

EIR Operation Juárez

Ibero-America needs more people, more productivity

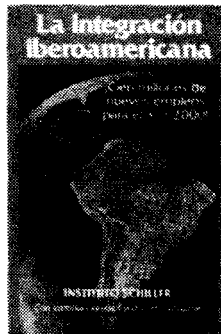
Part 10

Ibero-American integration

Taking into account unemployment in agriculture and misemployment in unnecessary services, the true level of joblessness in Ibero-America is 35%. That means that more than a third of the most important resource of the continent, its labor power, is not contributing to creating wealth.

The Schiller Institute's book, *Ibero-American Integration: 100 Million New Jobs by the Year 2000*, was published in Spanish in September 1986. An international team of experts prepared this study on the urgent measures needed to free Ibero-America of its economic dependency, elaborating the outlines of Lyndon LaRouche's 1982 proposal, "Operation Juárez."

This week EIR's exclusive English-language serialization of the book continues Chapter 4. Numbering of graphics follows that of the book.



Ibero-America is, objectively, a vastly *under* populated continent. The real problem of the present century has not been too great a growth rate, but rather that the moderate and high growth rates briefly experienced by several countries—around 3% from the end of the 1950s to the beginning of the 1970s—did not take place a century earlier. Worse, these growth rates are not even being maintained today. This is prolonging the terrible population deficit of Ibero-America, which will be a drag on development efforts for generations to come.

Map 4-1, showing the population density in 1985, shows that the population of the continent is not uniformly distributed, but is concentrated along the coast and in a few inland cities. In these areas, the population density is notably higher than the average, a feature which is both positive and negative. It is positive in that it does provide for industrial development to take place at all. But negatively, it means that the vast preponderance of the land area of the continent has densities far, far lower than even the low figures given above as national averages. This poses a stupendous challenge, as costly as it is necessary, to populate and make productive major portions of this presently all but unpopulated wilderness. This requires the construction of vast infrastructural projects, as outlined in Chapter 6. It is no exaggeration to say that populating the interior of the continent is the ultimate measure of effective development policies, and is absolutely essential for the integration and productivity of Ibero-American industry.

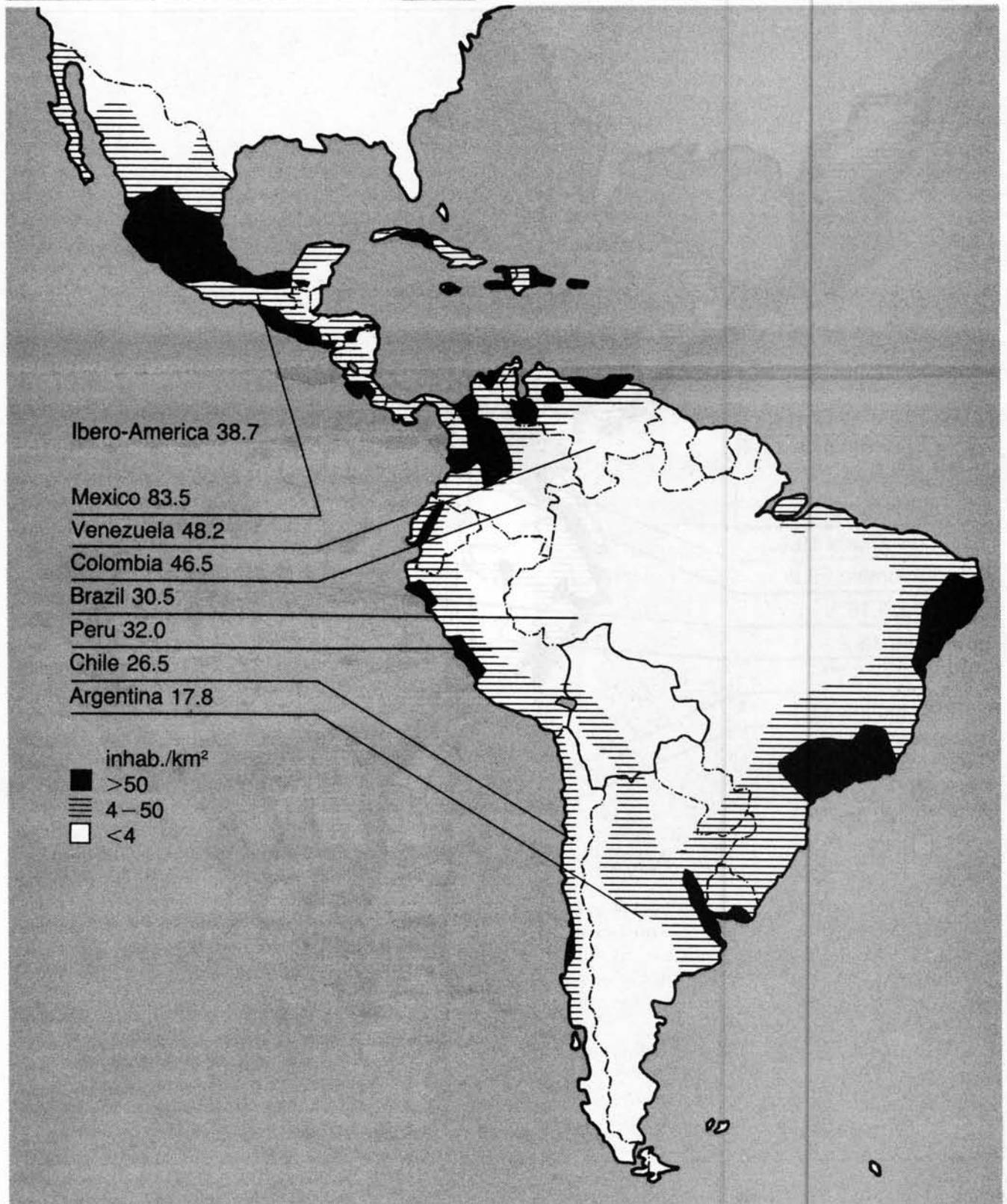
Map 4-2 indicates what the distribution and density of population in Ibero-America should be by the year 2015, when it will reach approximately 700 million persons.

Given its resource base and general characteristics, there is no reason that Ibero-America cannot become a superpower of 1.5 billion inhabitants by the middle of the next century. Apart from the Amazon jungle region and the high Andes,

MAP 4-1

Population density of Ibero-America 1985

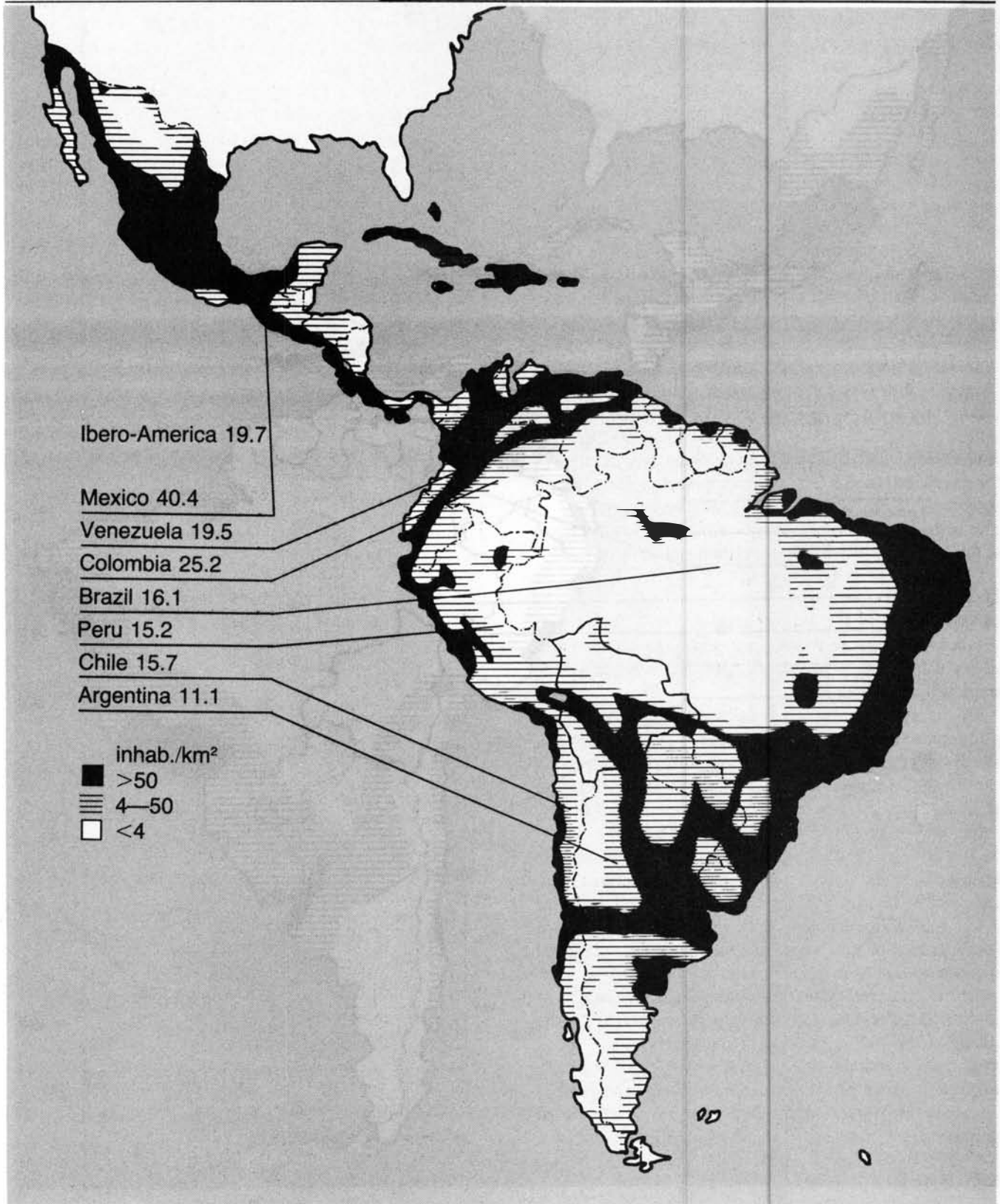
(inhabitants per km²)



MAP 4-2

Population density of Ibero-America 2015

(inhabitants per km²)



virtually all of the continent is presently or potentially habitable, and most of this area has soils suitable for economic purposes, whether crops, livestock, or forestry. Thus, on at least two-thirds of its land, Ibero-America should be able to support European levels of population density. If we take as a target just 100 persons per square kilometer—well under the 1900 density of Europe and less than half the density of most European countries today—and apply that density to two-thirds of the land area of the region (leaving a generous one-third for the Amazon, the Andes, and deserts), we find that the continent could easily support 1.37 billion people, 3.4 times more people than the present 400 million. And this is just a conservative figure. Ultimately, there is no reason not to have densities of 150 or more per square kilometer, over three-quarters or more of the territory, or 2.31 billion people, a nearly six-fold increase!

Most Ibero-American political leaders would shudder at the prospect of quadrupling or sextupling their populations, and none has set for itself such a population goal. Nonetheless, this is the proper target to set for the next century. In the fusion age approaching, the great projects galvanizing mankind will be such tasks as greening the world's deserts and colonizing the Moon and Mars. Both the scale of production and the productivities required will imply the need for 10-20 billion people on the Earth as a whole to supply adequate manpower for all the employment tasks that will be required for these and other necessary development projects. Ibero-America's destiny as the most important underpopulated region in the world must be to provide a disproportionate amount of this necessary increase in population and workforce.

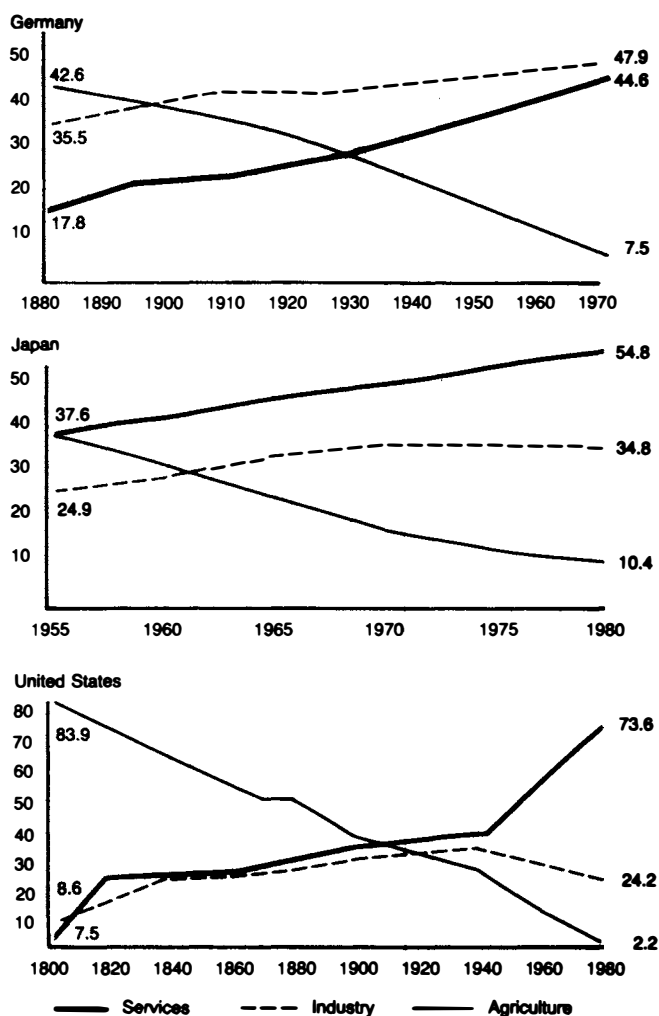
Development and the composition of the workforce

Ibero-America is not only underpopulated, but the limited population it has is to a great extent misemployed, underemployed, or unemployed.

In the first place, the composition and productivity of the workforce of a country, and in the second place the percentage of the population of working age incorporated into the workforce, determine the degree of industrial development of an economy. Before World War II, the United States, Japan, and the industrialized countries of Europe—and in the last 25 years, South Korea—moved millions of workers from the farm sector, while agriculture was becoming more and more productive and capital-intensive, into jobs in industry and services (Figure 4-2). In Germany, the United States, and Japan, the percentage of the workforce employed in goods-producing industries (mining, manufacturing, construction) grew substantially, reaching total percentages of 35-45% of the economically active population (EAP) in the decade of the 1920s. Services also grew, but the workers shifted out of agriculture were more or less equally distributed into industry and services. South Korea repeated this feat starting in 1960, shifting 30% of its workforce out of agriculture; 20% found work in industry, 10% in services.

All the important transformations experienced by the industrialized economies in their process of development were based on figures like the foregoing ones. The capacity of the agricultural workforce of developed countries to be so markedly reduced, both as a proportion of the total as well as in absolute numbers, while increasing its productivity at the same time, is the result of two factors: first, the continuous introduction of modern machinery and other technical improvements in the sector; and second, the supplying of adequate transport infrastructure to reduce the cost of carrying the products to national and world markets and stocking up on the industrial inputs needed for agriculture. The population that leaves the land is employed in industry—mainly in manufacturing, construction, and transportation—which in

FIGURE 4-2
**Composition of the workforce:
Germany, Japan, and United States**
(percentages of total)



Source: Statistical yearbooks of each country.

turn produces the tractors, fertilizers, pesticides, railroads, and electricity upon which modern farming is based. On the one hand, without a constant supply of manpower coming out of agriculture, there would not be the workforce to occupy the needed industrial jobs; on the other hand, without the enormous production of modern factories sustained by this supply of manpower, it would never be possible to supply agriculture with the inputs that allow the farm worker to quit the land.

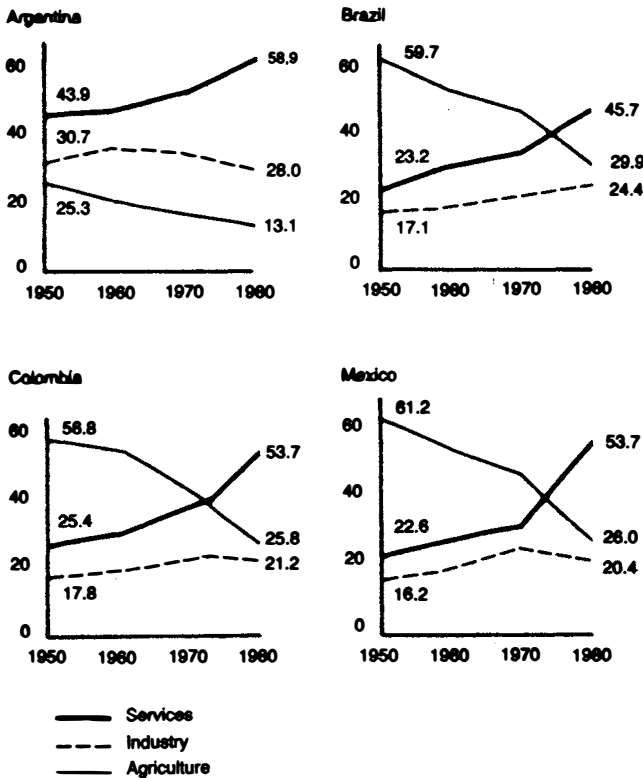
Equally important is the fact that manufacturing jobs, which make up the majority of the industrial category, underwent rapid and continuous increases in productivity per worker. These relatively high rates of productivity recently permitted the advanced countries to shift a growing proportion of their jobs into non-goods-producing services, a tendency which can be seen in Figure 4-2. A good part of this change today represents downright harmful jobs in useless services, paper shuffling, superfluous sales jobs, and so forth. But the industrialized countries continue to survive, thanks

to their high industrial and agricultural productivity, which has allowed their economies to carry this extra burden of overhead.

Compared to the norm of industrialized countries, Ibero-America has a disastrous pattern of development. As will be seen further on, and in Figures 4-3 and 4-4, in all the Ibero-American countries except Argentina, up to the mid-1960s the percentage of the workforce employed in industry was under 20%. It went up a bit in the 1970s, but in 1980 it dropped again in various countries, and since then, certainly, a great deal more. The portion of the workforce engaged in agriculture went down by 30% in Brazil, and of this reduction three-quarters—i.e., 22.5% of the previous agricultural workforce—went into services, while only 7.3% entered industrial production. In Mexico there is an even worse situation, with a decrease of 35.3% in agriculture, less than one-seventh of which went into industry—a scant 4.2%—while the rest, 31.1%, passed into the service sector. And the percentage employed in industry fell markedly between

FIGURE 4-3
Composition of the work force:
Argentina, Brazil, Colombia, and Mexico
1950-1980

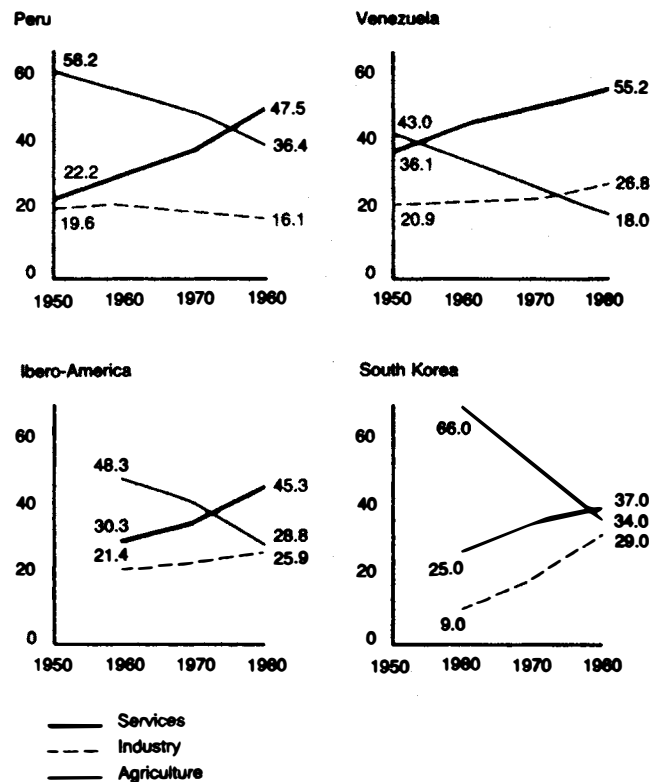
(percentages of total)



Sources: ECLA and World Bank.

FIGURE 4-4
Composition of the work force: Peru
Venezuela, Ibero-America,
and South Korea 1950-1980

(percentages of total)



Sources: ECLA and World Bank.

1970 and 1980—by 3.5%—and much more markedly after 1982, following the imposition of the International Monetary Fund's austerity regime.

Colombia, Peru, and the rest of the continent reveal the same pattern of destruction. Argentina, the only apparent exception, entered into the 1950s decade with over 30% of its workforce employed in industry, and under Perón's policy, by 1960 it exceeded 34%, at the level of most of the developed countries. Argentina, in fact, had the same potential as Japan to industrialized fully, and it was embarked on that course until the 1955 coup against Perón forced it to back down from this policy. By 1980, the proportion of the Argentine workforce with jobs in industry had fallen to 28%, and has continued to fall ever since.

South Korea, on the contrary, is a good example of a country in which the composition of the workforce was as bad as that in Ibero-America during the 1950s and 1960s, but which succeeded in making the positive changes associated with industrial development.

There is a second important problem in the composition of employment in Ibero-America. Only a very small part (about 24%) of employed workers in the industrial sector (in itself a minuscule portion of the workforce) work in the vital area of capital goods. The rest is employed in manufacturing intermediate goods and consumer goods, which are less productive sectors. As Figure 4-5 indicates, this differs strikingly from the pattern of developed countries, for example West Germany, where 49% of the manufacturing workers produce capital goods.

A similar problem is the abysmal productivity of most of the industrial workforce existing in Ibero-America. The problem is that only a small proportion of all the jobs labeled as manufacturing jobs are actually in modern industries. The typical average productivity of the industrial worker in the most modern plants that exist in each country is equal to half of the productivity of comparable industries in developed countries. But most of each manufacturing sector is made up of shops and "micro-enterprises" which are inefficient and low in productivity.

Ultimately the bankers and their "free trade" theoreticians have given to this category the elegant name of "informal economy," singing the praises of low productivity and the limited capital use in such businesses, as being great "job creators." It is the moral and economic equivalent of extolling primitive subsistence farming, because it binds the peasant to the earth. In the last analysis, such "subsistence manufacturing" of the "informal" sector is a cancer on the functioning of the economy as a whole.

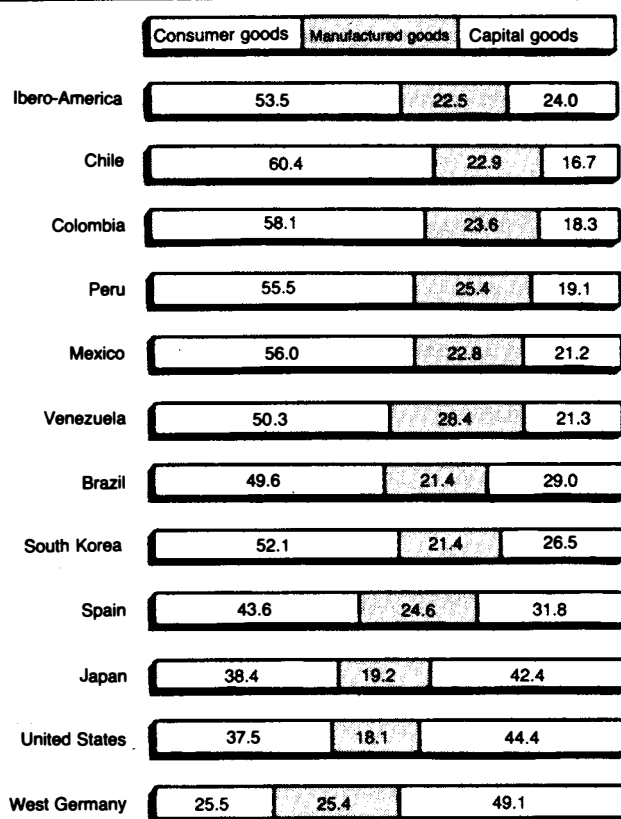
The fact that all of Ibero-America has more or less the same number of manufacturing operatives as the United States, but produces one-fourth of the value of the industrial products, is a measure of the low average manufacturing productivity of the region. And since the most modern sector of Ibero-American manufacture, from which most of the manufactured products come, has productivities which are between one-third and one-half the U.S. average productivity, this means that the rest of the manufacturing sector, which employs the great majority of manufacturing operatives but produces a small fraction of the total product, functions with very, very low productivity.

The available statistics do not allow a detailed analysis, but if we could precisely isolate the industrial jobs that correspond to the average type of industrial employment in the developed countries, the sum of these jobs would represent an even smaller percentage of the total workforce than the percentages already cited.

Thus, we have a situation defined by two great problems. The first is that employment in Ibero-America veered from agriculture directly into services, without passing first through the industrial production of goods. Ibero-America began to enter into the "post-industrial" era without ever bothering first to industrialize! The second problem, is that jobs in manufacturing plants have average rates of productivity which are unacceptably low.

FIGURE 4-5
**Employment structure in manufactures,
 various countries
 1980**

(percentages of total)



Source: World Bank.