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Academy of Sciences of the USSR, Institute of World Economy and International Relations, *Economic Problems of the Latin American Countries* (edited by V. Ya. Avarin and M. V. Danilevich), Moscow, , 1963, 512 pp.

This is the most comprehensive of the works on the Latin American economy published in the Soviet Union. *Проблемы современной Латинской Америки* (Problems of Contemporary Latin America), the forerunner of this work, which was published in 1959 by the same Institute, was not so comprehensive or systematic as this one.

Needless to say, this work challenges the Western, or North American theories of economic development which are specifically adapted to Latin America. In Chapter I (Problems of Economic Development of the Latin American Countries), O. G. Klesmet classifies these theories into three categories, and analyses and criticizes them.

The first theory taken up is the "theory of comparative costs." This antiquated theory is still utilized not only by North American, but also by Latin American economists and statesmen, in order to prolong the backwardness of that area and U. S. domination there, in spite of the fact that this theory has been refuted by the recent deterioration of the terms of trade in Latin American countries.

The second theory is the "theory of the peripheral economy," propounded by Raúl Prebisch in his work, *The Economic Development of Latin America and Its Principal Problems* (New York, 1949). Though refuting the first theory, this one intrinsically defends U. S. imperialism. It argues that the organized labour of the industrial countries as well as technical progress must be blamed for the unfavourable terms of trade to Latin America, ignoring the fact that the foreign monopoly unilaterally determines the prices of export goods from that area. It is proposed that Latin America develop the export sectors (producing the raw materials) and the sectors producing consumer goods, leaving in foreign hands the production of producer goods, which these countries should receive in the form of foreign investment "within the framework of a general developmental programme." This is the substance of "industrialization" proposed by Prebisch.

The last theory to be scrutinized is the "theory of economic growth." Almost all works by the Economic Commission for Latin America have been written on this theory. It reduces all economic phenomena into quanta by measuring the economic growth of real national income per capita, puts a veil over the contradictions of free capitalist production, creates illusions on the future development of capitalism, and ignores the relations of production. It upholds the necessity for Latin America to receive "aid" from the industrial

countries, principally in the form of direct private foreign investment, ignoring the fact that newly acquired values have been and are being drawn from the Latin American countries in the form of profits, dividends, interests and so on, and that the foreign capital is infiltrating the most important sectors of industry. The famous Brazilian economist, Helio Jugueribe and Celso Furtado, stick to this theory as well as do many of the leaders of the Latin American governments' policy of "industrialization." José Figueres, the ex-President of Costa Rica, belongs to this group too. Though he has been and is still putting out stringent expressions against U. S. imperialism, he has never demanded the nationalization of foreign enterprises. Raúl Prebisch propounded this theory around 1960 (his paper, "Producir y vivir dependen de Latinoamérica" *Combate*, Enero-Febrero 1961, is cited in this work). He emphasized the necessity for Latin American countries to receive loans from other governments or international financial organizations which reinforce the private capitalist sectors in these countries, in order to rescue Latin American private enterprises from the unfavourable conditions of being in competition with foreign private capital.

Hence the following conclusion :

"Many bourgeois economists regard Latin America as the appendage of the United States, an area which ultimately can be developed only with the 'aid' of this country in one or another form. Thus they emphasize the dependence of Latin American countries on the United States, and their inability to liquidate their economic backwardness with their own means, thus discrediting the true creative forces" (p. 47).

Naturally, the "Alianza para progreso" is in essence regarded as the same to Prebisch's theory, in M. A. Grechev's Introduction. Against this, the Soviet view on Latin American economic development is presented as follows :

"Latin American countries can realize a striking improvement in economic conditions only by carrying out anti-imperialist, anti-feudalist revolutions and by establishing the democratic governments of the national liberation front" (p. 32).

This general principle is demonstrated as being the truth by many facts in five aspects of the economy, as seen in the titles of the following six chapters :

- II. Foreign Capital in Latin America and the So-Called American Aid (K. S. Tarasov).
- III. The Energetic and Raw Material Resources of Latin America and Their Utilization (O. G. Klesmet).
- IV. The Growth of the Manufacturing Industry (O. G. Klesmet).
- V. The Socio-Economic Conditions of Agricultural Production (M. V. Danilevich and A. F. Yurlov).
- VI. The Agricultural Economy and the Struggle of the Peasants for Agrarian Reform (Yu. G. Onufriev).
- VII. The Foreign Trade of the Latin American Countries (Z. I. Romanova).

In the next chapter, I. K. Sheremet'ev, the author of *Государственный капитализм в Мексике* (State Capitalism in Mexico), (Москва, 1963), deals with "On the Rôle of Government in the Economic Development of Latin American Countries." The last chapter (The Relations between the Class Forces in the Struggle for Liberation), written by A. F. Shul'govsky and A. I. Kalinin, gives us the Soviet perspective for the struggle of national liberation.

Since this work presents us the Marxist-Leninist approach to the Latin American economy, this work is likely to be neglected by the economists of the Western proclivity in a torrent of refutations. But even Western economists have been forced to take into account the non-economic factors such as education and culture, especially in order to understand the economic problems of the underdeveloped areas. Hence, the necessity to put this challenge into serious consideration, a challenge which maintains that economic development be treated in context of the socio-economic structure. Furthermore, this work is not only theoretical. Its thesis is founded on many concrete examples, above all the experiences of the Cuban Revolution. Even the most obstinate opponents of that revolution cannot deny the fact that it has accomplished many wonderful tasks in its short life, especially the task of liquidating illiteracy, reducing the illiteracy percentage to only 3.5 per cent—one of the lowest in the world—in contrast to the scant accomplishments of "Alianza para progreso." Even the proponents of the above-criticized theories cannot deny the realities of the predatory activities of the U. S. imperialists, the poverty-stricken life of the Latin American people, the non-existence of political liberty among the common people and so on, as seen in the works by fact-finding eminent North American journalists such as Carleton Beals (*Latin America: World in Revolution*, London, 1963) and John Gerassi (*The Great Fear in Latin America*, New York, 1965). Now, we should search for a way to bring to the common people of Latin America "freedom of speech and expression—freedom of every person to worship God in his own way—freedom from want—and freedom from terrorism" without any prejudice.

After reviewing the theoretical or methodological problems, I think some points as being worthy of mention. The first is that this work puts the experiences of the Cuban Revolution into the forefront in order to demonstrate the applicability of its thesis almost everywhere. We should periodize the process of the revolution in order to understand it in full, since every revolution has several stages in its development. This work, however, does not show us the clear-cut periodization, generally characterizing the revolution as "the first victorious, profoundly *popular* revolution in the American continent" (p. 482—emphasized by the reviewer), though it suggests the need for such periodization, stating that "at the end of 1960 the Cuban Revolution entered into the new stage of its development" (p. 472). To take the first of two examples, Dudley Seers divides the process of the Cuban Revolution into four distinct phases: i) from January, 1959 to June, 1960, a period in which there was little attempt at state control; ii) from June, 1960 to February, 1961, a period of rapid institutional change; iii) from February, 1961 to March, 1962, a period of euphoric

planning; iv) from March, 1962, when the system of rationing was introduced, to the present, a period of growing realism (*Cuba: The Economic and Social Revolution*, Chapel Hill, 1964). Second, J. P. Morray divides the Cuban Revolution into three periods: i) from January 1, 1959 to June 27, 1959, that is, the period of the "Jacobin Restoration"; ii) from June 27, 1959 to December 15, 1959, the period of the "Defense of the Communists"; and iii) from December 15, 1959 to November, 1960, the period of the "Turn to Socialism," which was completed at that date. Though I cannot agree to either of the two periodizations, they will help in making the correct periodization, without which the experiences of the Cuban Revolution cannot be utilized.

Next, on the subject of agrarian reform, Yu. G. Onufriev argues vehemently for its necessity. He considers the existence of Latifundism as excellently analysed by M. V. Danilevich, and concludes that the agrarian reform in its true sense can be accomplished only in the socialist state. True though this is, he seems to demonstrate his conclusion so fervently that he cannot analyse the Mexican experience with deep insight. He should be able to completely destroy the illusion of a bourgeois agrarian reform, if he could trace the degenerating process of the *ejido* system, the fruit of the Mexican Revolution, which I. K. Sheremet'ev defined as "one of the most stormy bourgeois-democratic revolutions in the Western Hemisphere" in his above-mentioned work. This task will remain important to the study of Latin American economy, even if it is out of the range of this work.

Third, we can find some change in the Soviet evaluation of the rôle of state capitalism. Though M. A. Grechev wrote, "State capitalism, under the conditions which prevail in Latin America (the public sector, in particular), plays a generally progressive role" ("Some of the Problems of the Economic Independence of the Countries of Latin America," in *Мировая экономика и международные отношения*, No. 10, 1960, transl. in *Third World in Soviet Perspective*, Princeton, 1964), the same Grechev argues in this work as follows:

"While mentioning the progressive character and anti-imperialist orientation of state capitalism in the underdeveloped countries, it should at the same time be emphasized that in Latin America, in particular, it assumes a contradictory character and there exists a possibility of its being utilized by the reactionary classes and the foreign monopolies in their interests" (p. 10).

I. K. Sheremet'ev, too, after clarifying its dual character, indicates the danger of its being used as an instrument by the emerging big or monopoly capitalists of Latin America as well as by the U. S. monopoly capitalists to fortify their positions, especially in the comparatively developed countries, such as Mexico, Argentina, and Brazil. In this regard, two points should be put under consideration. Why mention the progressive rôle of state capitalism in the underdeveloped countries, particularly in Latin America, where it is likely to be utilized by the reactionaries? Indeed, as Sheremet'ev states, "the appearance and development (of the state capitalist sector) is irrevocably connected with the struggle of the Latin American people against foreign imperialism

in reinforcing and developing the national economy" (p. 371). However, does not the progressiveness of state capitalism depend on the very character of that government? Then, there is the difficulty in dealing with Latin America as a unity. While the relatively developed countries are dealt with in comparative detail, other small countries are likely to be neglected, in this respect as well as in others. Of course, the mechanical equality of treatment is not adequate for understanding reality, but this work does not seem to mention the small countries enough.

Fourth, on the subject of foreign aid in contrast to self-help. This work naturally puts emphasis on economic aid from the socialist countries which can help the Latin American countries in becoming self-sufficient. Though it is a fact that these countries can attain their aims of industrialization more easily than before because of the growth of the socialist circle, the tendency to over-estimate the rôle of economic aid from the socialist countries, above all from the Soviet Union, can be seen in this work. Is it not the fact that foreign aid in general should be able to play a positive rôle in economic development only with the serious efforts of each aid-receiving country? This over-estimation seems to lead to a too bright perspective for Latin American national liberation, hand in hand with a somewhat mechanical way of thinking, as seen in the three points mentioned above. We can find a citation from "El Siglo," that "election campaign of 1964 (in Chile) can guarantee the advent of the Popular Action Front (FRAP) to power and the establishment of a popular government," a statement with which the author seems to agree (p. 460). But this prophecy was betrayed.

With the above-mentioned weak points, which can be corrected or may have been corrected, this work is very instructive. Such a large-scale task as a study on the "Economic Problems of the Latin American Countries" in the true sense cannot be accomplished by any individual, but only by collective work. Indeed, U. S. scholars have published many collective works on Latin America, but they are only the collections of the separate essays by each writer, and, therefore, not so comprehensive or so consistent as this work. The earlier publications by the Soviet writers are only collections of separate essays. With this in consideration, I can say that this work represents the fruit of the Soviet energetic efforts towards the Latin American studies particularly since the victory of the Cuban Revolution. Last, it is worth mentioning that the many statistical tables in this work are very valuable; above all, Table 48, *The Number and the Extent of the Farms in Each Group in the Latin American Countries*. (Hiroji Okabe)