

# CEPAL

## Review

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# C E P A L

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## ILPES in its twenty-fifth year

Excerpt of the address delivered by the Director-General of ILPES, Alfredo Costa-Filho, at the ECLAC ceremony in commemoration of United Nations Day and of the twenty-fifth anniversary of the Institute, Santiago, Chile, 23 October 1987

The vigorous conceptual, methodological and technical retooling of public policy planning and co-ordination being carried forward by the Latin American and Caribbean Institute for Economic and Social Planning (ILPES) has involved a greater concentration on market economies, which are in the majority in the region. I shall confine myself here to discussing some of the considerations which the Institute has brought to the attention of the governments in various forums during the past three years, rather than dwelling on some of the more traditional criticisms of planning. My aim in presenting this admittedly incomplete overview is to draw attention to the main concerns of the Institute as it reaches both its twenty-fifth anniversary and a turning point in its history. Throughout these 25 years, the analysis and interpretation of the region's development carried out by ECLAC has invariably provided the backdrop for the work of the Institute. I shall now briefly review these considerations, which I have grouped into six categories.

The first of these considerations relates to the concept of planning itself. Let us grant the fact, first, that the real economy in which we all live is a mixed economy and that it would be idle to insist upon either of the two doctrines of planning and the market to the exclusion of the other. With due recognition of each country's separate identity, this issue needs to be approached in terms of a pragmatic search for ways of combining the two decision-making processes: one reflecting some degree of overall articulation legitimized by the greatest possible collective consensus, and the other based on the price system. In keeping with this line of thought, planning would ideally form part of an unconventional sort of public right: the right of each national society to be aware of the courses which its future development is most likely to take and to make them subject to a given scale of priorities.

The second is a theoretical consideration and relates to the essentially new nature of the economic and social dynamics of the world today. As the allocation of resources for the expansion of scientific and technological knowledge has increasingly been oriented towards its industrial potential, the strategy of world production has changed. On the one hand, having control over this new information has become a key factor in minimizing the risks of any undertaking; on the other hand, the accelerated differentiation of processes and products, coupled with the explosive growth of labour specialization, has become the pivotal element of profit maximization. As a result, the societies of the region have become more and more complex, both in terms of their structural elements and their relations with one another. If this construct is a valid one, then the orientation of future development, viewed as a national undertaking, is a collective task which cannot be discharged solely by one or another ministry.

The third consideration, which is connected to the preceding one, concerns the new international role of the region's economies. For more than three years now the Institute has been arguing that in order for any national reactivation and development strategy to be implemented, more favourable terms will have to be obtained in the renegotiation of the external debt. Since any dynamic production activity requires an intensive use of capital, any plan by the countries of the region for achieving a sustained recovery of production and employment levels is foredoomed to failure if the countries continue to be caught up in the historical paradox of being net exporters of capital.

The fourth consideration involves what is virtually a corollary of the preceding two: the strengthening of intra-regional co-operation is a *sine qua non* for securing a better position in the world economy of the future and, indeed, for recovering the internal freedom, which the countries lost during the crisis, to design and implement their own economic and social policies. The regulatory institutions

which were created in the 1940s to ensure world economic and financial stability have, in the 1980s, virtually ceased to function as a means of articulating such stabilization schemes with the promotion of development in Latin America and the Caribbean. Long-term development planning presupposes the establishment of a new and more favourable international regulatory framework; the creation of such a framework —a delicate task of diplomatic negotiation with the North— will be hampered, however, if the countries of the region do not formulate plans which will strengthen their platform of consensus on this subject. This is undeniably a collective task of extreme complexity, inasmuch as it involves strengthening the multilateral system of trade, restructuring world monetary and financial mechanisms and, especially, making feasible greater access to scientific and technological development.

The fifth consideration focuses on the internal dynamics of the countries of the region. I would like to draw attention to just one of the ideas in this regard which the Institute has stressed time and again: this is, simply, that if the market economies of the region are to be reactivated, the energies of private enterprise must be given full play. If this is to be done, then planning needs to overcome its initial resistance to accepting the important role of entrepreneurial gain as a legitimate tool of development. The Institute has gathered a considerable amount of data in the region which indicate that the present curb on profits is not primarily due to resistance from labour. Indeed, in many cases an unopposed deterioration in real wages is to be observed, along with a decline in levels of employment. Erratic exchange rate fluctuations, high interest rates, external credits squeezes and obstacles to technological refitting often act as greater constraints on long-term development. This is why, when a call is made for deregulation, the Institute is alert to the need to make a distinction between the international context and the domestic framework of each country: on a world scale, the less multilateral regulation there is, the more limited the opportunities for the development of private enterprise in the region will be.

The sixth and final consideration requires a brief reference to some institutional aspects of planning. While the Institute shares the view that the State should become more efficient, it also feels that it is important to distinguish between the State as a bureaucratic structure and the State as an instance of interaction among social agents, which thus provides the political representation for each national collectivity. The combination of these two facets of the State forms an institutional complex which poses the main obstacle to an outright internationalization of the region's economies. The Institute is convinced that in just a few years time such internationalization —if undertaken indiscriminately— would, from the perspective of productive development, wipe out the borders of the economic map of the region and, from an historical perspective, efface the individual features of the countries' very identities. One lesson to be learned from the experience of today's developed countries is that the State has always played a vital role in promoting private initiative. The Institute is concerned that the artificial miniaturization of the State may lead to the formation of a tiny and weak national entrepreneurial sector or one which is concentrated in the hands of a few, thus giving rise to a larger informal sector and to social exclusion. This idea is the starting point for one of the Institute's most emphatic proposals: the technocratic tendencies of planning must be overcome so that it may be converted into an unstinting exercise in concerted social action. Entrepreneurs, just as all other organized social agents (since the State should give direct consideration to the weakest and otherwise unrepresented sectors), should not be called upon only to implement the "indicative" aspects of a type of planning in which normative decisions are made on high and then passed down to those below. On the contrary, they should take part in each one of the stages involved in formulating, orchestrating, implementing and legitimizing each national development policy.

I would like to conclude by underscoring three final points. The first is that no one model can provide a country with all it needs in order to devise its own planning procedures and tools. I believe that my previous comments clearly imply that planning, when understood as a process of collective decision-making, has a marked political content and involves much more than just problems of economic programming. The second point I would like to make is that the success of planning in the market economies of the region also depends on how this vast social learning process —a State-coordinated process leading to the promotion of participation and the formation of consensus— is brought about and sustained. This is the only way in which the countries' systems of social co-existence

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can be bettered, through the replacement of conflict and confrontation with a spirit of co-operation and solidarity. The third and final point that I would like to make is that, with the maturity which its 25 years brings, ILPES is also concerned by approaches that dehumanize the understanding and orientation of development in the market economies of the region, especially because one of the major challenges facing civilization as we near the end of the century is that of creating a new type of person, one who is able to live harmoniously with others and to achieve personal fulfilment in situations marked by swift technological change. The Institute is disquieted by the idea that on 31 December 1999, as the twenty-first century is ushered in, most of the region's peoples may be walking the streets, perhaps with "bread in hand", but surely still "counting on their fingers", to recall the words of the poet César Vallejo. This moves the Institute to re-think development and to consider the new responsibilities to be shouldered by planning and public policy-making.