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ASSESSMENT OF ECONOMIC DEVELOPMENT AND FOREIGN RELATIONS AS ILLUSTRATED BY THE CASE OF MERCOSUR MEMBER STATES

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Abstract. The aim of this paper is to assess the level of economic development and foreign relations of the countries forming the economic group Mercosur. Numerous economic indicators are used for the purpose of research and international comparisons. Most important are gross domestic product (GDP), national income, unemployment rate, inflation rate, foreign trade's and investments' share in GDP. Other measures, which are based on GDP, may be used for economic growth assessment. These are for example economy internationalization, activity level, openness and dependence and international competitiveness. After a brief introduction to the subject, the manner of calculating the indicators that are used for such an assessment more rarely is described. Then the indicators calculated for the current Mercosur member states are analysed.

Key words: economic growth, economic integration, Mercosur, Latin America, comparative country studies

INTRODUCTION

In comparative analyses, various measures are used for economy assessment. In international statistics, among numerous indicators, the following are considered most important [Kamerschen et al. 1991, Noga 1998, Kowalik 2003]:

- gross domestic product – GDP;
- national income;
- unemployment rate;
- inflation rate;
- foreign trade's share in GDP;
- investments' share in GDP.

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In addition to the four listed core and two auxiliary indicators used for economic growth assessment, other measures, which are based on GDP, may be employed. They include among others the following indicators:
- economy internationalisation;
- level of economic activity;
- openness and dependence;
- international competitiveness.

The indicators discussed will be used in this paper to assess the economic development level for the states that form Mercosur, in the 21th century in particular. A detailed analysis of development level in the first decade of Mercosur's activity can be found in [Kowalik 2003]. This paper is based on the author's knowledge, generally available information, UNCTAD database and information from The World Factbook unless indicated otherwise. International organisations' data were used instead of national statistical offices' data in order to ensure comparability of data.

METHODOLOGY

There are three indicators that specify the level of economy internationalisation:

$$LI_1 = \frac{Ex}{GDP} \tag{1}$$

$$LI_2 = \frac{Ex + FDI}{GDP} \tag{2}$$

$$LI_3 = \frac{Ex + FDI + FPI}{GDP} \tag{3}$$

where: *LI* – level of internationalisation;
GDP – gross domestic product;
Ex – export (goods and/or services);
FDI – foreign direct investments;
FPI – foreign portfolio investments.

In large countries, where the domestic market and considerable natural resources enable production and disposal based on domestic factors, the level of internationalisation will be low. However, in the case of small yet highly developed countries, the level of internalisation will be high. It is difficult to imagine a small country with specialised production with the assumption that it is intended exclusively for the internal market. All this is referred to in absolute terms. In this perspective, foreign trade turnover of large countries is many times as high as small countries' turnover. Countries with a low level of internationalisation (10–20%)[1] include Japan and the United States. Countries with a high

[1] Depending on which of the three above-mentioned indicators is used.

level of internationalisation (90–100%)[2] include Luxembourg and Hong Kong. Between them, there are other countries, among others Poland, with the level of internationalisation of approximately 45–55%[3].

The indicators of prosperity (*Ip*), consumption (*Ic*) and poverty (*Ipv*) can also be applied for the purpose of a synthetic comparison of the level of economic activity [Siedlecki 1993]. In the case of developing countries which face temporary inflation-related difficulties applying the indicator of poverty appears to be rather inefficient. Large disparities between inflation rate and unemployment rate blur differences when interpreting results[4]. The indicators are calculated in the following manner:

$$Ip = \frac{GDP_j}{\overline{GDP}} \tag{4}$$

$$Ic = Ip \cdot Cs \tag{5}$$

$$Ipv = i + u \tag{6}$$

where: Ip – indicator of prosperity;
Ic – indicator of consumption;
Ipv – indicator of poverty;
$\overline{GDP}$ – average GDP;
Cs – consumption's share in GDP;
i – inflation;
u – unemployment rate;
j – country;

Average GDP can be adopted as the average value for the group of the examined countries or for the region of which the countries are part.

Studying relations between economy openness and the real GDP growth is of crucial importance. Openness contributes mainly to: absorbing new technologies, creating premises for economies of scale, and enabling higher specialisation of the country through the effects of learning by doing [Olszewski 2001].

The relation of export and import with GDP is the indicator of economy openness to the world calculated according to the following formula:

$$Io = \frac{\frac{1}{2}(Ex + I)}{GDP} \cdot 100 \tag{7}$$

where: Io – indicator of economy openness;
I – imports (goods and/or services).

[2] As described above.
[3] As described above.
[4] They are calculated but will not be analysed for the mentioned reason.

The indicator that informs about the level of economic dependence of a given country on foreign countries is the indicator of import dependence, which is calculated in the following manner:

$$Id = \frac{I}{GDP} \cdot 100 \tag{8}$$

where: Id – indicator of import dependence.

Other measures that can be used for assessing economic development are international competitiveness indicators, which include coverage ratio in value terms and relative coverage ratio [Olszewski 1995]:

- Coverage ratio in value terms (*crv*). Its growth indicates improvement in the competitiveness

$$crv = \frac{Ex}{I} \tag{9}$$

- Relative coverage ratio (*rcr*) is the relation between the coverage ratio for a given country and the average coverage ratio for a group of countries. Most frequently, these are trading partners. Changes in the indicator inform about processes of economic growth in the country in relation to other countries, its deceleration or acceleration

$$rcr = \frac{crv_j}{\overline{\overline{crv}}} \tag{10}$$

RESULTS

Mercosur – **Southern Common Market** (Spanish – **Mercado Común del Sur – Mercosur**) is an regional economic organisation brought to life on 26 March 1991 by the Treaty of Asunción signed by presidents of Argentina, Brazil, Paraguay and Uruguay. The Protocol of Ouro Preto of 1994 legitimised Mercosur as a legal entity under international law. The organisation operated as a common market. In 1995, it became a customs union. In June 2012, Paraguay's membership was suspended due breaching the democratic clause[5]. On 31 July 2012, Venezuela became a new member state, and on 7 December 2012, Bolivia acquired the status of an acceding member. In order to assess economies of the individual states, the same statistical databases were used to ensure comparability of data.

Argentina benefits from rich natural resources, the export-oriented agricultural sector, differentiated industrial base and a highly literate population [The World Factbook]. In the 20th century, the country experienced recurring economic crises, permanent budget and current account deficits, high inflation, growing external debt and outflow of foreign

[5] As a result of impeachment of President Fernando Lugo.

capital. The deep crisis, increase in external debt, as well as unprecedented withdrawal of deposits from banks culminated in 2001 in the most serious economic, social and political crisis in the country's history. In 2002, the economy experienced decrease in the real GDP growth by 10.9% (http://unctadstat.unctad.org/EN) and saw almost 60% of the population living below the poverty line [The World Factbook]. The reforms initiated by President Duhalde and the new reforms introduced by President Kirchner resulted in resumption of economic growth amounting to ca. 8.5% between 2003 and 2008 and decrease in unemployment rate, which remained at the relatively low level of 7.2% in the period 2011–2012 (Table 1). After the presidency was assumed by the wife of the former president in 2007, the rapid economic growth of the previous years started to decelerate in the following year (6.8%) and almost completely stopped in 2009 (0.9%). This resulted from decrease in export, which arose from the government's policy and the global economic recession. In 2010, the economy was back on the road to growth (9.2%). The following year also brought high growth (8.9%) – Table 1. Fiscal and monetary policy aimed at retaining inflation below 10%, state interventionism and both formal and informal import restrictions contributed to decrease in the GDP growth rate dynamics to 1.9% in 2012 (Table 1).

The level of internationalisation of Argentina's economy measured by three indicators was increasing until 2007. The global crisis had its repercussions also in this country, which is reflected by decrease in the three indicators. The largest decrease is noticeable in the case of the third indicator. This is caused by outflow of both portfolio and direct investments from this country.

Table 1. Economic development indicators for Argentina (percentage value)

Specification	1991	1995	2000	2005	2006	2007	2008	2009	2010	2011	2012
LI_1	7.6	9.7	11.0	25.7	25.5	25.3	25.0	21.6	22.1	22.2	20.2
LI_2	8.9	11.9	14.7	28.5	28.1	27.7	28.0	22.9	24.2	24.4	22.8
LI_3	13.2	13.7	14.2	27.6	31.7	30.4	25.8	21.9	26.7	24.0	22.8
Ip	187.8	136.1	157.3	88.3	84.2	82.5	83.5	79.8	74.4	80.6	89.2
Ic	157.3	112.2	132.9	64.1	59.9	59.0	60.8	58.9	55.6	60.6	67.7
Ipv	177.5	22.2	14.1	20.2	21.0	17.3	16.4	14.9	18.5	16.7	17.2
Io	6.8	9.9	11.3	22.4	22.3	22.8	22.9	18.8	20.3	21.0	18.9
Id	6.1	10.1	11.6	19.1	19.2	20.3	20.7	16.0	18.5	19.8	17.7
crv	124.4	95.9	94.5	134.6	132.7	124.2	120.8	134.9	119.1	112.4	114.5
rcr	112.4	100.8	95.5	102.8	105.7	108.0	105.7	122.9	109.0	102.1	102.3
Real GDP growth rate	10.5	–2.8	–0.8	9.2	8.5	8.7	6.8	0.9	9.2	8.9	1.9
CPI	171.7	3.4	–0.9	9.6	10.9	8.8	8.6	6.3	10.8	9.5	10.0
Unemployment rate	5.8	18.8	15.0	10.6	10.1	8.5	7.8	8.6	7.7	7.2	7.2

Source: Own work based on UNCTAD and the World Bank databases, and Balance of Payments Statistics Yearbook Part 1: Country Tables. IMF different editions.

The indicator of economy openness to the world increased from 6.84% in 1991 to 22.9% in 2008. A similar pattern was noticed for the indicator of economic dependence on foreign countries, which was increasing until 2008, when it reached 20.7%. These two indicators also show the impact of crisis phenomena on Argentina's economy. The coverage ratio in value terms dropped first from 124.4% in 1991 to 94.5% in 2000, which proves Argentina's loss of competitiveness, but then it started to grow and reached the level of 134.9% in 2009. This proves increase in competitiveness of Argentina's economy. Between 2010 and 2012 we can see again a decrease in competitiveness of Argentina's economy. Between 2005 and 2012 the relative coverage ratio remains at the stable level of ca. 105%, which indicates that competitiveness in relation to other members in the group is retained. Only 2009 diverges from this average, which could indicate economic growth in the country in comparison to its major trading partners.

Brazil is characterised by large and well developed agriculture, mining, production and service sectors, as well as by the rapidly developing middle class. Brazil's economy exceeds all South American economies and marks its presence on global markets [The World Factbook]. Deceleration of the short-term real GDP growth after 1994, which was connected with trade liberalisation, can be associated with the introduced Real Plan (Spanish Plano Real) [Brazil… 2000] and the focus on reducing the inflation rate. The problems of 1998 were caused by the global crisis and the national currency devaluation at the beginning of 1999, and in 2001 – by the crisis in Argentina, its major trading partner. At the end of the 1980s and at the beginning of the 1990s, high inflation deterred economic and investment activities. Between 1990 and 1993, inflation amounted from ca. 470% to more than 2900%. In June 1994, the plan was introduced, which – in combination with trade liberalisation – brought about decrease in inflation. The crisis of the early 1999 triggered Brazilian Real's devaluation by 50% and caused increase in inflation to 8.9%. Despite temporary problems, Brazil continued to implement the policy of low inflation, that is below 10%. Since 2003, Brazil has improved its macroeconomic stability, developed foreign exchange reserves, reduced its indebtedness profile by approximating it to the national debt. In 2008, Brazil became a net foreign creditor. After a fairly significant economic growth between 2004[6] and 2008, which was from 3.2% in 2005 to 6.1% in 2007, Brazil experienced the impact of the global crisis. Its economy went into a short recession in 2009, which caused decrease in real GDP by 0.3%. Brazil was one of the first so-called emerging markets to be back on the road to economic growth. In 2010, the rate of economic growth amounted to 7.5%, which was the best result for over 20 years (Table 2). Growing inflation resulted in a response from the authorities, which took actions to cool down the economy. The measures and the worsening international economic situation caused growth deceleration in 2011 and 2012. The unemployment rate has been at the lowest level since 1997[7]. The high interest rates in recent years made Brazil attractive for foreign investors, first in the form of portfolio investments (the inflow amounted to USD 46.2 billion in 2009 and USD 67.8 billion in 2010) and subsequently, in the form of direct investments (USD 48.5 billion in 2010, USD 66.6 billion in 2011, and USD 65.3 billion in 2012) (unctadstat.unctad.org/EN). Such a large capital inflow led to appreciation of

[6] In 2004 it was 5.7% (unctadstat.unctad.org/EN).
[7] It amounted to 6% only between 1992 and 1996.

domestic currency, lower competitiveness of the Brazilian economy (Table 2 see *crv* and *rcr*), and forced the authorities to intervene in the currency market and to raise taxes on certain types of foreign capital. What was retained includes: the inflationary target, floating exchange rate and budgetary constraints.

The level of internationalisation of the Brazilian economy measured by means of the three indicators was increasing from the mid-1990s to 2004. Then it started to drop, reaching its minima between 2009 and 2011, which was followed by increase in all three indicators. The growth in LI_1 is small, whereas in the case of indicators LI_2 and LI_3, which allow for direct and portfolio foreign investments, the growth is quite significant. The indicator of economy openness to the world, after a small growth between 1991 and 1993, reached its minimum in 1996 (7.1%). By 2004, it had increased to 14.2%. During the next three years it was lower, and it increased again to 13.6% in 2008. In 2012, after three years, when it amounted to 11–12%, it equals 13% (Table 2). The indicator of the Brazilian economy dependence on foreign countries increased from ca. 8% in the first half of the 1990s to 13.5% in 2012.

Table 2. Economic development indicators for Brazil (percentage value)

Specification	1991	1995	2000	2005	2006	2007	2008	2009	2010	2011	2012
LI_1	10.2	6.8	10.0	15.2	14.4	13.5	13.8	11.2	10.9	11.9	12.6
LI_2	10.5	7.4	15.1	16.9	16.2	16.0	16.5	12.8	13.2	14.6	15.4
LI_3	11.6	8.7	16.4	17.7	17.0	19.6	16.5	15.6	16.3	15.3	16.2
Ip	339.2	405.4	356.7	425.0	427.9	429.7	420.1	418.9	430.8	445.7	421.2
Ic	269.6	338.5	297.9	340.8	343.8	344.4	332.4	344.9	348.1	361.0	353.0
Ipv	442.8	72.0	16.5	16.2	12.6	11.7	12.8	13.2	12.9	13.3	12.3
Io	9.2	7.5	10.6	13.2	12.7	12.5	13.6	11.0	11.2	12.0	13.0
Id	8.2	8.2	11.2	11.1	11.1	11.5	13.3	10.8	11.4	12.2	13.5
crv	123.7	83.2	89.2	137.2	130.6	117.0	103.7	103.3	95.6	97.4	93.1
rcr	111.7	87.4	90.1	104.8	104.0	101.7	90.7	94.1	87.5	88.5	83.1
Real GDP growth rate	1.0	4.2	4.3	3.2	4.0	6.1	5.2	–0.3	7.5	2.7	0.9
CPI	432.8	66.0	7.0	6.9	4.2	3.6	5.7	4.9	5.0	6.6	5.4
Unemployment rate	10.0	6.0	9.5	9.3	8.4	8.1	7.1	8.3	7.9	6.7	6.9

Source: See Table 1.

The hallmark of the Paraguayan economy is the large informal private sector characterised by re-export of imported consumer goods to its neighbouring countries, as well as by a considerable number of microenterprises and street vendors in towns. A significant part of the society, mainly from rural areas, earn a living by pursuing agricultural activities, often at the subsistence level. Due to the fact that the informal sector is large, detailed economic data are difficult to obtain [The World Factbook].

The Paraguayan real GDP used to increase by 3% annually until 1997. After the financial crises of 1995 and 1997, which required a number of interventions by the central bank, what occurred was reduction of the available funds for financing production, which impeded the country's economic growth. It seems that the country regained its economic stability and recorded the economic growth of 2.1% in 2001. The first democratic government was able to solve the problem of inflation and government deficit, increase foreign exchange reserves, and stabilise the economy. The second government achieved an even higher price stability and further reduced inflation. The annual inflation rate was reduced from about 40% in 1990 to 18.2% in 1993 and 6.9% in 1997. The following year saw growth to 11.6%. The data on inflation in the 21st century demonstrate high variability. However, the country faces serious problems with employment, which has been decreasing since 1998, leading to an increased number of the unemployed. The highest unemployment rate was observed in 2002 – 10.7%. Since 2005 it has been maintained at the level of 6%. The Paraguayan economy started to grow rapidly between 2003 and 2008. This resulted from the global increase in demand for goods, which was accompanied by high prices and good weather, which supported Paraguay's goods export expansion[8]. The drought which occurred there in 2008 caused decrease in agricultural export and economic slowdown before the global recession. The economic growth was –3.8%. Fiscal and monetary stimulus packages were introduced and already in the following year the economic growth amounted to 15%. It slowed down to 3.8% in 2011, and it amounted to –1.8% in 2012. This resulted from exhaustion of stimuli as well as droughts and outbreaks of foot-and-mouth disease, which led to decrease in export of beef and other agricultural products. Political insecurity, corruption, limited structural reforms and infrastructure scarcity are the main obstacles to the long-term economic growth.

The level of internationalisation of the Paraguayan economy measured with the three indicators has increased. The growth has been observed for all three indicators LI_1, LI_2 and LI_3[9]. The small differences between the first and the second indicator result from the small volume of foreign direct investment in relation to the export of goods and services.

The indicator of economy openness to the world increased from 35.52% in 1991 to 62% in 1995, and then started to decrease to 41.4% in 2001. Subsequently, it started to grow and reached 50–55% in the period 2002–2011. In 2012, it increased to 62.7%. A similar pattern was observed for the indicator of dependence of the Paraguayan economy on foreign countries (Table 3).

The coverage ratio in value terms decreased from 102.1% in 1991 to 82.2% [Kowalik 2003] in 1997, which proves decrease in competitiveness of the Paraguayan economy. Then the competitiveness of the economy increased slightly and it returned to the downward trend in 2005 (Table 3). The relative coverage ratio informs about decrease in Paraguayan economic growth in relation to the major partners in the group between 1998 and 2006 and subsequently, about increase between 2007 and 2012.

What is characteristic of Uruguay's open market economy are the export-oriented agricultural sector, well-educated workforce and high social expenditure [The World Factbook]. As the consequence of financial difficulties in the 1990s and between 2000

[8] It is one of the largest soya producers in the world.
[9] Due to the lack of data on portfolio investments $LI_2 = LI_3$.

Table 3. Economic development indicators for Paraguay (percentage value)

Specification	1991	1995	2000	2005	2006	2007	2008	2009	2010	2011	2012
LI_1	44.0	59.5	41.2	53.6	56.1	54.1	53.0	51.1	54.5	53.8	67.2
$LI_2 = LI_3$	45.5	60.8	42.6	54.1	57.1	55.8	54.2	51.7	55.8	54.7	68.7
Ip	5.5	4.3	3.9	3.6	3.6	3.8	4.3	3.7	3.7	4.1	4.2
Ic	3.7	3.1	3.0	2.6	2.7	2.9	3.4	3.0	3.0	3.4	3.6
Ipv	30.7	16.8	16.6	12.6	16.3	13.7	15.8	9.1	10.4	13.9	10.0
Io	43.6	62.0	43.8	54.6	57.2	54.3	54.5	51.6	56.4	55.2	62.7
Id	43.1	64.5	46.3	55.6	58.3	54.4	56.0	52.1	58.2	56.7	58.2
crv	102.1	92.4	89.0	96.4	96.2	99.5	94.7	98.0	93.6	94.9	115.6
rcr	92.2	101.0	89.9	73.6	76.6	86.5	82.8	89.3	85.7	86.2	103.3
Real GDP growth rate	2.5	5.4	–3.3	2.9	4.3	6.8	5.8	–3.8	15.0	3.8	–1.8
CPI	24.2	13.4	9.0	6.8	9.6	8.1	10.2	2.6	4.7	8.3	3.7
Unemploy-ment rate	6.5	3.4	7.6	5.8	6.7	5.6	5.6	6.5	5.7	5.6	6.3

Source: See Table 1.

and 2003, the economic growth was small or negative. It was not until the period 2004––2008 that higher economic growth, amounting to 6% annually on average, was noticeable. The global financial crisis impeded Uruguay's intensive growth to 2.4% in 2009. Nevertheless, Uruguay was able to avoid recession and retain a positive growth rate, mainly because of increased public expenditure and investment. In 2010, the GDP growth was 8.9%. During two subsequent years it dropped to 5.7 and 3.8%, respectively. This, in turn, was caused by another deceleration of the global economy and the main partners within the Mercosur framework: Argentina and Brazil. Uruguay strives for expanding trade not only within Mercosur, but also outside this group.

The level of internalisation of the Uruguayan economy measured by the three indicators for the period 1991-2001 remained at a low level of ca. 18%. At the beginning of the 21st century, the indicators started to grow. Indicators LI_1 and LI_2 reached their maximum in 2008, and indicator LI_3 in 2006. It was caused among others by increased inflow of foreign investments, both direct and portfolio ones, but also by the abovementioned economic growth and increased export and import. During the next years, the level of internalisation decreased slightly (Table 4). The indicator of economy openness to the world remained at the level of 16–18% between 1991 and 2001 and rose rapidly in 2004 to reach its maximum of 32.4% in 2008. In the period 2009–2012, it remained at the level of 27% with the deviation of 1% in individual years (Table 4).

The indicator of dependence of the Uruguayan economy on foreign countries has a very similar pattern. The coverage ratio in value terms decreased between 1991 and 2001 from 111.9 to 87.7%, which proves lower competitiveness of the Uruguayan economy. Uruguay saw increase in competitiveness between 2002 and 2004. In the following years, there was a slight downturn trend, which indicated another slow decrease in competitiveness of the Uruguayan economy. The relative coverage ratio remained stable in

Table 4. Economic development indicators for Uruguay (percentage value)

Specification	1991	1995	2000	2005	2006	2007	2008	2009	2010	2011	2012
LI_1	19.8	16.5	16.0	29.3	29.6	29.6	30.9	28.3	26.9	27.2	26.6
LI_2	20.1	17.2	17.2	34.2	37.2	35.3	37.8	33.3	32.7	32.6	32.1
LI_3	20.6	18.5	18.5	35.5	46.3	39.4	36.1	33.0	34.5	34.3	36.2
Ip	11.0	11.2	12.6	8.4	7.7	7.4	7.7	7.9	7.9	8.4	9.2
Ic	9.0	9.5	11.2	6.7	6.3	6.0	6.3	6.3	6.4	6.8	7.6
Ipv	113.0	52.2	14.5	13.6	17.0	17.3	15.5	14.4	13.5	14.1	14.1
Io	18.8	16.6	17.2	28.2	29.8	29.3	32.4	27.6	26.3	27.2	28.0
Id	17.7	16.7	18.4	27.0	30.0	28.9	34.0	26.9	25.7	27.2	29.4
crv	111.9	98.3	87.3	108.4	98.5	102.3	90.7	105.2	104.9	100.0	90.6
rcr	101.1	103.3	88.2	82.8	78.4	89.0	79.4	95.8	96.1	90.9	81.0
Real GDP growth rate	3.2	–1.5	–1.9	7.5	4.1	6.5	7.2	2.4	8.9	5.7	3.8
CPI	102.0	42.2	4.8	4.7	6.4	8.1	7.9	7.1	6.7	8.1	8.1
Unemployment rate	11.0	10.0	9.7	8.9	10.6	9.2	7.6	7.3	6.8	6.0	6.0

Source: See Table 1.

the 1990s, when it amounted to 105%, but decreased to 80% in 2006 and 2008, which indicated lower competitiveness of the Uruguayan economy in relation to the group's member states. Competitiveness measured with this indicator grew to 96% in 2009 and 2010, but it was followed by another decrease, to 81% in 2012. At the moment when Mercosur was established, inflation in Uruguay amounted to 102% and was reduced to 42.2% in 1995 and to 4.4% in 2001. Due to the crisis in Argentina, inflation rose between 2002 and 2004 and reached 19.4% in 2003 (unctadstat.unctad.org/EN). It has remained stable, low and it has not exceeded 8.1% since 2005. Unemployment rate, which fluctuated between 7.6 and 11.3% in the period 1991–2008 was reduced to 6% in 2011 and 2012 (Table 4).

Venezuela remains strongly dependent on oil revenues [The World Factbook]. In the mid-1990s, inflation amounted to 50–60% and reached peak in 1996, which amounted to 99.9%. In 1994, a bank crisis occurred, contributing to the GDP decrease by 2.3%. In 1999, there was another drop in real GDP growth by 6% (unctadstat.unctad.org/EN). After H. Chavez came to power that year, the economy accelerated to 3.7 and 3.4% in 2000 and 2001, respectively. The significant recession in the period 2002–2003 caused by low crude oil prices, coup d'état attempt, strikes as well as capital outflow and foreign investors' reluctance caused decrease in GDP by 8.9 and 7.8%, respectively. As a result of increased oil prices and growing government expenditure, the economy rapidly accelerated and reached growth of 18.3% in 2004. The following three years demonstrated the GDP growth by 10.3, 9.9 and 8.8% (Table 5). In 2003, when H. Chavez imposed strict currency checks, which were supposed to prevent capital withdrawal, a number of currency devaluations took place, which disturbed the economy [Mander 2013]. Price controls, expropriations and other governmental policies brought about shortages of food and other products, including medical products [Venezuela's… 2011]. Venezuela is still facing high inflation. In the 21st century, except for years 2000–2001 and 2005–2007, it has amounted to more than 20%, and in 2003 and 2008 it was more than 30% (Table 5). The rapid decrease in crude oil prices in 2008 caused recession in the period 2009–2010. Another increase in crude oil prices and government expenditure helped stimulate the GDP growth in 2011 and 2012 to 4.0 and 5.1%, respectively.

Table 5. Economic development indicators for Venezuela (percentage value)

Specification	1991	1995	2000	2005	2006	2007	2008	2009	2010	2011	2012
LI_1	31.7	27.7	29.6	39.2	36.6	31.2	30.8	18.2	17.2	30.0	26.2
LI_2	32.1	29.0	33.6	41.0	36.3	31.8	31.3	17.5	17.6	31.2	27.0
LI_3	32.8	28.0	31.8	43.2	34.1	33.6	31.3	19.1	18.3	32.1	28.1
Ip	51.2	39.5	64.8	70.1	72.1	72.4	80.2	85.2	79.2	56.8	71.0
Ic	39.0	30.2	41.6	40.5	42.3	46.1	50.8	65.2	53.1	37.9	50.8
Ipv	43.7	70.1	29.4	27.4	23.0	26.2	38.3	36.4	37.7	35.4	28.9
Io	29.1	25.1	23.9	29.7	29.1	27.8	25.4	17.2	15.1	24.9	23.3
Id	26.5	22.6	18.2	20.2	21.5	24.5	19.9	16.2	13.1	19.8	20.4
crv	119.7	122.8	163.0	194.4	169.8	127.2	154.4	112.1	131.0	151.7	128.4
rcr	108.2	129.0	164.7	148.5	135.2	110.6	135.1	102.1	120.0	137.8	114.8
Real GDP growth rate	9.7	4.0	3.7	10.3	9.9	8.8	5.3	–3.2	–1.5	4.0	5.1
CPI	34.2	59.9	16.2	16.0	13.7	18.7	31.4	28.6	29.1	27.1	21.1
Unemploy-ment rate	9.5	10.2	13.2	11.4	9.3	7.5	6.9	7.8	8.6	8.3	7.8

Source: See Table 1.

The indicators of the level of internationalisation, which remained at the average level of ca. 30% between 1991 and 2002 increased to 40% in 2005. Subsequently, they decreased to below 20% (2009–2010). In 2011, they returned to the trend of the period 1991–2002.

The direction taken by H. Chavez with regard to the state's political system resulted in the indicator of openness and the indicator of dependence continuing their downward trends. The coverage ratio in value terms, except for years 2002–2005, is at a similar stable level, which proves that this country's economic competitiveness does not change. The economic competitiveness of the country grew only in the mentioned period 2002–2005. The relative coverage ratio maintains its stable level of ca. 130%, which indicates that competitiveness has been retained in relation to other countries in the group.

Bolivia is a country that is rich in natural resources and its strong economic growth is attributed to export of natural gas and zinc. However, the country continues to be one of the least developed in South America. This results from the state's policy, which discourages from investing and impedes economic growth. After the financial crisis of the early 1980s, the implemented reforms stimulated private investments and economic growth as well as they reduced poverty in the 1990s. The period between 2003 and 2005 was characterised by political instability, racial tensions and protests against natural gas export. The global recession decelerated the GDP growth to 3.9% in 2009. High prices of goods since 2010 have sustained a high GDP growth (from 4.1 to 5.2%) and large trade surpluses.

The country had been troubled by high inflation from the 1970s. The highest inflation was recorded in 1985, when it amounted to 11,749.6%. Fiscal and monetary reforms reduced the inflation rate to a one-digit value in 1993 (8.5%). After a slight growth to 12.4% in 1996, inflation was decreased and has ever since (except for 2007, 2008 and 2011) has been below 5%. The unemployment rate was reduced from the average level of 4.8% in years 1991–2007, to 2.9% in 2008, and to 3.2–3.4% in the following years (Table 6).

Table 6. Economic development indicators for Bolivia (percentage value)

Specification	1991	1995	2000	2005	2006	2007	2008	2009	2010	2011	2012
LI_1	17.2	18.4	17.5	34.3	38.0	37.8	42.1	31.3	34.8	38.1	44.5
$LI_2 = LI_3$*	19.0	23.9	26.3	31.3	40.4	40.6	45.2	33.8	38.1	41.7	48.4
Ip	5.3	3.5	4.6	4.6	4.5	4.1	4.2	4.5	4.0	4.3	5.1
Ic	4.8	3.2	4.2	3.8	3.5	3.2	3.2	3.6	3.0	3.2	3.7
Ipv	25.7	15.5	9.4	10.8	9.6	13.9	16.9	6.7	5.8	13.0	7.8
Io	19.0	20.9	21.1	32.2	34.1	34.7	38.4	30.5	33.1	37.4	39.5
Id	20.9	23.4	24.7	30.0	30.2	31.6	34.7	29.8	31.3	36.7	34.4
crv	82.2	78.4	70.7	114.5	125.8	119.7	121.5	105.3	111.1	103.9	129.4
rcr	74.3	82.4	71.5	87.5	100.2	104.1	16.3	95.9	101.7	94.5	115.6
Real GDP growth rate	5.3	4.7	2.5	4.4	4.8	4.6	6.1	3.4	4.1	5.2	4.7
CPI	21.4	10.2	4.6	5.4	4.3	8.7	14.0	3.3	2.5	9.8	4.6
Unemploy-ment rate	4.3	5.3	4.8	5.4	5.3	5.2	2.9	3.4	3.3	3.2	3.2

*Lack of data on portfolio investments.

Source: See Table 1.

The level of internationalisation for the Bolivian economy between 1991 and 2012 increased by one and a half times – from nearly 20% to almost 50% (Table 6). The indicator of openness and the indicator of economy dependence presented similar patterns and increased from 20% to ca. 30%. The *crv* and *rcr* indicators demonstrate that competitiveness of the Bolivian economy has increased in the 21st century compared to the last decade of the 20th century.

CONCLUSIONS

Taking everything into account, it cannot be argued that a regional economic agreement will result in economic development. This can be illustrated by the countries that belong to Mercosur, in particular Argentina, which experienced another deep crisis at the beginning of the 21st century. The crisis had its impact not only on this country but also on other member states in the group, especially on the major trading partner – Brazil (the largest economy in the group). The global recession and other factors mentioned in the analysis also had an adverse influence on economic development of the other Mercosur member states. As for Argentina and Brazil, the indicators of the level of internationalisation are not high, which is proved by the fact that these are large countries and their natural resources enable production and disposal based on domestic factors. The indicators have higher values in the case of two other Mercosur founding members[10]: Uruguay and Paraguay. These are smaller countries, where partially specialised economic sectors dedicate their production to external markets. The global crisis has also brought about lower competitiveness of economies in this group. Mercosur membership has contributed to lower inflation, higher employment and reduced poverty, which was the case particularly in the first years of its activity. Also the indicator of openness of the economies to the world has improved.

Macroeconomic spillovers in this region arise mainly from large fluctuations of national economies related to crises.

The lack of any shared perspective on the role of Mercosur in growth of the individual economies hampers perceiving the integration project as a valuable and permanent economic undertaking, which could include particular national policies in the context of repeatable interactions within the group. Mercosur should be used for developing shared objectives and assumptions concerning growth strategies for individual economies which belong to this group.

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[10] The summary does not include Bolivia and Venezuela due to their short membership.

OCENA POZIOMU ROZWOJU GOSPODARCZEGO I POWIĄZAŃ Z ZAGRANICĄ KRAJÓW NA PRZYKŁADZIE CZŁONKÓW MERCOSUR

Streszczenie. W badaniach i porównaniach międzynarodowych wykorzystuje się wiele wskaźników gospodarczych. Najważniejsze z nich to produkt krajowy brutto (PKB), dochód narodowy, stopa bezrobocia, stopa inflacji, udział handlu i inwestycji w PKB. Do oceny wzrostu gospodarczego mogą być stosowane inne miary wykorzystujące PKB. Należą do nich między innymi wskaźniki internacjonalizacji gospodarki, poziomu aktywności, otwarcia i zależności oraz konkurencyjności międzynarodowej. Celem artykułu jest ocena poziomu rozwoju gospodarczego i powiązań z zagranicą krajów tworzących ugrupowanie gospodarcze Mercosur. Po krótkim wprowadzeniu do tematu przedstawiono sposób obliczania wskaźników rzadziej wykorzystywanych do takiej oceny, następnie dokonano analizy obliczonych wskaźników dla krajów będących obecnie członkami Mercosur.

Słowa kluczowe: wzrost gospodarczy, integracja gospodarcza, Mercosur, Ameryka Łacińska, badania porównawcze krajów

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