparation.

contrast, the wealthy class (comprising 30 per cent of the families) in 1950 received 68.4 per cent of the national income, a share which *increased* to 73.0 per cent by 1969. Thus, it is obvious that the government policy fosters a nefarious system wherein the equality gap grows worse instead of better, the rich getting richer and the poor getting poorer." The other

point of view, which focuses on absolute data (in standard pesos of 1958 that remove inflation), would back the government as follows: "In 1950 the popular and middling classes (the lower 70 per cent of families) received a monthly average of 431 pesos, an amount increasing to 707 pesos by 1969. In contrast, the wealthiest 30 per cent of Mexican families received a

³⁴See, for example, *Los Angeles Times*, May 22 and June 8.

³⁵Calculations are based upon Table 5 in Manuel Gollás and Adalberto García Rocha, "El Crecimiento Económico Reciente de México," in Wilkie, Meyer, and Wilkie (eds.), *Contemporary Mexico*, Chapter 22. Cf. Roger Hansen, *Mexican Economic Development: The Roots of Rapid Growth* (Washington, D.C.: National Planning Association, 1971), pp. 73-74, who uses absolute data in standard pesos not adjusted for changes in purchasing power.

Although in both Mexico and the United States the family income pie increased about 90 per cent between 1950 and 1969, in the United States the distribution of income barely changed. In 1969 it had the following distribution by fifths from low to high: 5.6, 12.3, 17.6, 23.5, 41.0 per cent; see U.S. *Statistical Abstract* (1973), p. 330. Cf. Comisión Económica para América Latina, *La Distribución del Ingreso en América Latina* (New York: U.N., 1970).

TABLE 13
Level of Latin America's Rural Population, 1940-1970;
^aNational Self-Perception of Rurality
(Percentages)

Country	(Data Years)	ca. 1940	ca. 1950	ca. 1960	ca. 1970	Defined as Population Clusters Which Are:
Argentina	(1947, 1960, 1970)	**	40	26	21 (E)	Less than 2 000 persons
Bolivia	(1950, 1960, 1970)	**	74	73 (E)	71 (E)	Less than 2 000 persons
Brazil	1940, 1950, 1960, 1970)	69	64	54	44	Non-administrative centers
Chile	(1940, 1952, 1960, 1970)	48	40	32	24	Lack of certain public services
Colombia	(1938, 1951, 1964, 1970)	71	64	47	45 (E)	Less than 1 500 persons
Costa Rica	(1950, 1963, 1970)	**	67	65	64 (E)	Non-administrative centers
Cuba	(1943, 1953, 1960, 1967)	54	49	48 (W)	47 (E)	Less than 2 000 persons (adjusted by source)
Dominican Republic	(1935, 1950, 1960, 1970)	82	76	70	60	Non-administrative centers
Ecuador	(1950, 1962, 1970)	**	72	64	62 (E)	Non-administrative centers
El Salvador	(1930, 1950, 1961, 1971)	62	64	61	61 (P)	Lightly populated
Guatemala	(1940, 1950, 1964, 1970)	74	75	66	66 (E)	Varies ^b
Haiti	(1950, 1960, 1971)	**	88	85 (E)	81 (P)	Non-administrative centers
Honduras	(1950, 1960, 1970)	**	82 (E)	78 (E)	74 (E)	Less than 1 000-2 000 persons
México	(1940, 1950, 1960, 1970)	65	57	49	42	Less than 2 500 persons
Nicaragua	(1950, 1963, 1971)	**	65	59	52 (P)	Non-administrative centers
Panamá	(1940, 1950, 1960, 1970)	63	64	58	52	Less than 1 500 persons
Paraguay	(1950, 1962, 1970)	**	65	64	64 (E)	Non-administrative centers
Perú	(1940, 1950, 1961, 1971)	65	59 (E)	53	40 (P)	Non-administrative centers and/or lack of certain public services
Uruguay	(1950, 1960, 1970)	**	43 (E)	28 (E)	16 (E)	Not cities ^c
Venezuela	(1941, 1950, 1961, 1971)	69	52	37	25	Less than 2 500 persons
Total Latin America	(20 Countries)	**	63	56	50	(Average regardless of country size)
United States	(1940, 1950, 1960, 1970)	39	36	30	27	"Current Definition" ^d

^aSelf-definitions vary according to national circumstances.

^bIn 1940: hamlets, small settlements, and farms; since 1950: less than 2 000 except 1 500 if running water.

^cIn 1963 census definition gave 19 per cent.

^dLess than 2 500 persons except for urbanized unincorporated areas; data for 1940 adjusted for consistency.

Sources: For 1940 and 1970: U.N., *Demographic Yearbook* (1948), pp. 213-216 and (1971), pp. 142-153, respectively. For 1950: *UCLA Statistical Abstract of Latin America* (1957), p. 5. For 1960: OAS, Inter-American Statistical Institute, *América en Cifras* (1970), Table 201-08. Exceptions: for 1970, Nicaragua, Peru, and Haiti are from *idem*, *Boletín Estadístico* 77 (1971), 86 (1972), and 90 (1972), respectively; Honduras is from *UCLA Statistical Abstract of Latin America* (1970), p. 65; Argentina, Colombia, and Guatemala are from U.S. Agency for International Development, *AID Economic Data Book: Latin America* (1971), and Costa Rica is from Kingsley Davis, *World Urbanization, 1950-1970* (2 vols.; Berkeley: Population Monograph Series, University of California, 1969), I, pp. 54-68. Data for Haiti in 1960, Peru for 1950, and Uruguay for all years are from Davis, *World Urbanization*. All Bolivian data are from *Human Resources in Bolivia* (Columbus: Center for Human Resource Research, Ohio State University, 1971), p. 55. All Mexican data are from the Mexican Statistical Agency. All Cuban data are from C.P. Roberts and M. Hamour, *Cuba 1968; Supplement to the Statistical Abstract of Latin America* (1970), p. 24. Venezuelan data are from Dirección General de Estadística y Censos Nacionales, *Censo de Población, 1961*, A, p. 11; and *idem*, *Censo General de Población y Vivienda, 1971: Resultados Comparativos*, Table 2. U.S. data are from *Statistical Abstract of the U.S.* (1972), p. 17, the figure for 1940 being my adjustment (splice of "previous" and "current" series). Cf. Juan C. Elizaga, *Formas de Asentamiento de la Población en la América Latina* (Santiago: CELADE, 1963).

monthly average of 2 181 pesos, an amount increasing to 4 462 by 1969. Thus both groups were absolutely better off after twenty years, their relative percentages being irrelevant because the total national income has increased so greatly."

In actuality both arguments have merit and one cannot understand the situation without taking both into account. Thus, even if the majority of families saw their relative position decline by 14.6 per cent, they gained 64.0 per cent in terms of absolute buying power. If the wealthy saw their relative position gain 6.7 per cent, their absolute income rose 104.6 per cent. Considering both points of view in the present case, we can say that the situation is not unhealthy if the wealthy appropriately organize their rising incomes to provide the investment capital necessary to keep the economic system expanding — when the economic pie gets larger, a smaller percentage share need not adversely affect living standards.³⁶

One problem arising from ideological perceptions of data occurs when propagandists stress percentage shares in one case and shift to absolute amounts in another. Critics of the Mexican government, for example, point to the worsening problem of income distribution, then note that it may be related to the fact that there were 2 million more illiterates in Mexico in 1970 than there were in 1950. In this manner a critic can have his proverbial cake and eat it too. A parallel argument would note, however, that percentage share of income distribution worsened but the percentage of persons being illiterate improved, declining from 37.8 to 28.3 per cent. It should be noted, of course, that neither the nonparallel components nor the parallel components, respectively, necessarily correlate to prove that income and illiteracy are related to or cause each other.

In short, the use of historical statistics requires careful definition and concern for images, images that may shift from a political to a social to an economic base in terms of one concept alone. In this regard, the question of defining rurality in Latin America stands out, as is shown in Table 13.

Although many scholars consider true urban areas to contain no fewer than 10 000 to 20 000 persons, the definition used by Latin American nations

ranges from as few as 1 000 to 2 500 or utilizes definitions without numbers, such as Nicaragua's "non-administrative centers." Actually the idea of national self-definition of rurality is appealing as it allows for differential national development. Yet the use of 2 500 persons is more useful in that it establishes a basic minimum of persons necessary to support urban specializations. As Peter A. Doherty and John M. Ball have shown, a population threshold of 2 500 persons is required in Mexico to support such basic urban services as a health center (threshold equals 2 498), pharmacy (2 512), gasoline station (2 596), secondary school (2 696), cinema (2 860), etc.³⁷

Comparison of rural images in light of specific research for the Mexican case of rurality helps us to see the value of comparative historical statistics. In the same vein, comparative images of policy help us to understand problems in national development.

PLANNING AND POLICY IMAGES, WITH SPECIAL REFERENCES TO CASTRO'S CUBA

Part of the problem of understanding definitions in Latin America involves a dire lack of research that tests meaning in policy, especially the interaction of U.S. policy with that of the Latin American nations. Aside from the important Gruening Report discussed in Chapter XX, we have only a handful of studies with which to work.³⁸ including Riordan Roett's *The Politics of Foreign Aid in the Brazilian Northeast* (1972),³⁹ George Jackson Eder, *Inflation and Development in Latin America: A Case History of Inflation and Stabilization in Bolivia* (1968),⁴⁰ and my *Bolivian Revolution* (1969).

Several recent studies have focused on the role of the bureaucrat, taking the necessary step of placing him in a context of Latin American culture, but this has tended also to remove him from the context of his particular bureaucracy, as in Clarence E. Thurber and Lawrence S. Graham, *Development Administration in Latin America* (1973).⁴¹

³⁶To test understanding of relative and absolute concepts, answer the following: Would you prefer to win (a) 20 per cent of 100 doubloons; (b) 10 per cent of 200 doubloons; or (c) an absolute amount of 20 doubloons? You lose if you did not select any of the three options.

In the same vein is the following statement logical? "The poor get poorer as their percentage share of income goes down," but at the same time "the military gets wealthier" because even though its percentage share also goes down, the expenditure pie has grown larger and it is absolutely better off." Yes, this statement is logical if doublethink wins again!

³⁷Peter A. Doherty and John M. Ball, "Central Functions of Small Mexican Towns," *Southeastern Geographer* 11:1 (1971), pp. 20-28.

³⁸See also Ellen O. Schwarz, "Colombia — A Case History of U.S. Aid," in Subcommittee on American Republic Affairs of the U.S. Senate Committee on Foreign Relations, *Survey of the Alliance for Progress* (Washington, D.C.: Government Printing Office, 1969), pp. 659-865.

In contrast, studies that examine the bureaucratic milieu and/or its bottlenecks include Martin H. Greenberg, *Bureaucracy and Development: A Mexican Case Study* (1970),⁴² Peter S. Cleaves, *Bureaucratic Politics and Administration in Chile* (1974),⁴³ and my *Measuring Land Reform* (1974). Of interest also is Nathaniel H. Leff's *Economic Policy-Making and Development in Brazil, 1947-1964* (1968),⁴⁴ Gary W. Wynia, *Politics and Planners: Economic Development Politics in Central America* (1972),⁴⁵ and Fred D. Levy, Jr., *Economic Planning in Venezuela* (1968),⁴⁶ the last showing that the planners failed in implementation when their plan of the early 1960s reached only half of the GDP targeted.

Works on public administration reveal the problems that preoccupy leaders who make "the system" work.⁴⁷ Useful studies include Wilburg Jiménez Castro, *Los Dilemas de la Descentralización Funcional: Un Análisis de la Autonomía Institucional Pública* (1965),⁴⁸ and Herman K. Luján *Estudio sobre Administración Pública en Guatemala* (1969).⁴⁹

Books on planning in general tend to be so vague as to be completely useless, especially the ideal schemes propagated by the Instituto Latinoamericano de Planificación Económica y Social, which ignores all constraints of political economy. These works include Gonzalo Martner, *Planificación y Presupuesto*

por Programas (1967),⁵⁰ and Ricardo Cibotti and Enrique Sierra, *El Sector Público en la Planificación del Desarrollo* (1970).⁵¹ For other approaches that lack realism, see *Bases para la Planeación Económica y Social de México* (1966),⁵² and Louis M. Goreux and Alan S. Manne (eds.), *Multi-Level Planning: Case Studies in Mexico* (1973).⁵³

If any of the general works on planning were to deal with nontheoretical cases or problems in planning, they might well take into account the kind of political-social economic realities seen in René Dumont's critical analysis of Fidel Castro's use of policy designed to make Cuba a leader of the "Third World."⁵⁴ Since I have alluded at several points in this volume to the policy failures of Fidel, it is particularly important to note here the relationship of policy and bureaucracy as examined for Cuba by Dumont, who investigated Castro's assumption that the masses need concrete goals to give meaning (instead of money) to the life of the "New Man."

During the 1960's, Fidel adopted a series of one-year plans that captured the imagination of propagandists everywhere:

1959 "Year of Liberation"

1960 "Year of Agrarian Reform"

1961 "Year of Education"

39(Nashville: Vanderbilt University Press.)

40(Ann Arbor: Graduate School of Business Administration, University of Michigan.)

41(Durham, N.C.: Duke University Press.) See also Guillermo A. O'Donnell, *Modernization and Bureaucratic Authoritarianism: Studies in South American Politics* (Berkeley: Institute of International Studies, 1973) and Lawrence S. Graham, *Civil Service Reform in Brazil: Principles versus Practice* (Austin: University of Texas Press, 1968).

42(Lexington, Mass.: Heath Lexington.)

43(Berkeley: University of California Press.)

44(New York: Wiley and Sons.) See also Roberto de Oliveira Campos, *Reflections on Latin American Development* (Austin: University of Texas Press, 1967); Octavio Ianni, *Estado e Planejamento Econômico no Brasil (1930-1970)* (Rio de Janeiro: Editorial Civilizagao Brasileira, 1972); Robert T. Daland, *Brazilian Planning: Development Politics and Administration* (Chapel Hill, N.C.: University of North Carolina, 1967).

45(Madison: University of Wisconsin Press.)

46(New York: Praeger.)

47For bibliography, see Jack W. Hopkins, "Contemporary Research on Public Administration and Bureaucracies in Latin America," *Latin American Research Review* 9:1 (1974), pp. 109-139. For general bibliography see J. W. Wilkie, "The Historiography of 20th-Century Latin America: A Student Guide," UCLA Latin American Center Working Paper, 1974.

48(San José: Instituto Centroamericano de Administración Pública.) His *Administración Pública para el Desarrollo Integral* (México, D.F.: Fondo de Cultura Económica, 1971) is less useful. For a theoretical statement, see Bernard H. Baum, *Decentralization of Authority in a Bureaucracy* (Englewood Cliffs, N.J.: Prentice-Hall, 1961).

49(Guatemala: Instituto Nacional de Administración para el Desarrollo.)

50(México, D.F.: Siglo XXI.)

51(México, D.F.: Siglo XXI.) See also by the same institute and publisher *Experiencias y Problemas de la Planificación en América Latina*, 1974, this book being an exception in that it is somewhat useful.

52(México, D.F.: Siglo XXI.)

53(Amsterdam: North-Holland.) For a disillusioned view of planning without realism, see Peter Lara, "The Technocrat and Underdevelopment; an [Oral History] Interview with a Peruvian Architect," June 1973, a transcript of which is deposited in the UCLA Research Library.

54René Dumont, *Cuba: Socialism and Development* (New York: Grove, 1970). See also his *Cuba est-il socialiste?* (Paris: Éditions du Seuil, 1970.)

- 1962 "Year of Planning"
- 1963 "Year of Organization"
- 1964 "Year of the Economy"
- 1965 "Year of Agriculture"
- 1966 "Year of Solidarity"
- 1967 "Year of Heroic Vietnam"
- 1968 "Year of the Heroic Guerrilla"
- 1969 "Year of the Decisive Effort"
- 1970 "Year of the Ten Million Ton Sugar Production"

Enthralled with Castro's plans, until 1970 few analysts tried to examine Cuban results wherein at every stage Fidel soon found himself defensively shifting his stand.

As early as the mid-1960's, however, Dumont (Castro's consultant from the National Agronomic Institute in Paris) began to explain in published form the rural pessimism and falling agricultural output in Cuba. The "first land reform" of 1959 limited private holdings to 403 hectares (one hectare equals 2.47 acres) but allowed "model" agricultural enterprises to own up to 1 342 hectares. Then a "second reform" of 1963 restricted private lands to 100 hectares, reversing the 60:40 private-public ratio of land ownership so that 60-70 per cent was now owned by the state. At that time the private sector was brought under control by the Castro government's Association of Small Agriculturists (ANAP) which controlled sale of food, credit, scarce materials, and spare parts. Finally, by 1968 the People's Farms and Cooperatives were reorganized into State Farms in recognition of the fact that they had been operated by the state all along — workers not sharing in the profits and/or generally not being permitted to own private animals or land.⁵⁵

According to Dumont, the Year of Planning in 1962 led to the realization only after it was over that Eastern European national planning schemes should not have been imported into tropical Cuba without modification; and planners in 1962 had to deal with implementation of food rationing, rationing caused by "agrarian reform amid revolutionary and romantic anarchy."⁵⁶ The situation caused Castro's friends abroad to become quite critical, Dumont for one, writing that it would have been preferable first to have had the 1963 Year of Organization because planning in

1962 had been disordered and based too much upon personal impressions in the absence of knowledge or statistics. Dumont went on to note that if 1961 had succeeded as the Year of Education,⁵⁷ the results were more important quantitatively than qualitatively:

It is to be regretted, however, that the manuals, after having taught that *r* was pronounced as in *rifle* and *f* as in *Fidel*, did not give more thought to work in the fields and teach *b* as in *banana tree*. . . . If only 22 diplomas in agronomy were given out in 1962, a good third of the number before the war, in 1963 the number had gone up to 40, but there were still 4,000 students in "art education." I would appreciate their decorative plates more if they were better filled, and folklore dances are less pleasing if they are danced in front of a bare cupboard.

To continue a recitation of Fidel's failures seen by Dumont and other friends of Castro, the Year of the Economy in 1964 was disappointing as rationing got worse; the highlight economically was the call for a return to sugar production, which had been abandoned in favor of agricultural diversification: Fidel announced that Cuba would produce ten million tons of sugar by 1970;⁵⁸ thus during the following Year of Agriculture, he became de facto minister of agriculture as Cuba moved to become even more dependent upon sugar than it had been under the hated dictator Batista, with whom Fidel had identified the sugar cycle.

The Year of Solidarity with leftist causes saw Che Guevara move into the jungle of Bolivia where he would be killed during the Year of Heroic Vietnam: Because Che failed in 1967 to open a "second Vietnam," the following Year of the Heroic Guerrilla in 1968 paved the way for eventually phasing out the export of guerrillas, who seemed by the end of the decade to be beaten throughout Latin America. In the meantime, Fidel had compromised his Year of the Heroic Guerrilla by announcing approval of Soviet intervention in Czechoslovakia.

Getting ready for the Year of the Ten Million Ton Sugar Production in 1970, Fidel called for a Year of Decisive Effort in 1969, when he rationed sugar to Cubans in order to export it for desperately needed foreign exchange. He also announced that Christmas,

⁵⁵*Ibid.*, and René Dumont, "Castro's Rash Gamble," *Le Monde Air Mail*, December, 1969. Normally on a "cooperative farm" private owners join together to pool credit, management, and/or ownership to share in any profits. On a "collective farm" (*kolkhoz* in the Soviet Union), peasants give up most of their property in order to achieve larger scale mechanization, with production collectively owned by the group and profits distributed in cash or in kind. On a "state farm" (*sovkhoz*), all production is controlled by rigid government plans and workers are hired for wages. Thus we proceed from a loose organization to a tightly knit one through three levels.

⁵⁶Dumont, *Cuba*, Chapter 2.

⁵⁷*Ibid.*, pp. 125-126, quote is from p. 126.

⁵⁸K. S. Karol, *Guerrillas in Power: The Course of the Cuban Revolution* (New York: Hill and Wang, 1970), p. 578.

New Year's, and the January 2 Revolutionary Anniversary would be postponed until mid-1970 in order that hard work not be interrupted,⁵⁹ bars and cabarets having been closed in 1968 at the time Castro took over the remaining 50 000 small businesses to pave the way for a non-monetary economy run by New Men. Thus died what Che Guevara had liked to call the *revolución a la pachanga*.⁶⁰

By failing to reach the ten million tons of sugar promised, even at the cost of prematurely harvesting much of the following year's crop as well, Castro was forced to relax some of his control over society. In order to maintain power, he announced: "It is no crime to have a beer or some other alcoholic beverage; what we were against were those dark, dingy joints where having a drink or anything was a big mystery. The Revolution is not against drinking as such." Also on July 26, 1970, Fidel made a revealing admission:⁶¹

I believe that we, the leaders of this Revolution, have cost the people too much in our process of learning. And, unfortunately, our problem — not when it is a case of the Revolution; the people can replace us whenever they wish — right now if you so desire! One of our most difficult problems — and we are paying for it dearly — is our heritage of ignorance.

When we spoke of illiterates we didn't include ourselves among the illiterates, or even among the semiliterates. We could best be classified as ignorant. And we were ignorant — almost without exception (and I, of course, am not the exception) — all of us. The problem is even worse. Signs of illiteracy or semiliteracy can be found in many men in positions of responsibility.

Dumont and other supporters of the Cuban Revolution did not make the above caustic summary of Castro's failures simply to ridicule a movement trapped in contradiction. Rather, they sought to suggest that the construction of socialism is a much more difficult task than they had believed it to be. Thus Dumont has written:

I would have liked so much to be able to stress Cuba's economic accomplishments with similar enthusiasm. In this field innovations are beneficial only if they profit as much as possible from the experience of others, whether these others are socialists or not. But repeating and prolonging the same cycle of errors as the U.S.S.R., errors based on theories that have been abandoned in the country in which they originated when the first results of these theories proved how dangerous they were, cannot be approved. To a lesser degree than elsewhere, one nonetheless still encounters in Cuba a certain *lack of humility in the face of the facts, in the name of very questionable interpretations of a doctrine that was never intended to be rigid; this is the greatest threat hovering over the future of socialism*. The classic cooperative formula was harder to fulfill at the beginning, but the State structure has given too poor results. It is no longer possible to state outright that a cooperative formula reconciling technical authority with autonomous management and a wage structure depending on production would clearly be worse.⁶²

If, says Dumont, the Cuban Revolution is compared with the Alliance for Progress that competed with it, the Cuban case has hope where the latter has generally led to an impasse: Not only can Cuban errors be corrected to take advantage of the society restructured by Fidel, but also if lessons from the Cuban failures are made known, modern take-off may be within the reach of other backward countries.⁶³

Dumont traced many of Cuba's difficulties to a lack of statistics by which policy could be developed or evaluated.⁶⁴ Commenting on this problem, Professor Carmelo Mesa-Lago has written:

The French advisor of the Cuban government, the agronomist Dumont explained [to the Cubans] that a market economy can function with inadequate information because the laws of

⁵⁹These three year-end holidays are treated by Fidel as involving a Socialist Festival. For information on postponement for three years running, see *Los Angeles Times*, June 3, 1969, and December 9, 1970; and *Times of the Americas*, February 9, 1972.

⁶⁰Dumont, *Cuba*, p. 87.

⁶¹Fidel Castro, "Report on the Cuban Economy," printed in Rolando E. Bonachea and Nelson P. Valdés (eds.), *Cuba in Revolution* (New York: Doubleday Anchor, 1972), pp. 344 and 338, respectively.

⁶²Dumont, *Cuba*, p. 102. For a work that portrays Fidel's Revolution in a positive light, tending to downplay these problems, see David Barkin and Nita R. Manitzas (eds.), *Cuba: Camino Abierto* (México, D.F.: Siglo XXI, 1973).

⁶³Dumont, *Cuba*, pp. 164 and 212. He writes that Cuban development will come when Fidel does not claim to know everything as he undertakes a new program, when Cuba's *técnicos* are given more authority, and when criticism is permitted and accepted (p. 237). Dumont feels that dialogue with the "people" does not encourage criticism because not all can speak and in any case group psychology does not permit anyone to develop detailed critical analyses during the excitement of Fidel's campaign tour atmosphere (p. 236).

demand and supply work automatically to re-establish equilibrium and correct errors, but a planned economy cannot operate with a weak statistical basis. The French agronomist also indicated that the more collectivized the economy is, the more accurate and precise statistics are needed; if they are lacking or improvised, the ultimate result is disorder. . . .

After discussing his personal difficulties with false statistical data fabricated by the Statistical Department [of Cuba], Dumont commented that a highly centralized-system planning such as Cuba's, coupled with upwardly biased statistical data and revolutionary enthusiasm, had to result in unrealistic optimism in setting over-ambitious targets. For a long period of time the revolutionary leaders did not become aware of the economic situation. They adopted audacious economic measures based on distorted knowledge of the economic conditions in Cuba, and the leaders and revolution suffered when the realities of the system became evident.⁶⁵

Given the number of failures around which Fidel asked the Cuban people to rally, it is no wonder that — with their images shattered time and time again — worker output sputtered, bringing the economy to a near halt in growth during the late 1960s. Hugh Thomas summed up the matter as follows:

It is impossible to say precisely to what extent the low productivity of the Cuban economy since the Revolution is due to poor wage scales, and to what extent it has been the consequence of bad management, lack of spare parts, absence of technicians, the U.S. blockage, excessive expenditure on the social services, and so on. . . . Considering that the Government has . . . failed to ensure much more than an average four-hour day from its citizens, it is

perhaps surprising that the fall of production has not been greater.⁶⁶

To these factors, Thomas might have added the problematic influence of Soviet technicians who had little knowledge of Cuba, influence discussed by K. S. Karol in his *Guerrillas in Power* (1970).⁶⁷

With Cuba short on success after its initial few years, Castro found his people unresponsive to the sagging images he tried to build. Exhausted by what Professor Edward Gonzalez has called Fidel's "charismatic-hardship communism" model,⁶⁸ the workers did not rush to contribute to his voluntary labor scheme. Instead of building images on programs with little chance of success, perhaps Castro should have focused his yearly propaganda on goals that he could and did meet, as in the social service sector.

Though it is hard to criticize Castro for seeking to find ways to stimulate a national conscience (and it can be argued that the people need utopian goals, always just out of reach), it would seem that leaders might learn that failing slogans are not conducive to successful government. Where other politicians need to outpromise each other, Castro had no such need; he has been secure in his position with a mass base of support. If it can be hypothesized that, being a compulsive speaker, he has talked his way into a muddled series of entrapments from which he cannot escape, it can also be noted that perhaps this candid confusion has kept him in power: He may not convince people to work, but by taking them into his confidence,⁶⁹ he has convinced them that he deserves to stay in power, holding the enemy at bay.

If Fidel has known failure, at least eventually he has had to face realities, which is more than can be said for the Instituto Latinoamericano de Planificación Económica whose works are criticized above.⁷⁰ Planning cannot take place in a vacuum, and it must include images that approximate reality.

⁶⁴One problem in developing and assessing policy in Cuba stemmed from Fidel's lack of concern for data. Amid the fervor of revolution, the old statistical-gathering system of pre-1959 governments was swept aside; it took some years for a new system to be formed. See Carmelo Mesa-Lago, "Availability and Reliability of Statistics in Socialist Cuba," *Latin American Research Review* 4:1 (1969), pp. 53-91, and 4:2 (1969), pp. 47-82.

⁶⁵*Idem.*, 4:1 (1969), pp. 71 and 73-74.

⁶⁶Hugh Thomas, *Cuba* (New York: Harper and Row, 1971), pp. 1451-1452.

⁶⁷cf. Blanca Torres Ramírez, *Las Relaciones Cubano-Soviéticas (1959-1968)* (México, D.F.: El Colegio de México, 1971).

⁶⁸Edward Gonzalez, *Cuba Under Castro: The Limits of Charisma* (Boston: Houghton-Mifflin, 1974), pp. 218-220.

⁶⁹If Castro is to be congratulated for his flexibility in changing the direction of his plans when it became obvious that they would fail (except notably for the 10-Million Tons of Sugar plan), he can be faulted for making most plans on his own intuition rather than upon consultation and/or information.

With regard to agricultural failures, in Castro's defense it should be noted that the hurricanes of 1963 and 1967, the droughts of 1961, 1966-1968, and the torrential rains of 1966 (with often too much water followed by too little water in the same year) severely set back agricultural production. See Carmelo Mesa-Lago, "Problemas Estructurales, Política Económica, y Desarrollo en Cuba, 1959-1970," *Desarrollo Económico* (Buenos Aires) 13:51 (1973), pp. 533-582, especially p. 560.

ON LATIN AMERICA AND THE
"THIRD WORLD"

One image of which Castro, among others, is so fond is the so-called Third World. Because this image is deeply ingrained in much Latin American thinking, and because it is involved with the major crisis building over international energy supplies, perhaps it is appropriate to look with a historian's eye at the concept in relation to the economic future of the region.

Would, for example, Castro include such countries as Venezuela and Ecuador in the "Third World"? Ranking in positions 4 and 14 on the HEC index (Table 11) and among the highest and lowest in GNP per capita (Table XVIII: 3), respectively, both still are so far from the social and economic standard of living in the developed "First" (capitalist) and "Second" (communist) Worlds that they qualify for the "Third World." To be precise, the image of these "worlds" needs to be defined.

According to one authority, the term "Third World" originated with the Frenchman Alfred Sauvy, who used it in 1956 to suggest that the position of the nations meeting in Bandung in 1955 was analogous to the position of the third estate (commoners) of the three estates or political orders (clergy, nobles, commoners) summoned to the Estates-General or legislative body in the revolutionary France of 1789, the third estate being summoned last. Gaining currency throughout the world, the term "Third World" came to mean those countries seeking internal development as being the factor determining their nonalignment in the field of Cold War politics.⁷¹ This may well have been the case, but credit should be given also to Juan Domingo Perón who had earlier staked out such a "Third Position" for Argentina.

Perón's Third Position cultivated after 1949 was the basis of his *Justicialismo* doctrine, a theory of dialectics developed from the philosophy of Hegel and Marx. Marx and Hegel had viewed two opposed forces (the "thesis" and the "antithesis") involved in the struggle within the social organism being resolved by a third force (the "synthesis"). Instead of taking Marx's "labor" and "capital" as forces to be synthesized in the "state" (or in Hegel's "socialism"), Perón saw

Justicialismo as the Third Position resolving forces of conflict.⁷²

For Perón and his ideologues, the forces in conflict were four not two, and all have a necessarily and desirable societal role: (1) *Idealism* is legitimate if it leads man to his destiny and the "complete possession of happiness, which is God." (2) Yet *materialism* is necessary and proper to provide the worldly necessities for the attainment of the goals of idealism. (3) *Individualism* is important in so far as it allows man to gain happiness through knowledge of self-distinction. (4) But *collectivism* preserves the community for happiness of all individuals, who are by nature social beings. Because the four elements are in continual conflict, like the Marxist and Hegelian systems, tyranny and evil could result if any one force triumphs, leading to theocracy; "machine society;" Social Darwinism and/or anarchy; and complete collectivism, respectively. If the forces should combine to triumph, the result would be fascism (idealism and collectivism), communism (materialism and collectivism), or capitalism (materialism and individualism).⁷³ The Third Position is a state of equilibrium wherein all forces operate harmoniously. According to Perón, however, *Justicialismo* does not involve a centrist position; rather it is in the center, on the right, or on the left according to specific circumstances.

Although it was argued by Perón's enemies that *Justicialismo* was that doctrine "during and after which nothing happens" and that the Third Position was really the Eighth Position in relation to seven tyrannies, Perón maintained that his position was indeed a substantive one, one wherein (1) individualism and collectivism are pitted against, (2) idealism and materialism.⁷⁴

According to George I. Blanksten:

President Perón has declared himself to be very proud of the "Third Position," the "new Argentina's" contribution to the world of political philosophy. "When I think that we have been the first to announce this solution to men, and when I demonstrate that we have been the first to realize it, I can do no less than affirm my faith in the high destiny which God has seen fit

⁷⁰See notes 50-51, above.

⁷¹Franco Nogueira, *The Third World* (London: Johnson, 1967), pp. 32-33.

⁷²For description and analysis of *Justicialismo*, see George I. Blanksten, *Perón's Argentina* (Chicago: University of Chicago Press, 1953), pp. 282-293.

⁷³Presumably idealism and individualism could not combine, but see note 74 about combination of materialism and collectivism.

⁷⁴Perón maintained that *Justicialismo* was not centrist because it places higher value on (1) idealism and individualism as opposed to (2) collectivism and materialism. Thus, the Third Position lies closer to the former than the latter. Apparently Perón emphasized, then, distinct forces of idealism and individualism, forces that could not combine.

to assign to our country," he told the congress in May of 1950. "My soul is filled with emotion when I think that the day cannot be far off when all of humanity, seeking some star in the night, will fix its eyes on the flag of the Argentines."⁷⁵

This Third Position theory justified Perón's domestic stance between the rich and the poor and his foreign policy which was anti-Yankee and anti-Soviet.

The problem with all this is that the "Third World" or Third Position remains a vague concept, all the more so since many other elements have floated into the picture. In a perceptive analysis Franco Nogueira has eliminated some of the weaker ideas for which credence has been sought:

The composition of the Third World is not to be found in affinity of internal politico-economic structures, any distinction between capitalist and socialist states being, in this context, irrelevant; geographical position, too, does not provide the right criterion since, both in the North and in the South, there are countries which belong to the Third World and others which do not; nor is it given by race since the Third World covers people of all races. Another criterion has to be sought, and one test that has already been tried is this: the Third World consists of all peoples under a colonial regime or recently emerged from such a regime. That is to say: all the de-colonised would constitute the Third World. But immediately important restrictions become necessary: China was never a colony of any country, neither were Ethiopia, Iran or Thailand, and the countries of Latin America were de-colonized long ago.⁷⁶

Nogueira notes that the "Third World" concept is useful, nevertheless, in terms of classifying countries that *claim* the right to utilize science and technology to advance into the developed world without going through any intermediary stages of development, training, or adaptation. This right stems from the *accusation* that the developed "First" and "Second" worlds are responsible for the "Third's" underdevelopment, having subjected this area to political and/or economic colonialism that prevented development, exploiting despoiling, extorting, or turning to their own use the natural and human resources of helpless peoples.⁷⁷

Nogueira concludes that assistance by the developed worlds to the "Third World" results in neocolonialism in that it involves a political objective to secure and reserve for the providers of aid the levers of power in the recipient countries: The rich nations know that through corruption and inexperience the aid will be wasted, leaving them to control prices of raw materials, which are less in demand than industrial products of the wealthy nations.⁷⁸

Nogueira's conclusion is weak, however, for several reasons: (A) Underdeveloped countries quickly learned how to exploit the Cold War to obtain funds from both the "First" and "Second" worlds. (B) With increasing state controls on capitalism,⁷⁹ the "First World" found itself amenable to détente with the "Second World," which in any case was to relax its controls on strict communism.⁸⁰ (C) As a result of both these facts, some observers began to see underdeveloped countries pitted against developed countries, with three worlds collapsing into two.⁸¹

Finally, the Organization of Petroleum Exporting Countries (OPEC)⁸² realized in the mid-1970s that

⁷⁵Blanksten, *Perón's Argentina*, p. 293.

⁷⁶Nogueira, *The Third World*, pp. 32-33.

⁷⁷*Ibid.*, pp. 33-35.

⁷⁸*Ibid.*, pp. 35-36.

⁷⁹That bastion of "capitalism," the United States, recognized its "mixed-capitalistic" status in 1953 when President Eisenhower did not overturn the Roosevelt-Truman New Deal legislation. See Calvin B. Hoover, *The Economy, Liberty, and the State* (New York: Twentieth Century Fund, 1959).

⁸⁰Moscow relaxed its controls to encourage limited competition under Khrushchev beginning in the late 1950s. Peking reversed its policies on thought control to advocate limited free enterprise in a mid-1974 booklet attributed to the Workers Doctrine Team of the Peking Automobile Factory — with the subsequent complete victory of Chou-En-lai's moderate faction, limited programs of the 1960s began to be implemented on a large scale basis.

⁸¹The "Fourth Conference of Third World Leaders," held in Algiers in 1973, broke down into a social affair. With 80 nations in attendance, the question of nonalignment became a moot point — only NATO and Warsaw Pact countries being excluded. And questions were already raised about the attendance of Saudi Arabia and Singapore, the former not poor and the latter not underdeveloped. See *Los Angeles Times*, September 7, 1973.

In spite of these problems, and because after so much propaganda, even scholars have come to accept that muddy concept, the term now appearing sometimes without quotation marks in works of social science: Yet here is a term that has no meaning, except maybe an emotional one used to evoke feeling for "the poor and exploited," be they among some sectors in the underdeveloped countries or in the developed nations.

⁸²OPEC countries listed in order of 1974 earnings are: Saudi Arabia, Iran, Venezuela, Nigeria, Libya, Kuwait, Iraq, United Arab Emirates, Algeria, Indonesia, Qatar, Ecuador, and Gabon (an associate member).

control of the major share of world oil gave it control over the prime energy source of the industrial world: No longer could the industrial nations, then, easily control petroleum export prices. Too, the increasing cost of synthetic products made by oil-generated electricity and/or with petroleum derivatives drove up the price of raw materials of all kinds as they became competitive again.

In this changed era, the oil-importing countries of both the developed and underdeveloped worlds saw their scarce foreign exchange flow rapidly into the treasuries of a new "Third World," denominated by the Shah of Iran as the "Fourth World."⁸³ This new world, the Shah suggested, is made up of the Arab-dominated OPEC, the industrialized nations of Southeast Asia, and the handful of Latin American countries that have prospered from the recovery of raw material prices. Other observers chose to see the poorer countries of the "Old Third World" declining to a "Fourth World" position, the "New Third World" becoming a more exclusive OPEC-led grouping of nations that can exert international leverage through oil export controls to the detriment of their former "colleagues."

The concept of the "Third World" obviously needs some rethinking. As leader of the "First World" the United States has objected to the quadrupling of oil prices as a factor that may well bring a world depression of unprecedented magnitude, especially damaging to the poor oil importers. But the OPEC group has claimed that the United States dominates the international excess food supply in the same way that OPEC now dominates the energy supply, thus posing the threat of a new kind of superpower struggle. The Soviet Union could profit from such a struggle in the short run, but its growth is expected to make it a major oil importer within a decade or so, just as U.S. growth turned it from oil exporting to oil importing in the 1960s.

With regard to Latin America's position in relation to the new importance of trade in petroleum, Table 14 shows that oil production in Latin America is largely restricted to Venezuela. Although total Latin American production during the last decade has remained at about 4 to 5 billion barrels per year, the region's percentage of world output has been cut in those years from about 16 per cent to about 9 per cent. The emergence of Bolivia and Ecuador as important oil-exporting countries has yet to be fully

realized. And countries like Argentina, Brazil, and Mexico have difficulty in producing enough petroleum for their own consumption. Part of the production problem in the three latter countries is that governments have subsidized consumption by keeping sales prices low (thus leaving their state oil companies without development funds) and/or have been reluctant to permit foreign oil firms to do what they themselves do not have the funds to do (thus "protecting the national patrimony," leaving it to stagnate through lack of development).

Mexico's belated 100 per cent increase in consumer petroleum prices in 1973 may have paid off handsomely by 1974: With sufficient operating capital provided by increased prices, the Mexican state oil company has been able to develop a large oil formation that may make the country an important petroleum exporter, providing opportune funds needed to push Mexico over the developmental hurdle posed by political disaffection resulting from economic slowdown during the early 1970s. Ironically, had this national patrimony been found and efficiently used up in earlier periods Mexico would not now be in a position to take advantage of the high world petroleum prices.⁸⁴

Oil-concession policies of Brazil and Peru are interesting to contrast because they have tended recently to confuse observers who are apt to think in stereotyped images about nationalistic ideology. Thus the policy of the "rightist" Brazilian Military Revolution since 1964 may be contrasted with that of the "leftist" Peruvian Military Revolution since 1968. Although the Brazilian regime is noted for opening the country to foreign capital, it has not permitted any foreign investment to intrude into the sphere of its state oil company. In contrast, the Peruvian government, which is considered to be hostile to foreign investment, has made arrangements for foreign oil concessions. If foreign companies (who finance their own operations) find oil deposits in Peru, they will be able to exploit them for thirty years, receiving in payment slightly less than half the oil, after which time all rights revert to the Peruvian state oil company — an arrangement somewhat similar in its split of profits with the 1956 Bolivian — Gulf Oil Company pact, except that concessions in Bolivia were for forty years.

Even though the Brazilian state oil company was under great pressure to surrender some of its autonomy

⁸³*Newsweek*, September 30, 1974, p. 74.

⁸⁴For first report of Mexico's new oil find, see the *Washington Post*, October 12, 1974. Mexico was upset with the Post's report as (1) it mobilized the Mexican left to demand that Mexico make the United States pay OPEC prices; and (2) it disrupted President Echeverría's hopes to gain a bracero treaty with President Ford. The report, which came on the eve of the Echeverría-Ford 1974 meeting, meant that a bracero treaty could only be achieved in return for a bargain on oil — Echeverría had to announce that Mexico had completely given up the idea of such a treaty.

TABLE 14
 Latin America's Share of World Oil Production,
 1963-1972
 (Thousands of Barrels and Per Cent)

Category	1963	1964	1965	1966	1967	1968	1969	1970	1971	1972
Absolute Amount	25 964	28 043	30 166	32 772	35 277	38 348	41 682	45 653	48 116	50 924
Latin America	4 203	4 363	4 475	4 423	4 705	4 831	4 933	5 029	4 916	4 677
Argentina	266	274	269	287	315	343	356	393	423	433
Bolivia	9	9	9	16	36	41	40	24	36	44
Brazil	98	91	94	116	147	164	156	156	171	167
Chile	36	37	35	34	34	37	37	34	35	34
Colombia	165	172	201	196	190	173	211	209	209	196
Ecuador	7	8	8	7	6	5	5	4	4	78
México	315	316	323	332	364	389	460	429	427	440
Perú	59	63	63	63	71	74	73	72	62	65
Venezuela	3 248	3 393	3 473	3 371	3 542	3 605	3 594	3 708	3 549	3 220
Percentage Amount										
† Latin America (Venezuela)	16.2% (12.5)	15.6% (12.1)	14.8% (11.5)	13.5% (10.3)	13.3% (10.0)	12.6% (9.4)	11.3% (8.6)	11.0% (8.1)	10.2% (7.4)	9.2% (6.3)
† United States	29.0	27.2	25.9	25.3	25.0	23.7	22.2	21.1	19.7	18.6
† Middle East	26.2	27.0	27.6	28.4	28.3	29.1	30.0	30.4	33.8	35.9
† Other	28.6	30.2	31.7	32.8	33.4	34.6	36.5	37.5	36.3	36.3
Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0

†Subtotal percentages.

Source: Calculated from OAS, Instituto Interamericano de Estadística. *Boletín Estadístico* 104 (1974).

to foreign oil companies, it held out against the following complaints: Brazil spent 800 million dollars on exploration between 1968 and 1973, yet production was still hardly more than one quarter of consumption. At the same time, the country's economy was expanding at a rate exceeding 10 per cent per year, with its automobile industry in the world's top ten producers and imports of petroleum projected for 1980 to be double that of the 500 million dollar figure for 1973.⁸⁵ Just as all hope for autonomy was given up, however, Brazil made an oil strike off the coast of Rio de Janeiro in 1974 that was billed as large enough to make the country self-sufficient by 1977. Nevertheless, some Brazilian oil officials reacted with concern, just as in Mexico. They feared that the press coverage and political propaganda in favor of the government's success in petroleum production could backfire should it be later deter-

mined that the oil find was not as great as announced. It being yet impossible to predict the size of the 1974 find, the state oil company could be seriously embarrassed and demoralized by premature announcements of self-sufficiency.⁸⁶

The pressure on Brazil to open the door to foreign oil companies has not been unique; and given the lack of development capital in many Latin American countries, Leonard Greenwood's comments on Ecuador's recent experience in some ways also parallel those made by earlier observers concerning the failure of Argentina to meet its own oil needs. According to a 1973 report by Greenwood:

In Ecuador, exploration was going well until the government started changing contracts. After the big Texaco-Gulf find in 1967 nine other groups moved in. But in 1969 just as Texaco-Gulf estimated that its finds warranted

⁸⁵See Leonard Greenwood, "Cost Ignored in Search for South American Oil," *Los Angeles Times*, March 25, 1973, Part IX, pp. 1-2.

⁸⁶*Latin America Economic Report*, December 20, 1974.

the Transandean pipeline, the government demanded renegotiation of the contracts. Texaco-Gulf finally signed to pay double the royalties and 10 times the old surface rentals.

Within weeks of the completion of the pipeline, the government promulgated a new hydrocarbon law, listing tougher conditions for oil companies in the future. Last June, the government decided existing contracts would be changed retroactively to comply with the new law. Companies who fought this would lose their concessions. Royalties that had been 6% originally rose to 16% and surface rentals were as much as 100 times what they had been in the first contracts.

The repeated changes have panicked the industry. All except Texaco-Gulf are bringing their operations to a halt and postponing development until they see what the government does next.

Texaco-Gulf has spent \$250 million in Ecuador and oil industry sources estimate the other companies have spent a total of \$100 million. Those sources say Texaco will spend another \$250 million in the future.

A prominent Ecuadorian, close to some foreign companies, says the companies are partly to blame. *"While one company is saying to the government 'These conditions are impossible,' another is sneaking in the back door whispering, 'If they won't do it, we will.'"* [Emphasis is added.]

While the companies wait, the oil is transforming the economy of Ecuador. The country used to import 20 000 barrels a day. In recent months, it has become a net exporter of 200 000 barrels a day.

Half of Ecuador's foreign exchange used to come from bananas. Now oil, which will bring in \$200 million a year, forms 50% of its exports.⁸⁷

In light of the desire of some Latin American countries to preserve their national petroleum resources for the future, one may wonder if U.S. assistance has not subsidized indirectly a slowdown in foreign national development, the United States providing funds in some cases that obviated until recently the need for petroleum exploration. If even partly true, this slowdown has an important repercussion: As those resources are finally developed to reach export

capacity, the United States may have to spend more in purchasing energy than it ever gave or loaned in money to help Latin American development.

Regardless of such problems, President Echeverría of Mexico proposed in 1972 a U.N. Charter of Economic Rights and Duties of Nations that would combine aspects of unilateral and multilateral assistance. Under the Charter approved in 1974 by a vote of 120-6 (the United States, West Germany, Belgium, Denmark, Luxembourg, and England voting against it),⁸⁸ the United States and other developed countries are legally obliged to give unrestricted funds to a multilateral agency that, without any restrictions of its own, will distribute them; in this way the wisdom of proposed projects would be left entirely up to the recipient. Such funds could also be used to set up export commodity cartels, resolving Latin America's balance of payments deficits incurred by importing more goods and services than it exports.⁸⁹ If one were to develop such ideal solutions, however, perhaps the simpler approach would be to accomplish the above more directly: the United States, for example, could directly subsidize Latin American balance of payments deficits, compensating for the heavy Latin American purchases of U.S. goods and services that have so much offset positive balance in capital flows. This would also obviate the need for building up massive, uncoordinated U.S. or international assistance bureaucracies, each of which has attempted to impose in varying degrees its will upon recipient countries.

The "ideal" international assistance portrayed above may be idle speculation not only because increased energy costs threaten to cause a depression in the "developed" (as well as in the "underdeveloped") world but also because the increased cost of fertilizer and transportation has contributed to reduce the excess food supply with which the United States has granted much inexpensive aid. Too, Nixon's farm policies during his five years in office contributed to the worldwide food shortage of the mid-1970s in that he paid four billion dollars more to U.S. farmers to prevent food production than it would have cost for the government to buy the same amount of food from farmers.⁹⁰

The problem with "food aid" is bound up, like all issues discussed here, with images of planning and national development. If on the one hand food can be seen as one of the better forms of assistance because it involves transfer of noninflationary goods rather than

⁸⁷Greenwood, "Cost Ignored in Search for South American Oil."

⁸⁸The text and voting records are printed in *El Mercado de Valores* (Mexico City), December 23, 1974.

⁸⁹See William Giandoni, "Cooperation by Law, Not Choice," *Times of the Americas*, March 6, 1974.

of inflationary money,⁹¹ on the other hand it tends to depress the much needed output of food in underdeveloped countries, countries that desperately need to become self-sufficient in food production in order to save vital foreign exchange.⁹² The "Green Revolution" of increased agricultural output through modern farm technology and hybrid seeds⁹³ has faltered not only because of the high cost of fertilizers, but also because the pesticides and irrigation that contributed to much of its initial success was based upon national subsidies that made food more costly to produce than to import. This weakening of the Green Revolution has resulted in several views that do not bode well for international relations: R. L. Strout has written that "with 6% of world population, the United States consumes 40% of the world's resources and exports half of all exported food, [thus giving it] the awesome power to decide which of [the] undeveloped countries survive, which starve,"⁹⁴ and J. C. Montgomery has written that in the face of world famine owing to overpopulation, the United States should not participate in any food export programs "that will increase the burden that mankind is already placing on the earth. We should not deplete our own soils to save those who will die equally miserably a decade or so down the line — and in many cases only after reproducing more children who are inevitably doomed to live and die in misery."⁹⁵ In the meantime while U.S. government officials feel that export of U.S. food (be it by aid or sale) has been a major aid to the U.S. balance of payments position, some criticize the export of tobacco under the Food for Peace program as being a cloaked subsidy of the U.S. tobacco industry,⁹⁶ an industry condemned by the U.S. Surgeon General.

If we do not know the extent to which images appropriately describe situations, and if in eras of constant change even the problem of determining

whether or not there are two, three or four worlds of development, then the formulation of a Charter of the Rights and Duties of Nations is somewhat premature.⁹⁷

CONCLUSION

As I reflect upon the role of national policy discussed in this volume, I am aware of apparent ambivalence in my own view. In Chapter V on "Bolivian Public Expenditure Since 1952," I concluded that "In rational state planning. . . not only should social development be managed with the same efficiency developed by some decentralized agencies, but the central government should extend its control over the entire public sector." In Chapter VI on "Recentralization," however, I spelled out the dilemmas of recentralization. And throughout I have argued that the limits of state power may be seen in the limitations of statistics necessary for planning as well as for gauging outcomes. I lean to the conclusion that in the foreseeable future Latin America should avoid creating a unified bureaucracy because the result would be a downgrading of generally higher level talent in the autonomous agencies rather than an upgrading of talent in the central government. Also, with increasing numbers of one-party systems in Latin America, the existence of autonomous agencies means that interest groups have decentralized access to governmental resolution of their problems. Presidents simply cannot resolve all issues; and recentralization could well immobilize governmental activity as well as reduce the number of patron-client relationships in a system that presently has both centralized and decentralized sectors.

With regard to budgets, reports should flow to the central government so that at least the chief

⁹⁰According to the National Farmer's Union, *Los Angeles Times*, October 28, 1974.

⁹¹Goods add to the stock of existing supplies, tending to make items less expensive; aid money tends to drive up prices because its increase in the existing money available is not matched by an immediate increase in goods, which are delayed owing to lag time needed to stimulate imports and/or national productivity.

⁹²See Robert L. Bard, *Food Aid and International Agricultural Trade: A Study in Legal and Administrative Control* (Lexington, Mass.: Heath Lexington, 1972).

⁹³See Lester R. Brown, *Seeds of Change: The Green Revolution and Development in the 1970s* (New York: Praeger, 1970).

⁹⁴"The Power To Decide Who Lives, Who Starves," *Los Angeles Times*, October 31, 1974.

⁹⁵"The Island of Plenty," *Newsweek*, December 13, 1974.

⁹⁶*Los Angeles Times*, November 30, 1973.

⁹⁷If we classify U.S. foreign assistance under the rubrics of (a) multilateral aid (with funds administered by international agencies), (b) bilateral aid (with funds spent so that benefits accrue to donor as well as to recipient), and (c) unilateral aid (with funds granted without restriction), it is important to note that only the bilateral approach may be workable in light of recurrent world balance of payments problems. Although theoretically a country such as the United States should be able to transfer a minimum share of its GNP to developing countries, the opportune flow of international funds that could be granted to avoid interest costs and/or disruption of domestic money markets in the donor country may be irreconcilable with timing of funds as needed for the same reasons by the recipient country. For a discussion of political dilemmas in U.S. aid, see Robert N. Burr, *Our Troubled Hemisphere: Perspectives on United States-Latin American Relations* (Washington, D.C.: Brookings, 1967).

executive knows the impact of all public sector policy, even if he cannot control the decentralized branch. This leaves open to question the problem of whether or not presidents can much influence national affairs if major economic control is outside of their hands. Perhaps one solution to making national policy more effective would be to seek a better balance of agencies in both sectors, with some social agencies transferred to the autonomous sector and some economic agencies to the central sector. This would allow an opportunity to gradually strengthen centralized and decentralized bureaucracies.

The issue of recentralization itself is often obscured by (1) the obsolete geographical "federalist-states rights" debate and (2) the newer attempts of federal governments to decentralize some of the activities located in the national capital, the old geographical debate having been settled at the expense of local autonomy. It should be made clear here that even as governments such as Mexico attempt to achieve decentralization of access to the federal government (as through regional offices of agricultural credit banks) or deconcentration of industry around the capital (as through tax incentives to firms locating in distant locations), they are at the same time involved in recentralization of economic powers formerly granted without question to the decentralized agencies set up to administer nationalized firms (as in the state oil companies and railroads). The new struggle, then, involves bringing those autonomous units under central control in order that the new *técnicos* can achieve the change denied to them by fragmented power.

If governments were able to recentralize economic power in the presidency, and if they were able to generate standardized statistics necessary to make national policy, would the power of state planning remain limited? In stressing the problems governments have had in achieving goals of planning, the view may be implicit in my writings that if only the bugs could be worked out of the planning process through the gathering of appropriate data, problems would disappear. Thus some of my students have suggested that I have the faith in statistics that only a neotechnocrat could offer.

True, in writing about organizational problems rooted in lack of politico-social economic data, I have tried to avoid the pessimistic conclusion that all policy is so fraught with contradiction that action seems futile. Yet I have not always been successful in convincing my students that information should not immobilize the citizenry, caught as it is between equally convincing arguments and/or dilemmas. In short, I argue (as in my *Measuring Land Reform*) that if the scholar did not examine dilemmas and pose questions, refinement of policy would not be possible.

My view is that national policy will probably never be completely efficient, nor should it be, because the human element as reflected in policies and their outcomes tends to shift results in ways that were not intended. If so, the best governments can expect of policies is that none will "work" perfectly, but some policies will work better than others; and the process of experiment, adjustment, and adaptation to the human element can be speeded and enhanced if scholars continuously test policy outcomes against plans in order to understand why bottlenecks occur.

In "Reforms as Experiments" (1969) Donald T. Campbell has written that the problem with specific reforms is that they are advocated as though they were certain to be successful. Campbell notes that "if the political and administrative system has committed itself in advance to the correctness and efficacy of its reforms, it cannot tolerate learning of failure. To be truly scientific we must be able to experiment. We must be able to advocate without that excess of commitment that blinds us to reality testing."⁹⁸ So we must be able to learn from mistakes, hopefully before the social cost becomes too great.

In advocating that reforms be tested as experiments, Campbell notes that because in the United States we have been able to develop cost-of-living and unemployment indices that can bite the hand of the administrations who publish them, soon the time may come when planners instead of advocating one political reform can advocate alternatives should the first one fail. Negative results would thus not jeopardize the jobs of those who seek to learn by evaluating outcomes of policy.

The political problem of data in the United States as well as in Latin America lies in the suspicion that statistics are manipulated. Given Nixon's desire to control news, there was concern that he attempted to have unemployment data rigged by such relatively autonomous agencies as the U.S. Bureau of the Census.⁹⁹ If so, confidence in other types of data for the Nixon years may be suspect.

It can be argued that the very orientation of U.S. aid encourages some countries to understate economic growth: Theoretically aid should be granted only to poor countries.

The U.S. problem of data analysis is illustrated by the fact that USAID has not cultivated a memory. In an era when two U.S. presidents — Kennedy and Johnson — tried to blot out the memory of their State Department by closing down its archival and research operations, it is no wonder that the student generation of the late 1960s complained that "history is only a

⁹⁸*American Psychologist* 24 (1969), pp. 409-429.

⁹⁹*New York Times*, November 17, 1971, p. 15.

trap to confuse and immobilize activists." Thus was experience discarded. And it is because of a distrust of history that the Peace Corps has not been comprehensively evaluated. Nor has the Department of State conducted research on the interaction of U.S.-Latin American policy; as noted on page 147, above, the Department of State empowers itself to conduct research on its own activities and on Latin America but not on the "sensitive" overlap of interests. Nixon took the process one step further, using the Office of Management and Budget to break up State's area research (such as conducted by the Bureau of American Republics) in order to focus on "functional problems" (such as U.S. trade).¹⁰⁰ In this view of research, knowledge about Latin America is irrelevant and may mislead foreign service officers who tend anyway to identify with the country where they are stationed for more than two years — hence frequent transfers of personnel. But the very reluctance of Congress to grant travel funds to USAID personnel, along with the constant transfer of officials, has meant, ironically, that Latin American officials have been able in the vacuum caused by the absence of U.S. officials to utilize U.S. funds with some degree of freedom — hopefully enough freedom to learn from *their* own mistakes.

In the general context of U.S. aid, it is important to note that U.S. assistance has often been negotiated with severe technical or methodological restrictions having more to do with AID's own faddish notions than with U.S. national interest. And because officials of recipient countries have to compromise goals and methods that they develop in the context of their own country's national needs, emphasis on the separate study of the contemporary history of any country does not produce an understanding of a program like the

Alliance for Progress. Put differently, if we study the history of the United States and the history of recipient nations as separate entities, we shall learn little about the context of aid. Where aid is developed by one country and administered to another in large amounts, the concept of "national" history tends to be negated. To understand overlapping interests, we need to turn to a book like Howard F. Cline's *The United States and Mexico* (1953),¹⁰¹ a work that shows the kinds of insight needed to understand supranational history. Cline's kind of history needs to be developed further if we are to fruitfully investigate the policy of those Latin American "nations" whose affairs have become so intertwined with the fortunes of the United States.

Normally national governments are held accountable for their country's economic development (or lack of it), each government serving as the single most important organized force that influences private as well as public activity. "Visible government policy," apparently subject to open public scrutiny, includes change in expenditure patterns, imposing of customs duties, realignment of tax schedules, etc.; "invisible policy," less subject to public view, includes regulatory processes of all kinds, financial intermediation, joint public and private investment ventures, and so forth. While it is recognized that national governments cannot be held responsible for internal problems resulting from international economic fluctuations, they are still held responsible within their country's political process for coping with those problems. Although aid could be a vital factor, among others according to differential levels of development, it hardly has the pervasive influence exercised by national governments in any one country.

In differentiating between centralized and decen-

¹⁰⁰Nixon's attitude toward research in general dictated the shifts in State Department research, witness his slashing of medical research funds in the United States: According to the cost-benefit technicians he placed in charge of the U.S. Office of Management and Budget (OMB), the benefits of basic research have no quantifiable benefits. Better, they said, focus research on crash projects to cure cancer in the same way that the atom bomb was developed. This in spite of the fact that basic research made the atom bomb crash program possible. Or put another way, the major findings that have linked viruses to cancer did not come out of an effort to find a cure for cancer but out of basic research in cell biology, the kind of research eliminated by OMB which believed that there is already an oversupply of biomedical scientists because of the fact that there are more applicants for National Institute of Health grants than there are funds! With the same reasoning, OMB cut university research on foreign areas, but with a more devious route: For years it insisted that to be eligible for federal funding, a university would have to show, for example, a heavy commitment of its own, ranging up to 90 per cent; then, OMB announced that since this university funding was so high, federal funding was not needed, ignoring the fact that the university contribution was mainly in nondiscretionary overhead expense. Further, in banning expenditure on research to channel all funds into "teaching," OMB ignored the fact that research and instruction cannot be separated, new teaching being based upon the research contributing to the development of ideas. To complete this comedy of errors, the U.S. foundations had pulled out of sponsoring foreign area research projects because the U.S. government supports foreign area studies. Thus has basic research been handicapped in foreign area studies. Presumably this decline in research on Latin America, however, should be of comfort to those Latin Americans who believe that all research on their area conducted by U.S. investigators must somehow involve spy activities. (For discussion of Nixon's misguided approach to research, see Neal S. Bricker, "Battle against Disease Threatened by Fund Cuts," *Los Angeles Times*, May 27, 1973; and "Calamitous Cut in Medical Research," *Los Angeles Times*, June 14, 1973.)

¹⁰¹(Cambridge, Mass.: Harvard University Press.)

tralized power of national governments, it could be argued that when the former delegated authority to the latter it consciously increased the number of disparate factors (including private ones) that influence the sum total of national policy. Differentiating between (a) those policies over which the central government has control and (b) the impact of all public policy both central and decentral is the task of scholars who seek to understand one of the major issues (if not the major issue) that will be fought out in Latin America during the latter twentieth century. Obviously, then, a great deal more research and data are needed.

It is an irony that only with increasing state power comes the authority to gather the kind of statistics needed for planning, power that may create more problems than it solves. So here we have yet another dilemma involving ends and means.

All scholars, however, do not necessarily agree that much data are needed, as in the case of two nonquantitatively oriented economists who note that indiscriminate collection of data in the social sciences may confuse us in the very way that was lamented poetically by T. S. Eliot: "Where is the wisdom we have lost in knowledge? Where is the knowledge we have lost in information?" Concerned with knowledge about political economy, Warren Ilchman and Norman T. Uphoff have argued in favor of the "Theory of Optimal Ignorance." Noting that data gathered without regard to organizing concepts may make the data useless, they go on to observe that because not all knowledge adds equally to problem-solving capacity, and that because some knowledge does not add as much in value as the cost of acquiring and using it, it can be concluded that some amount of "ignorance" must be judged beneficial in any particular situation: "The idea of optimal ignorance suggests that the productivity of knowledge is a function of the problems it helps to solve; that there are diseconomies as well as economies of scale in formulating all-encompassing or exhaustive explanations; that there is some point of maximum returns associated with the collection of information or additional cases and that beyond this point, diminishing returns set in with respect to acquiring and utilizing further data."¹⁰²

In making available a wide body of politicosocial economic data throughout (especially in Part II), I do so with the belief that for Latin America we have had too little data gathering and too much qualitative

analysis. To reiterate, neither does Part II comprise all of the data that could be included nor need the categories be accepted without debate. Nevertheless, if we recognize from the present sample of statistics the kinds of materials that are available, research may be stimulated. My approach of presenting classificatory or descriptive statistics also is intended to provide a basis for inductive analysis. In this regard, the reader might consider methodology in Gene V. Glass, Victor L. Willson, and J. M. Gottman, *Design and Analysis of Time-Series Experiments* (1972),¹⁰³ a work that deals with interventions in time-series analysis.

The setting forth here of some complex dimensions of time-series data has involved showing that the use of descriptive statistics can help us to understand problems of politicosocial economy. In attempting to point out bottlenecks in development and dilemmas for which there is no easy (if any) solution, my purpose is not to sow despair or discourage students of policy from seeking answers to complex problems. Nor is it to suggest that if planning deficiencies are corrected, state policy problems will be "resolved." Instead my purpose is to encourage realism in studies for planning, realism that recognizes the limits of state power to bring about change. Raising unjustified hopes that the state can offer salvation helps to contribute to an almost religious faith in the power of state policy to remake society. Such faith not only makes it difficult for leaders to make realistic political promises but makes them dependent upon political supporters who unrealistically judge the ability of leaders to face dilemmas in development.

The fact that national policy has never fully achieved all its goals, as in the example of creating a New Man, has led to two arguments, neither one helpful in developing policy. On the one hand, it is seen to have failed in every instance because bureaucracy takes precedence over common sense and humanistic state action; on the other hand, the state is seen never to have achieved all of the power necessary to implement its plans to redirect society. In between these two poles, policy makers will continue to juggle the interests of the public and private sectors as they attempt to meet unforeseen future challenges.

Perhaps until the limits of state policy options are understood by leaders and followers (as well as by students of Latin America), the only result can be a developing frustration that all is not going well or that

¹⁰²*The Political Economy of Development* (Berkeley: University of California Press, 1972), pp. 8-14; quotes are from p. 12 and p. 9, respectively.

¹⁰³(Boulder: Laboratory of Educational Research, University of Colorado.) Cf. Alejandro Portes, "Sociology and the Use of Secondary Data," in Robert S. Byars and Joseph L. Love (eds.), *Quantitative Social Science Research on Latin America* (Urbana: University of Illinois Press, 1973). Readers will also want to consult Roberto Cortés Conde and Stanley J. Stein (eds.), *Latin America: A Guide to Economic History, 1830-1930* (Berkeley: Published by the UCLA Latin American Center and University of California Press, in preparation).

research is useless. It could be argued that this view, if accepted, could lead to a perpetuation of the status quo. In such a view, frustration is seen to be necessary in order to stimulate new approaches to implement change. Frustration can thus be positive, but unless it is understood that frustration may itself lead to precipitous state action that only unnecessarily complicates

matters, frustration may well be a negative influence. The difficulty for leaders and followers is learning how to live with ever new problems, problems that can be solved only when they are identified. Here lies the challenge to us all: To continue research that will help to understand approaches to truth in complex and changing situations.