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Overrated Integration Possibilities

There are signs that the catch-phrase "integration of developing countries" will undergo a similar change of meaning as the magic formula "development through industrialisation" has done. The euphoric belief in progress, which in the beginning of the fifties still held that global industrialisation (in the naively technical sense) was not only desirable, but also feasible, has by now, after a series of disappointments, yielded to a decidedly soberer view. The sixties have been a decade of integrations in the developing countries. There exist in the world today the beginnings of ten major attempts at integration on a multi-national basis. But in the past few years the phase of euphoria has been dying away.

The Latin American Free Trade Zone (LAFTA), which is to be the stepping stone to a Latin American Common Market, has entered upon a crisis since it has become apparent that it is no longer possible for the participating countries to discharge their obligation of successively liberalising their imports by making merely fictitious concessions. Hitherto it has been the practice to liberalise preferably goods which were in any case imported from the partner countries, but hardly those products that might have affected the interests of any producers at home. It is typical of almost all of the attempts at integration that the weaker partners concerned in the integration programme complain of being discriminated against by the stronger partners. As a rule they want a larger share in the intra-zonal trade and demand to be given more consideration when it comes to choosing sites for new industries. Experience shows that it is these weaker links in the chain that again and again threaten the continued existence of the integral structure or that, by threatening withdrawal, extort concessions, which are not always in line with rational economic behaviour.

It would however be wrong to put the entire responsibility for the hitherto meagre successes in the field of integration on national or regional self-interest, for the concept underlying any particular integration scheme is at least as much to blame. This concept creates in many cases the impression of being a strange mixture, consisting, on the one hand, of positivist common-sense postulates such as co-operation, mutual consultation, division of labour, and, on the other, of categories of integration theory like the customs union issue, larger markets, etc., — issues that have become familiar mainly through their being discussed in the context of European integration. And, although the beginnings of some integration schemes in the developing countries date back further, the example of Europe has on the whole unquestionably had a very strong influence on them. But it is precisely the analogy of Europe and the tendency to imitate the European experiment that have aroused false hopes and led in the last resort to the adoption of questionable concepts.

In developing countries, any policy aiming at integration must at the same time be a policy of development, if not institutionally, so at least in the spirit of an economic community. Where such an exacting kind of cooperation succeeds, integration attempts in developing countries have a chance of success. This is proved by the relatively successful Central American experiment. But the conditions for cooperating on a common policy of development are seldom as favourable as there, where they are helped by close geographical and cultural proximity and by a comparable level of development. Frequently, the need for cooperation is however less urgent than is generally supposed. This applies especially to the many developing countries of large dimensions. For, the larger the country is, the less can international cooperation be a substitute for operations within its own frontiers and all the greater is the weight that must be given to the task which has been aptly described by the name of "internal integration". What Nurkse once said about capital formation equally applies to integration: "one has to start at home".

Hans-Jürgen Harborth