

## NOTA DA REDAÇÃO

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# FURTHER REMARKS ON THE PROBLEM OF INTEGRATION OF LESS DEVELOPED COUNTRIES

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## INTRODUCTION

In its issue of March 1965 (Vol. 19, N.º 1) the *Revista Brasileira de Economia* published two lectures of mine on "Economic Integration" which had been given in July 1963. The first of these dealt with the European experience and the second with some problems of economic integration of less developed countries (l.d.c.s).

The present paper has two purposes. First, it develops further certain aspects of the general theory sketched in the earlier papers — aspects which for lack of time I sidestepped in 1963, but had discussed elsewhere.<sup>1</sup> Secondly, it analyzes and criticizes alternative "anticlassical" views on integration of l.d.c.'s which have been put forward with considerable heat and emotion in recent years and have gained fairly wide acceptance in Latin America. I shall refer especially to the very useful volume, *Latin American Economic Integration*,<sup>2</sup> edited by M. S. Wionczek, particularly to the introductory essay by the editor and to Part One,

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1) See especially "Bemerkungen zum Problem des wirtschaftlichen Regionalismus" in *Wirtschaft, Gesellschaft und Kultur*. Festgabe für A. Müller-Armack, Berlin 1961, pp. 415-424.

2) English edition, F. A. Praeger, New York, 1966. Original Spanish edition, Mexico City, 1964.

"Theoretical Approaches", with contributions by B. Balassa, Staffan Burenstam Linder, and H. Kitamura.

## THE THEORY OF PROTECTION AND INTEGRATION

My 1963 lectures were based on the modern "neoclassical" theory of customs union associated with the names of Viner and Meade. The key concepts in this theory are "trade diversion" and "trade creation." Broadly speaking, a concrete customs union or integration scheme is judged to be a step in the direction of freer trade to the extent that new trade is created, and a step towards more protection to the extent that trade is merely diverted from cheap outside sources of supply to more expensive sources of supply inside the customs union. Being good free traders, both Viner and Meade quite naturally judge the desirability of a concrete customs union according to whether trade diversion or trade creation predominates. They lay down certain broad rules and criteria by which to estimate the likelihood that the joining of two or more economies will result predominantly in trade diversion or trade creation. However, their line of reasoning obviously requires a qualification in one important respect. Viner and Meade, as well as the present writer, are free traders, but not unqualified free traders. Every modern theorist admits that there exist valid exceptions to the rule that complete free trade maximizes national income or economic welfare. For example, judicious application of protection can improve the terms of trade and so increase national income of some countries, although at the expense of others ("Optimum Tariff theory"). The infant industry argument for protection, which is closely related to the argument based on the existence of external economies and disguised unemployment,<sup>3</sup> goes further: These arguments make it possible to show not only that countries practicing protection may thereby improve their own position in the long run, but also that these improvements are not necessarily obtained at the cost of other countries.

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3) For a more detailed discussion of the precise relation between these arguments see my *Survey of International Trade Theory*, Princeton 1961, and my paper, "An Assessment of the Current Relevance of the Theory of Comparative Advantage to Agricultural Production and Trade", *International Journal of Agrarian Affairs*, Vol. IV, N.º 3, May 1964. Bhagwati and Johnson have shown that, strictly speaking, these arguments do not justify protection, but internal subsidies. I will, however, not press this issue in the present paper. See H. G. John, "Tariffs and Economic Development", in *Journal of Development Studies*, Vol. I, October 1964, and "Optimal Trade Interventions in the Presence of Domestic Distortions", in *Trade, Growth and the Balance of Payments*, Chicago, Amsterdam, 1965. J. Bhagwati and V. K. Ramaswami, "Domestic Distortions, Tariffs and the Theory of Optimum Subsidy", in *Journal of Political Economy*, Vol. 61, February 1963.

Now, these qualifications of the free trade position obviously apply also when it comes to form a judgement concerning the economic desirability of customs unions. Concretely, the statement that a given customs union or free trade area is on balance trade diverting, that is protectionist, and therefore undesirable, only establishes a presumption; that is to say, the statement can be invalidated by the demonstration that one or more of the conditions under which a certain amount of protection can be justified actually exists in the customs union area. For example, if LAFTA diverts trade from the outside to its own members, the result may conceivably be a long-run increase of national income in LAFTA countries, provided conditions for successful infant industry effects actually exist. The distribution of hypothetical gains among the LAFTA members and the repercussions on the outside world, which in theory can be favorable or unfavorable, are different questions which will not be taken up in the present paper.

This reasoning is a straightforward extension of the neoclassical theory of trade policy to the customs unions and integration problem. It can be described as the transfer of the theory of infant industry protection (or 'external economies' or "disguised unemployment", etc. argument for protection) from a single country to a region consisting of several countries.

It is true, Viner and Meade have not explicitly discussed that aspect of the theory of customs unions (apart from occasional hints). But Meade has written extensively on the theory of trade policy in his *Trade and Welfare* and is, I am sure, fully aware of the necessity of combining the two branches of analysis — the theory of customs unions and the theory of trade policy. Viner, too, would presumably accept this proposition.

In my Rio lectures, I consciously avoided this problem. Starting from the assumption — which in my opinion is unquestionably fully justified — that in all or almost all Latin American countries protection has been carried to extreme lengths, far beyond anything that can be justified on rational grounds (whether infant industry, external economies, disguised unemployment or what not), I argued that any creation of new trade, whether regionally restricted or not, would be unquestionably advantageous. To put it differently, in the context of Latin American reality of extreme economic nationalism and protectionism, invocation of economic theories of infant industry effects, external economies and the like, for the purpose of justifying *additional* doses of protection, strikes me as an irrelevant refinement. This judgment may, of courses, be questioned. But the questioner should not overlook the fact that these refinements are part and parcel of the neoclassical theory. In other words, a successful challenge of the above judgment would not constitute a refutation of neoclassical theory.

## CRITIQUE OF ALTERNATIVE VIEWS

I take as the object of my critique Wionczek's "Requisites for Viable Integration" in the above-mentioned volume. This essay contains an able and convenient presentation of the "anticlassical" position. Wionczek calls it the "Nurkse-Myrdal-Prebisch School" and pits it against the "Marshall-Viner-Haberler School". Of the former, he says that they "transfer the 'infant industry' concept from a country to a region". This statement betrays a misconception of the neoclassical theory. The application of the infant industry argument to the problem of judging the desirability of a customs union is, as was shown above, a straightforward extension of the Viner-Meade theory of customs unions.

Wionczek repeats the well-known proposition that neoclassical economists are not interested in growth. This again rests on a misunderstanding. Some neoclassical economists have not written explicitly on growth. Others — e. g., Marshall, J. B. Clark, Schumpeter — had a good deal to say about growth. It is true that formal growth theory is a comparatively recent development, and was at first cultivated along Keynesian lines (Harrod-Domar models). But in recent years several writers have taken the trouble to spell out the growth implications of neoclassical theory. In other words, "neoclassical" growth theories have been constructed. (See especially Meade's book, *A Neoclassical Theory of Economic Growth*, London, 1961.) Things happen fast in this area and Wionczek's statement was out of date before it was written.

From their lack of interest in growth it follows, according to Wionczek, that the neoclassical school never developed an adequate dynamic trade theory, while the static theory has been highly refined. He quotes Bhagwati to that effect. That there does not exist a fully developed dynamic trade theory is, of course, true. Wionczek could have quoted Caves (*Trade and Structure*) or, for that matter, the present writer, who have commented on the non-existence of an explicit, fully elaborated, dynamic theory of international trade corresponding to the sophisticated, highly refined, static theory of international trade.

Wionczek's implication, however, that the static nature of the neoclassical theory debars the neoclassicals from saying anything useful on dynamic problems is completely unwarranted, although one can often read it. Comparative statics surely is one way of dealing with problems of growth. Especially the inclusion of Marshall among those whose theory precludes them from saying anything useful on growth is, on the face of it, implausible, to put it mildly. Marshall, with his predilection for biological analogies, was very growth-conscious indeed.

One of Wionczek's main themes is that the mere "freeing of trade" through the formation of a customs union (or otherwise) is insufficient. Active steps must be taken to promote trade. Each country

in the LAFTA group must be assigned the industries they should develop. He recommends, in other words, the substitution on a large scale of regional, central planning for the forces of the market.

This, of course, raises problems with which the theorists of customs unions did not deal. I do not presume to know what Viner's and Meade's answers would be. They could well take the position that they confined themselves to working out the principles of regional division of labor under a system of competitive markets. They could add that a hypothetical, fully rational planning authority would find the logic of the ideal, competitive theory usable or even indispensable for their purposes. It is, after all, a remarkable fact that the normative aspects of competitive theory are finding increasing application in the theory of central planning.<sup>4</sup> This would be a perfectly valid rebuttal of Wionczek's strictures.

I myself go beyond that somewhat formal answer to Wionczek's strictures. It seems to me that the forces of the market are much more to be trusted than international central planning. I have commented on that in my second Rio lecture of 1963. In my opinion, it is completely utopian and unrealistic to expect a supranational Latin American development agency to determine a rational division of labor between the Latin American countries and to function effectively. Wionczek, who like many newcomers on the Latin American scene, prides himself on his firsthand knowledge of the Latin American political and economic reality, should know better.<sup>5</sup> The Latin American countries, with their comparatively weak governments and inefficient public administration, are in an especially poor position to develop effective interregional economic planning.

This conclusion is greatly reinforced by the fact that the differences between Latin American countries with respect to economic, political development, internal cohesion and so on, are very great. Wionczek is,

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4) For an interesting discussion of this fact in another area see R. M. Solow's De Vries Lectures, *Capital Theory and the Rate of Return*, Amsterdam, 1963. But it has been commented on by many writers on numerous occasions, e.g., Lerner. It is a fact that economists in Communist countries are becoming increasingly aware of the usefulness of modern theory.

5) On page 11 a flash of realism appears when he suddenly doubts the feasibility "of regional development planning" and speaks "of many examples of wishful thinking so in vogue among Latin American politicians and economists". One can only add that the results of central planning in Wionczek's native Poland are not calculated to inspire confidence. On the international scale, the difficulties of planning are, of course, infinitely greater than in any one country. Can anyone doubt that international economic integration through the forces of the market in the West, on the international level as well as on the regional level, e.g., in the European Common Market, has been infinitely more successful than the attempts at integrating and coordinating the economies of the centrally planned countries in Eastern Europe? There are numerous signs that the truth of this statement is being recognized increasingly by economists in the East.

I believe, quite right when he insists that the I.d.c.'s show much greater differences in all these respects than the mature industrial countries. Furthermore, geographically, from the point of view of transportation, Latin America is a much less compact area than Western Europe.<sup>6</sup> This socio-political-geographic heterogeneity and loose-jointedness of the Latin-American continent makes economic and political integration both much more difficult and less promising. Professor Gudin believes that the common Iberian heritage of the Latin American countries is a liability as far as economic and political stability are concerned. If this is true, it is, *a fortiori*, a hindrance rather than a help for interregional integration, which spurns the price mechanism and relies on central planning.<sup>7</sup>

As many before him, Wionczek finds forerunners of, and inspiring examples for, the current attempts at integrating areas in different parts of the world in the early history of the present-day developed countries — concretely “the British colonies in North America”, “the French purposes in the face of Great Britain’s industrial progress during the first quarter of the last century” (whatever that means), and the establishment of the German Zollverein “in the face of economic hegemony of England and France”.

These historical analogies between the economic integration of European nation-states in the 18th and 19th Centuries — France, Germany, Switzerland — and present-day customs unions are very tenuous and specious indeed. Applied to the case of Latin America, these analogies and alleged lessons of history are especially superficial and inappropriate. The Zollverein was composed of innumerable tiny independent countries. The removal of this absurd fragmentation was an absolute necessity for the economic development of Germany. That is why A. Marshall called the Zollverein the greatest step towards free trade except the contemporary adoption of free trade by Great Britain. Moreover, the Zollverein had a very low tariff by modern standards and in the 1870’s Germany went practically free trade. By no stretch of imagination can her protectionist policy after 1879, with its high duties on iron and steel and foodstuff, be justified on infant industry grounds — on the contrary, it slowed the process of industrialization and economic growth.

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- 6) Curiously enough, Balassa ignores the basic geographic and transport facts when he criticizes the view that “the low degree of economic intercourse in less developed areas” reduces the advantages that can be derived by them from regional integration (pág. 31). To the extent that the low level of inter-regional trade is due to geographic and transport factors (real or artificial — on the latter see my second Rio lecture), the theory criticized by Balassa is certainly correct.
  - 7) It is true that common Iberian heritage eliminates the language barrier. The European Economic Community has shown however, that the language barrier is not a decisive impediment to integration if conditions are otherwise favorable.

The French policy in the post-Napoleonic period was highly protectionist until 1860. Economic historians are unanimous in their opinion that it was very poorly conceived and held up French industrialization and economic development.

The United States is the classical country of infant industry protection in the 19th Century. But the conditions for economic and industrial growth were so favorable in North America that the tariff policy was a comparatively unimportant element in the overall picture. Fortunately, we have F. W. Taussig's careful and extensive studies on the U. S. tariff and its bearing on the development of the United States' economy as a whole and on particular industries. They do not offer much comfort to the infant industry thesis. Wionczek quotes with relish (from Sidney Dell) a statement by Alexander Hamilton to the effect that "the U. S. cannot exchange with Europe on equal terms, etc.,". It is, course, very easy to find similar statements from any number of protectionists in every country of the world — but what does that prove?

I cannot see any support for the Prebisch-Wionczek approach to Latin American integration in these historical examples.

Wionczek then lists "criteria that the advanced countries prescribe for the l.d.c.'s integration programs" — to wit, that the tariff of the customs unions should be uniform,<sup>8</sup> that internal duties be substantially eliminated, that market forces should be allowed to operate inside the customs unions, that currencies should be convertible rather than regional payments unions be set up, etc. He declares these rules inapplicable to Latin America, forgetting that they were approximately the principles on which the *Zollverein* and other early integration schemes were operated, which he himself holds up as historical examples of successful integration. How it is possible "to establish regional payments systems" between financially undisciplined countries with an enormous range of different degrees of inflation — prices remaining fairly stable in some countries (Mexico and Peru) while rising 30 per cent, 40 per cent or more in others — is not indicated.

Wionczek and other contributors in the volume under consideration feel strongly that the comparatively backward countries in a regional integration scheme — Wionczek mentions Bolivia and Ecuador as examples in LAFTA — should be allowed to protect themselves against the comparatively advanced members. They think that this is in basic contradic-

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8) In this connection, it is interesting to observe that N. Kaldor, who is not known as a doctrinaire advocate of *laissez-faire*, suggests a uniform tariff on imports of all manufactured goods in l.d.c.'s. This would provide infant industry protection and leave the selection of the suitable lines of production to the forces of the market. (*Revista Brasileira de Economia*, Vol. XI, pp. 28-29, March 1957.) This is the same recommendation that I myself gave in my Cairo Lectures on *International Trade and Economic Development*.



tion to the classical position. It can be argued that special exceptions for weak members of a customs union would contradict the spirit of the GATT rules — although the actual formulation of the General Agreement on Tariffs and Trade is so full of holes that an able lawyer would hardly have any difficulties in finding an escape. But once the validity, in principle, of infant industry-external economies exceptions to the free trade rule is granted — which all neoclassical economists do — it is not impossible to justify special treatment for backward areas, provided it is shown that the conditions for successful infant industry, etc. protection do actually exist.

However, the trouble with most essays in this volume is that the authors are not familiar with modern economics. They do not realize, to paraphrase A. Marshall, that modern economics is not a collection of categorical prescriptions but an engine of analysis. Depending on the factual assumptions and value judgements that are fed into that analytical engine, it is capable of turning out rather unorthodox policy prescriptions. It can also be abused. By feeding unrealistic factual assumptions and perverse value judgments into the analytical machine, one may easily obtain perverse and wholly unrealistic results! Plenty of use is being made of that opportunity.

Returning to the case of Bolivia and Ecuador, from the protectionist standpoint it makes no sense, of course, to put them in a free trade area with comparatively highly developed countries such as Brazil, Argentina and Mexico. Hence special provisions should be made for them in LAFTA. But would it not be still better to let them have the infant industry protection which they think they require, while at the same time allowing them to buy what they have to import in the cheapest markets? Does it make sense to force them to buy automobiles, trucks, machinery, etc. from Latin American countries where these things often cost several times as much as higher quality products of the same category in Japan or elsewhere?<sup>9</sup> Where should one draw the line between developed and

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9) After one of my lectures in 1963, Professor Gudín raised exactly this same point. "Why should Peru," he asked, "buy Brazilian steel at a much higher price than Japanese steel?" Someone in the audience objected that LAFTA would not prevent Peruvian buyers of steel from buying where they found it most advantageous. This objection rests on a misunderstanding. Suppose Peru has a 200 per cent duty on a commodity which costs \$50.00 per unit when bought in Japan. Then the Peruvian consumer pays \$150.00, of which the Government collects \$100.00 as duty. Now suppose LAFTA abolishes the duty for imports from Brazil and the commodity in question is imported from Brazil for, say, \$140.00. The consumer pays, it is true, \$10.00 less than before and is thus better off than he was; but the Government loses \$100 revenue from import duties. The country as a whole loses \$90 per unit. This is exactly what economists call trade diversion. Let me finish the story. Theoretically, the loss could be turned into a gain if it could be shown that the steel industry in Brazil is subject to large *external* economies; in other words, that the steel producers under the spur of additional demand are enabled to

less developed countries among the l.d.c.'s? Is there not a whole hierarchy of countries in different stages of economic development rather than a clean-cut division in black and white?

Unfortunately, crucial questions like these are not posed, let alone answered. Wionczek would probably refer them for decision to his hypothetical-utopian, omniscient and omnipotent, interregional development authority. I can only repeat that no experience in any part of the world, least of all in Latin America, can inspire any confidence in the feasibility and efficacy of this kind of international planning.

Staffan Burenstam Linder's essay, "Customs Unions and Economic Development," suffers from some of the same defects as Wionczek's. Linder does not realize that modern economics is broad and flexible enough to put a positive economic valuation on trade diversion provided it can be shown that the economic conditions (external economies, possibility of influencing the terms of trade, etc.) for successful protectionist policies are actually present. From the practical-political standpoint, more over, it is necessary to assume in addition that the existence of the economic conditions just mentioned be correctly diagnosed and evaluated and that the policy be efficiently carried out. Ignorance on the part of the economists of the relevant theory plus the notorious weakness and inefficiency of public administration in the l.d.c.'s, plus the magnification and multiplication of all these difficulties when it comes to carrying out such policies on the international level, (even, or perhaps especially, within a region such as Latin America) — all this must raise the most serious doubts and skepticism in one's mind about the practical feasibility of complicated policies such as Latin American economic integration.

Linder's essay is based on his earlier attempt at explaining the pattern of trade of l.d.c.'s in his book, *An Essay on Trade and Transformation*, (New York, 1961). His main thesis is that l.d.c.'s are characterized by the non-existence of, or at any rate an extremely low, capability of reallocating factors of production. To my mind, he grossly exaggerates the lack of adaptability and mobility of labor and other factors of production. Surely, the more advanced countries of Latin America — Argentina, Brazil, Chile, Mexico, Peru, Venezuela, have undergone over the last decades a tremendous transformation and industrialization. Their cities have shown a phenomenal growth. The growth is not altogether healthy and government policies have greatly contributed to the rapid urbanization and industrialization. But this whole development — whether healthy, desirable, too fast, or not — categorically contradicts the thesis

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employ untrained and initially inefficient and expensive workers who, however, in the course of time become sufficiently more efficient to be able to compete with Japanese imports. All this requires, however, a lot of explanation. It cannot be simply assumed and taken for granted.

The advocates of integration at all cost are not aware of all the assumptions they have to make to prove their case and therefore never make a full evaluation.

of lacking capability of reallocating productive resources in response to market forces<sup>10</sup> and government policies. After all, the latter, wheather wise or unwise, operate largely via market forces, e.g., through stimulating import substitution by raising the domestic price of imports.

In the present paper, Linder's greatly exaggerated theory of rigidity of less developed economies leads to a series of extreme and, fortunately, utterly unrealistic statements such as these: "l.d.c.'s have exausted the possibility of stepping up their export of trade in raw materials", — it is practically impossible for them to export manufactured goods to developed countries, — "a virtual ceiling exists on their exports", — the *minimum amount of imports may exceed the maximum amount of exports*," (italics in the original), therefore an absolute, unbridgeable, foreign exchange gap exists and "the traditional balance of payments mechanism is not operative" (págs. 35-36).

According to the author, traditional theory is still applicable not only to trade between the developed countries, but also to trade between the l.d.c.'s. He does recognize, at the same time, that there exist "extreme differences in the level of development" between l.d.c.'s, but "disregards" this "important fact for the moment." I cannot see, however, how it is possible, once it has been recognized that the world is not painted in black and white but in many shades of gray, that the countries of the world do not fall into two sharply separated categories, developed and underdeveloped, but are arranged in a continuous order ranging from very backward to very highly developed — how it is then possible to say categorically that traditional trade theories apply to trade between developed countries and between l.d.c.'s, but not no trade that crosses the imaginary and arbitrary boundary between the two categories of countries. It just does not make sense and it becomes even less acceptable when the full flexibility and versatility of modern theory is understood which results from joining the classical theory of customs unions *à la* Viner and Meade with the modern theory of trade policy (infant industry considerations, external economies, etc.).

## CONCLUDING REMARKS

In order to avoid misunderstandings, which are very easy in this area as I know from experience, let me add a few things I already said or hinted at in my 1963 lectures.

- 10) Peter Bauer, in numerous publications, has convincingly demonstrated that even in countries much more backward than the Latin American republics, native farmers respond rapidly to market forces, shift from one crop to another, including tree crops (coffee, rubber) where long waiting periods are involved. It would be easy to quote dozens of striking examples from all parts of the world. See P. Bauer's latest paper, "Marxism in the Underdeveloped Countries," (in *Marxist Ideology in the Contemporary World — Its Appeals and Paradoxes*, F. Praeger, New York, 1966), which contains numerous examples and references to the literature.

I do not say that a customs union, or even a partial freeing of trade, between Latin American countries is necessarily bad. It may well be a second or third best solution as compared with the existing situation, although a *general* reduction of trade barriers though not necessarily complete free trade, would be greatly superior. Countries may maneuver themselves through repressed inflation and overvalued currencies into a situation of severely restricted trade where partial, discriminatory or even bilateral freeing of trade comes as a great relief, although a general devaluation and elimination of exchange controls would be infinitely better. It should be observed that, compared with the preexisting, cramped situation, the partial, discriminatory or bilateral liberalization of trade would constitute trade *creation*, while compared with the *best* (but politically perhaps not feasible) solution of generally freer trade, it would be trade diversion.

Or take another case. Brazil and Argentina both have by sky-high protection created an automobile industry. Argentina ended up with more automobile factories than the United States! In Brasil, too, if I am well informed, the industry was overextended, in the sense that more foreign producers were induced to set up factories than the size of the market permitted. Surely, if the two countries had in time created a common market for automobiles, they could have greatly cut their losses. That would have been trade creation compared with the existing situation although it might have been trade diversion compared with the free trade situation.

Alternatively, I could assume that the Common Market was created *after* each country has built up its automobile industry independently. The analysis in terms of trade creation and trade diversion would be substantially the same, although the *ex ante* solution is much to be preferred to the *ex post* creation of a Common Market because it avoids capital losses.

Economic justification of trade diversion when comparison is made with the free trade situation requires, of course, demonstration of conditions favorable for infant industry effects, external economies, etc.

It should be observed, also, that the absurd and wasteful over extension of the Argentinian automobile industry was due entirely to government policies. Foreign automobile firms were given overgenerous subsidies and stimulants in the form of very high prices (by keeping out imports), import licenses for equipment and probably tax concessions. A mere tariff and otherwise free competition would never have produced the very costly misallocation of resources. This is true of national protection as well as of interregional protection. A mere customs union for automobiles, leaving everything else to market forces, would be much better than an interregional authority granting subsidies to individual producers and determining who should produce what in which location.

It should also be observed that it is almost inconceivable that infant industry effects and external economies could be large enough to compensate the country for the great losses entailed by the initial waste of resources *and* the continuing exorbitant price (compared with the foreign price) of automobiles.

One more remark. My plea for more competition and a greater role for the forces of the market instead of supranational planning does not imply a plea for *laissez-faire* or a recommendation to put governments and economists out of business. There is plenty to do for Latin American governments. But governmental activities and limited resources would be better applied in other areas. With illiteracy as high as it is, with the "infra structure" as inadequate as it is, governmental services such as Post, Telegram, Telephone, not to mention Railroads, Shipping and numerous other activities (which private business could run much more cheaply and efficiently than the government) as poor as they are — under these conditions there are virtually unlimited opportunities for highly productive application of the limited human and material resources at the disposal of Latin American governments. These activities at home may be less exciting and entertaining for the participating experts than international planning with its unlimited but costly opportunities for international travel from conference to conference back and forth the continent and extended sojourns in well paid tax free jobs in any of the innumerable interregional and international organizations. But the resources, human and material, spent in the more pedestrian homework, would yield much greater economic benefits, in other words would contribute more to the growth of the economy and to the welfare of the people, than the same resources expended in fancy interregional planning.