

CEPAL

Review

Executive Secretary of ECLAC
Gert Rosenthal

Deputy Executive Secretary
Carlos Massad

Director of the Review
Aníbal Pinto

Technical Secretary
Eugenio Lahera



UNITED NATIONS
ECONOMIC COMMISSION FOR LATIN AMERICA AND THE CARIBBEAN

SANTIAGO, CHILE, DECEMBER 1990

CEPAL

Review

Santiago, Chile

Number 42

CONTENTS

Note by the secretariat	7
Opening statement delivered by the Executive Secretary of ECLAC, Mr. Gert Rosenthal, at the seminar on "The ideas of ECLAC and of Raúl Prebisch".	8
The nature of the "principal cyclical centre", <i>Celso Furtado</i> .	11
The present morphology of the centre-periphery system, <i>Jan Křákal</i> .	17
The early teachings of Raúl Prebisch, <i>Aldo Ferrer</i> .	27
Neo-structuralism versus neo-liberalism in the 1990s, <i>Oswaldo Sunkel</i> and <i>Gustavo Zuleta</i> .	35
Evolution and present situation of styles of development, <i>Eric Calcagno</i> .	53
Adjusting power between the State and the market, <i>David Ibarra</i> .	67
The State and changing production patterns with social equity, <i>Eugenio Lahera</i> .	93
Runaway inflation: experiences and options, <i>Felipe Pazos</i> .	115
Structural elements of spiralling inflation, <i>Héctor Assael</i> .	131
Latin American integration and external openness, <i>Germánico Salgado</i> .	135
Present and future integration in Central America, <i>José Manuel Salazar</i> .	157
Economies of difficult viability, <i>Arturo Núñez del Prado</i> .	181
The Mexican economy at the end of the century, <i>Miguel Sandoval Lara</i> and <i>Francisco Arroyo García</i> .	195
Economics and happiness, <i>María Conceição Tavares</i> .	211
Guidelines for contributors to <i>CEPAL Review</i> .	221
Some recent ECLAC publications.	223

**OPENING STATEMENT DELIVERED BY THE EXECUTIVE SECRETARY
OF ECLAC, MR. GERT ROSENTHAL, AT THE SEMINAR
ON "THE IDEAS OF ECLAC AND OF RAUL PREBISCH"
(Santiago, Chile, 3 September 1990)**

I would like you to know, first of all, that welcoming you to the opening session of this seminar is not just another routine event for me. It is the affirmation of an institutional identity which unquestionably bears the original stamp of Raúl Prebisch. It is a gathering of people who have helped to make ECLAC what it is, people who, although belonging to a number of different generations, have many things in common: firstly, their identity and calling as Latin Americans; secondly, their commitment to integral development; and thirdly, the fact that they approach their work in a way that strives to reconcile theory with praxis or, in other words, to bridge the gap between thought and action. These three traits have given this institution an identity of its own throughout the 42 years of its existence, an identity which sets it apart from other United Nations bodies and institutions and which, indeed, makes it unique among organizations of its type.

The other element which gives it this special identity –this originality– is the content of ECLAC thinking. This content is not static; the *idéés-force* of ECLAC were not conceived as a doctrine but rather as a dynamic body of thought which expressly recognized the need to adapt to changing economic and social circumstances, including those changes brought about by development policies themselves. As you will recall, Raúl Prebisch himself repeatedly called upon us to “re-work our ideas unceasingly”.

This was no doubt the reason why, when Aníbal Pinto came to me with the inspired idea of holding this seminar, he hastened to make it clear that he was not thinking of a nostalgic event or of a retrospective or historical analysis of the germinal ideas of Raúl Prebisch and ECLAC. He told me that his intention was instead to analyse the major themes that concerned the pioneers of this institution, but within the context of present and future circumstances. His clarification was unnecessary: the analysis of past and present ECLAC thinking is an integral part of the effort to update its ideas which the secretariat has been making for some time now.

There is no question about the fact that ECLAC succeeded, in its early years, in articulating a coherent body of thought regarding Latin American economic progress in the initial decades of the post-war period and that this message became part of the region's collective consciousness. Some refer to this message as the institution's “*idéés-force*”; others simply call it “the thinking of ECLAC”. By whatever name, this message both offered a conceptual framework and set forth general guidelines for action which were valid for the majority of the countries. In other words, many of these ideas proved to be highly relevant because they both fulfilled their purpose in pragmatic terms and served the equally important function of stimulating debate.

It is also clear that, beginning in the 1960s, this message was called into question from various standpoints and that it came under increasing fire in subsequent decades as changes –in the objective situation as well as in the prevailing interpretations of that situation– occurred both outside the region and within it. At the same time, the differences among various groupings of countries in the region were widening, thereby making it increasingly difficult to send a “message” that would be equally relevant to a small, agro-exporting country and to such a giant as Brazil. The secretariat's response to this questioning and to the changing times was, on occasion, a cause of some perplexity, although it was always tempered by attempts to update its original message. This was accompanied, as many of you know, by the emergence of a debate within the secretariat as to the wisdom of addressing all-embracing themes or of concentrating its efforts on specific problems. Be

that as it may, the institution, faithful to its legacy, never renounced the idea of seeking out "Latin American paths" to development.

In all modesty, I believe that in recent times we have succeeded in capitalizing upon those many years of effort, in delineating what are at least the main parameters of an updated body of thought; these ideas are set forth in our study, *Changing Production Patterns with Social Equity*, with which all of you are familiar, and are part of what Osvaldo Sunkel, in his contribution to this seminar, has called "neo-structuralist" thinking. Our proposals and interpretations undoubtedly suffer from some gaps and weaknesses, but they nonetheless offer a frame of reference which will enable us to carry our work forward, to probe more deeply into some subject areas, to update our proposals on an ongoing basis as circumstances change, and to adapt them to the differing situations in individual countries.

Although it was not our specific intention, our recent proposals address the same concerns that were explored in the germinal works of the Commission, which also correspond to the major subject areas into which the discussions to take place at this seminar have been divided. Today, as yesterday, our attention is drawn to the subject of the application of technical progress to the production process, although now our main focus is on *systems* of production, in their role as vehicles of innovation, rather than on industrialization *per se*. Today, as yesterday, we stress the impact of the institutional rigidities and structural obstacles that hamper economic development, and therefore contend that the free operation of market signals is not in itself enough to overcome all those obstacles. Nevertheless, we also recognize that the redefinition of the role of the State and its adaptation to the new demands being placed upon it and society is an imperative of our times. Today, as yesterday, we place emphasis on the asymmetrical relations existing between the countries of the "centre" and those of the "periphery", even though our proposal as to how to rectify that asymmetry may have taken on a somewhat different shading. Today, as yesterday, we are concerned with social equity, and with democracy; we argue that there can be no lasting changes in production patterns without greater social equity, and that the converse is also true. Today, as yesterday, we seek modalities of economic integration that will be functional in terms of the national development strategies chosen by the countries of the region.

Thus, this seminar provides us with an opportunity to take a fresh look at old topics within a new context, as well as to avail ourselves of the presence of so many eminent representatives of different stages of Latin American economic and social thought. We are honoured by the presence of each and every one of you, from the pioneering Celso Furtado to my predecessor in this post, Norberto González; from my former colleagues Eric Calcagno and David Ibarra, to those who did so much to enrich the thinking of ECLAC in the 1960s and 1970s, such as Aldo Ferrer, Germánico Salgado, Felipe Pazos, Manuel Balboa and Fernando Henrique Cardozo; from the unfaltering champion of numerous causes, Maria de Conceição Tavares, to the many colleagues who still serve the secretariat as staff members or consultants and who are participating in this event; from Aníbal Pinto, the Director of the *CEPAL Review*, and Osvaldo Sunkel, the Director of the journal *Pensamiento Iberoamericano*, to the new generations of Latin American economists so ably represented by José Manuel Salazar, Félix Jiménez, Francisco Arroyo and Miguel Sandoval.

I am deeply pleased to extend the warmest of welcomes to you, and to express the hope that this inter-generational meeting will serve as a source of enlightenment, in the best ECLAC tradition, for the good of the countries of our region.