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PLANIFICACION ECONOMICA Y SOCIAL
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GOBIERNOS DE AMERICA LATINA Y EL CARIBE



SECRETARIA DE PROGRAMA,
Y PRESUPUESTO

SPP

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V Conference of Ministers and Heads of Planning of Latin America and the Caribbean
Ve Conférence des Ministres et Chefs de Planification de L'Amérique Latine et des Caraïbes

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REPORT OF THE FIFTH CONFERENCE OF MINISTERS AND HEADS OF PLANNING
OF LATIN AMERICA AND THE CARIBBEAN
(Mexico City, 15, 16 and 17 April 1985)

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A. ATTENDANCE AND ORGANIZATION OF WORK

Place and date of meeting

1. The Fifth Conference of Ministers and Heads of Planning of Latin America and the Caribbean was held in Mexico City from 15 to 17 April 1985. The Sixth Meeting of the Technical Committee of the Latin American Institute of Economic and Social Planning (ILPES) was held at the same time.

Attendance

2. Participants in the Conference included the Ministers and Heads of Planning or representatives of Argentina, Belize, Bolivia, Brazil, Colombia, Costa Rica, Cuba, Chile, Ecuador, El Salvador, Guatemala, Haiti, Honduras, Jamaica, Mexico, Nicaragua, Panama, Paraguay, Peru, the Dominican Republic, Suriname, Uruguay and Venezuela (see List of Participants contained in annex 1 to this document).

3. Observers from the United Nations Secretariat included representatives from the Department of Technical Co-operation for Development (DTCO), the Economic Commission for Latin American and the Caribbean (ECLAC), the United Nations Industrial Development Organization (UNIDO) and the United Nations Research Institute for Social Development (UNRISD).

4. Representatives also attended from the United Nations Fund for Population Activities (UNFPA), the United Nations Children's Fund (UNICEF), the United Nations Development Programme (UNDP) and the United Nations Environment Programme (UNEP).

5. Other representatives included those from the following United Nations specialized agencies: the International Labour Organisation (ILO), the Food and Agriculture Organization of the United Nations (FAO), the World Health Organization (WHO) and the World Bank.

6. The following intergovernmental organizations were also represented at the Conference: the Latin American Integration Association (ALADI), the Central American Bank of Economic Integration (CABEI), the Inter-American Development Bank (IDB), the Latin American Centre on Development Administration (CLAD), the European Economic Community (EEC), the Central American Public Administration Institute (ICAP), the Board of the Cartagena Agreement (JUNAC), The Organization of American States (OAS), and the Permanent Secretariat of the General Treaty for Central American Economic Integration (SIECA).

7. The following non-governmental bodies also sent representatives: the Centre for Latin American Monetary Studies (CEMLA), the Friedrich-Ebert Foundation and the Inter-American Planning Society (IAPS).

8. In response to an invitation from the Government of Mexico, representatives were sent from the German Democratic Republic, Portugal, Spain, the United States of America and Yugoslavia.

Opening ceremony

9. The opening ceremony was presided over by Mr. Miguel de la Madrid Hurtado, President of Mexico.

10. The floor was taken by the following speakers in the order given: Mr. Carlos Salinas de Gortari, Secretary of Programming and Budget of Mexico and Chairman of the Fifth Conference of Ministers and Heads of Planning of Latin America and the Caribbean; Mr. Bernardo Grinspun Secretary of Planning of Argentina and outgoing President of the System of Co-operation and Co-ordination among Planning Bodies of Latin America and the Caribbean (SCCOPALC); Mr. Norberto González, Executive Secretary of ECLAC; Mr. Alfredo Costa-Filho, Director-General of the Latin American Institute for Economic and Social Planning (ILPES) and Mr. Miguel de la Madrid Hurtado, who declared the Conference open. (See annex 2 containing statements made at the opening session.)

Election of Officers

11. The Officers of the Conference were as follows:

Chairman:	Mexico
Vice-Chairman:	Ecuador
Alternate	
Vice-Chairmen:	Colombia
	Guatemala
Rapporteur:	Suriname

Agenda and documentation

12. The deliberations were organized in accordance with the agenda contained in document LC/IP/L.13 (CM 5/2). For purposes of the conduct of the meeting the documents listed in annex 3 to this report were available to the participants.

Organization of work

13. The Conference was held at the Department of Foreign Relations of Mexico in three plenary meetings.

14. While the Technical Committee of ILPES met on 16 April, the work of the Conference was continued in two working sessions.

Closing meeting

15. The closing meeting was presided over by Mr. Carlos Salinas de Gortari, Secretary of Planning and Budget of Mexico and Chairman of the Fifth Conference. The floor was taken first by Mr. Juan Manuel Villasuso, Minister of National Planning and Economic Policy of Costa Rica, who spoke on behalf of all the member governments and expressed his satisfaction at the results achieved at the meeting which were of great importance for Latin America and the Caribbean. He said that planning would have a major role in the region in view of the fact that the crisis had been forcing countries to live more a day-to-day and short-term level, often overlooking the medium and long terms and postponing the strategies needed for development. On behalf of all the participants he expressed the most heartfelt gratitude to the Secretary of Planning and Budget, the Department of Foreign Relations and ILPES for the excellent way in which the meeting had been organized. He also conveyed unanimous gratitude to the Government and people of Mexico for their display of great cordiality and friendship.

16. The Director-General of ILPES opened his statement by noting two facts of great importance --the high level of participation and representation displayed at the Conference and the change of

name of ILPES which had taken the name LATIN AMERICAN AND CARIBBEAN INSTITUTE FOR ECONOMIC AND SOCIAL PLANNING. He referred to the requirements for the achievement of adequate planning and noted that pluralism had been one of the most salient features of the Conference. He asked Mr. Salinas de Gortari to convey the gratitude of ILPES and his own gratitude to His Excellency the President of Mexico for the tremendous support provided by the Government of Mexico to the holding of the Conference. Finally, he expressed his warmest gratitude to Mr. Salinas de Gortari for the effort he and his colleagues had made to ensure the success of the Meeting and said that gratitude extended to the Department of Foreign Relations.

17. The Secretary of Planning and Budget of Mexico and Chairman of the Fifth Conference addressed the participants on behalf of President Miguel de la Madrid, conveying his gratitude to the delegations and observers and to ILPES for the success of the Meeting. He noted that the Conference had given rise to a frank and cordial dialogue, in which emphasis had been placed on the need for progress in connection with those elements which were indispensable for bringing about change in the countries of the region. In this change, harmony must be sought between the effort to deal with short-term problems and the indispensable initiation of the structural changes which society demanded. He referred to the importance of the integration of Latin America and the Caribbean and to the region's responsibility for solving the problems it faced. The national governments had the obligation of orchestrating development in accordance with the dictates of the societies they represented. He then declared that the Fifth Conference of Ministers and Heads of Planning of Latin America and the Caribbean was closed.

B. SUMMARY OF THE DEBATES

Plenary meetings

18. The first plenary meeting considered agenda items 1 and 2, referring to the external crisis, reactivation programmes in the 1980s and to the role of the State in the economic and social policies of the future.

19. The meeting was opened by Mr. Norberto González, the Executive Secretary of ECLAC, who noted that the crisis which now afflicted nearly all the countries of the region was due to both internal and external factors. The former, with differences among the countries in terms of situation and degree, included the over-spending, the exceedingly rapid and widespread process of financial and foreign trade openness and political disputes. The fact that the crisis was general and affected countries with very different economies and economic policies showed the great influence had by external factors. Those factors included high interest rates, the low prices put on the main export commodities, the drop in the terms of trade, the sluggish growth of international demand and generalized protectionism. He noted that technological progress and industrialization were offset by significant lags at the economic and social levels. Within the next few years the region would come up against three major challenges: a) the challenge of overcoming the crisis and reactivating the economy with a more equitable distribution of the costs of adjustment; b) the challenge of dealing with the problems of unemployment, structural under-employment and extreme poverty and c) the challenge of preparing its economies to compete successfully, bearing in mind the technological changes and changes in production taking place in the industrialized countries.

In response to these challenges and to soften the effects of the crisis, there was need for, inter alia, included the achievement of a stable recovery with a higher level of employment and a more equitable distribution of the burden of the adjustment; an increase in the volume of exports through appropriate promotion mechanisms without prejudice to import substitution carried out in reasonably efficient conditions and, an increase in domestic savings and investment. Finally, he said that in order to achieve the above, it was of basic importance to promote integration and technical and economic co-operation at both regional and international level. In that respect, he noted the beneficial effects to be had from reducing international interest rates and improving the terms of trade. The crisis was a challenge and an opportunity; for that reason, both imagination and realism were necessary in designing policies.

20. Mr. Hugo Navajas-Mogro, Assistant Administrator and Regional Director for Latin America of the United Nations Development Programme (UNDP) stated that the present time marked a new era of interdependence at world level; therefore, in order to cope with and overcome the global crisis, there was need to adopt a new view of the world economy and not to go on thinking of it as an extension of national economies but rather to view it as quantitatively different. National crises could not be confronted within the strict confines of national policies. To narrow the gap between growing interdependence and the decrease in the collective capacity to handle the risks inherent in it, it was necessary to seek new strategies. UNDP was performing this task in three stages: by reflecting on it within the financing bodies of the United Nations; by consulting with the governments of the Latin American and Caribbean countries

and by conducting action jointly with those countries. The first stage of reflection had culminated with the Santo Domingo meeting, at which consideration had been given to the consequences of the crisis and to the situation as regards the external debt and its terms of payment, which was used as a starting point for the concertation of priority action.

21. In order to apply a new development strategy, it was necessary to consider three fields of action: a) the modernization and rationalization of the public sector; b) the identification of specific social strategies which would make it possible to distribute the benefits of growth more equitably and c) integration into the present technological revolution through the production and the exchange of technology. In all these fields, planning had an essential role to play. In that respect he noted that the application of a liberal strategy in the second half of the 1970s and the unleashing of the crisis in 1981-1982 had made it clear that planning was a fundamental component of a new strategy. For this reason it was essential to reconsider the inclusion of planning in the strategy. Planning in its role of reordering economic and social development should be of help in the co-ordination of sectoral and other policies so that national development plans could be implemented. In other words, the role of planning should be to co-ordinate domestic policies in such a way that they furthered rationality, equity and medium-term development and helped to promote the best possible use of resources and the surmounting of the operational shortcomings of public bodies without interfering in their internal action. All of this was aimed at improving the operation of the public apparatus subsequent to examination of the work of the planning bodies themselves. UNDP intended to support those planning bodies, working in particular

through ILPES, which should co-operate in classifying the region's strategic options and in integrating national planning as well as in helping to define the tasks of the planning bodies in disseminating the progress achieved and in training manpower for planning through courses for new personnel and register courses for current staff. ILPES should also engage in self-examination with a view to increasing its efficiency and tightening the links between the countries and UNDP in accordance with the mandates given by the governments of the region.

22. Finally, as an example of the action taken by UNDP at national level, he referred to the support provided to the Government of Mexico in strengthening and promoting its planning mechanisms in accordance with the priorities laid down by the Government.

23. Mr. Alfredo Costa-Filho, the Director General of ILPES, took the floor to describe the main thrust of the studies which the Institute had prepared in accordance with the mandates received at the fourth Conference and at the seventh meeting of the Technical Subcommittee. He pointed out that the analysis referred to the region as a whole. With regard to the item on the external crisis and the reactivation programmes, he noted that the characteristics of world interdependence meant that the recent reactivation of the North was not automatically transmitted to the region. In considering the need for reactivation, participants should look at five elements, including the necessity for putting a stop to the resource drain outside the region, increasing external competitiveness and promoting scientific and technological development.

24. With regard to employment, he pointed out that overcoming the crisis did not in itself guarantee recovery of the jobs lost or an improvement in the distribution of income and described the role which planning bodies should play in promoting appropriate technological options and investment models. As for the inflation, he specified that it was impossible to reduce it by setting rigid targets without attempting to modify the expectations of the economic agents.

25. In the management of the crisis, there had been two major approaches, one of which was to consider the adjustment as central and the other, to give priority to the reactivation of production; but in any case the period 1982-1984 had been extremely difficult in terms of the practical aspects of planning since short-term policy had replaced plans formulated previously. He also suggested that the priority tasks of the planning bodies should be spelled out, indicating the critical factors on which their smooth operation depended. He mentioned the specific tasks undertaken in the Central American Isthmus and the Caribbean, noting the significance of the Nassau agreements as guidelines for action in the latter subregion.

26. He referred to the items to be discussed in the Working Group and ended his statement by noting priorities for the future, including the reconsideration of planning concepts and methods; the attempt to reach a consensus between the public and private sectors in mixed economies; the rationalization of State activities as defined in the various countries and the establishment of links with the world economy, as a decisive element of planning modalities.

27. Mr. Carlos Salinas de Gortari, Secretary of Planning and Budget of Mexico, drew attention to the seriousness with which ILPES had approached its tasks and remarked that in the absence of planning, the adverse effects of the crisis would have been even greater.

28. The head of one delegation analysed the various agenda items, making observations which referred both to his own country and to the region as a whole. He began by noting that his government had inherited a very difficult economic situation, with a high degree of indebtedness and destruction of productive capacity as a result of orthodox policies advocating openness. Indebtedness had not been used for purposes of development but rather primarily to finance consumption and arms expenditure, in the framework of a highly speculative financial system and in the presence of a high rate of inflation. Against that background, the present democratic authorities were trying to cope with the adjustment process without succumbing to recession, unemployment and diminished quality of life. He also noted that it was not fair to expect the whole adjustment effort to borne by the debtor countries since the creditor countries, which had promoted the policies which had resulted in the present situation and had made it possible to implement them shared some of the responsibilities. The creditor countries, were, however, making the current situation more difficult through the application of protectionists practices and policies which resulted in higher international interest rates. For that very reason, any recovery which the industrialized countries might be experiencing was not being transmitted to the debtor countries. This constituted a political problem due to the degree of internal sacrifice called for by an adjustment carried out in these conditions.

29. Returning to the case of his own country, he described some measures for increasing domestic savings, reducing the flight of capital and applying tax and financial reforms. He stressed that, together with those measures, the government was taking action to combat extreme poverty directly through such means as a national food programme.

30. With regard to planning and State intervention, he recognized that production should be based primarily on private activity but said that this shall not negate the State's role in regulation and providing inputs for development. Development strengthened the legitimacy of democracy, and dynamic democracy could be achieved only in a planned State which guaranteed the common good. Planning should take into account the need for decentralization created by the political and administrative complexity which now prevails. He ended by noting the three criteria guiding his government's action: resolving the crisis, consolidating the democratic process and laying the bases for a prolonged period of stability, development and justice.

31. Another delegate touched on the two main items under consideration at the Fifth Conference. With regard to the first, he said that the present crisis was the most serious in the past 50 years. It was one in which external and internal factors combined to produce a crushing external debt, a deterioration in the terms of trade, a dramatic reduction in the gross domestic product, unemployment, inflation and poverty. One of the most acute and explosive problems was the external debt. In actual fact, each year servicing of the foreign debt amounted to twice the amount made available for 15 years by the Alliance for Progress during the Kennedy administration in the 1960s as an aid to the region's development. In the same context

he said that the commercial balance of the Latin American countries would not amount to enough in the next few years even to pay the interest on the debt, so that all the countries would have to have recourse to greater indebtedness. The Chairman of his country's Council of Ministers had recently demonstrated that the external debt of Latin America was unpayable and should therefore be wiped out since any attempt to pay it in the political, economic and social circumstances now prevailing in Latin America and the Caribbean could, in some cases, result in a social explosion with dramatic consequences. Latin America was not to blame for its underdevelopment; but as there could be no question of destroying the international financial system, the only solution was for the creditor industrialized countries to take the responsibility for paying the debt. They needed to direct only 10 to 12% of their annual military expenditure to this purpose, thereby guaranteeing that the creditor banks would recover their money and making it possible to bring about the economic reactivation of Latin America and of their own countries. Latin America had the moral right to propose such a solution since in recent years it had endured much higher costs as those associated with protectionism, dumping, unfair trade and excessive interest rates.

32. In spite of the above, he argued that the important thing was to eliminate the causes of the crisis which lay in the commercial and financial policies of the developed countries and in the application of recessive policies by the IMF. Latin America had to fight for a new international economic order (NIEO) and a new strategy which would put an end to domestic economic and social problems. This end would be furthered by true agrarian reform and by redistributing income on the basis of a real change in income structure. Without wishing to engage in polemics he said he felt

the socialist solution was the best option for achieving internal structural changes. Consequently, the State must play a basic role in the design of a new strategy. In Latin America, the public sector must assume a decisive role of growing importance in the management of the economy. In his view, however, no State had managed to assume its full role in development, except in the case of his own country. State action must necessarily go through a process of growing democratization, which would allow for increasing participation by the people in development planning.

33. At regional level, economic co-operation in Latin America and the Caribbean was one way of coping with the crisis, the shortage of foreign currency and growing protectionism on the part of the developed countries. It was important to increase interregional trade and to use the capacity for joint negotiation to counterbalance imposition of payment of the debt and unequal trade at the external level and at domestic level to co-ordinate national economic and social policies in such a way as to increase the capacity to emerge from the crisis. In conclusion he offered his country as the venue of the sixth Conference of Ministers and Heads of Planning to be held in 1987, asking the representatives to consider that proposal.

34. Another head of delegation noted that the crisis was no longer a short-term problem and that its repercussions were making themselves felt in the social, economic and political structures of the countries. The attempt to find a way out had caused the countries to apply orthodox and heterodox systems of doubtful efficiency, in particular, by accepting the imposition of so-called "adjustment policies" without examining their long-term impact. Although they were intended to correct short-term imbalances, such policies had far-reaching structural effects.

35. He then described a number of external and internal effects of the crisis and the policies applied, some of which had had positive results some negative, although the situation in which they were felt was more critical than in past decades. He referred in particular to the restrictive effect of the new criteria imposed by the seven large industrial powers with regard to the refinancing of the debt. Although those criteria might result in more effective use of resources, they would involve new financial ties. Moreover, to be successful, it would be necessary for the International Monetary Fund (IMF) and the development banks to participate. He then described the situation and policies with regard to refinancing in his own country.

36. He stressed the need to provide for the environmental variable and the rational management of resources in medium-term policies. He noted that economists, planners and administrators were responsible for understanding the new challenges and for steering away from dogmatic or unrealistic ideas. He said it was crucially important to review the role of the State in development and to examine the centralist colonial tradition which had resulted in an excessive growth of the public sector, often to the detriment of efficient management. He urged Latin American intellectuals to abandon idealist or quixotic positions which were too easily accepted by the bureaucracy.

37. He appealed for recognition of the true nature of the societies of the region and of the kind of State they generated and also for recognition of the need to regulate markets in less developed countries. He argued for a proper balance between form and freedom, which was the hallmark of planning. Planning should be based on realities, should make use of existing institutions and

seek to study and resolve specific problems. Such an approach should begin, from the bottom, with a multidisciplinary perspective. In short, there was need for a great effort to "reinvent" planning and to discard traditional models.

38. Another representative took the floor to note that the crisis had created a difficult economic and social situation for the countries of Latin America and that since 1982 the internal and external factors which had resulted in a contraction of the economy were also evident in economic policy management. In this context, he pointed out that there was no substitute for the exchange of experience to strengthen links among countries and to broaden the perspectives of planning. He mentioned the incidence in his country of adverse factors of an international nature, such as the deterioration in the terms of trade, the rise in interest rates, the suspension of the flow of foreign financial resources and the worsening of financial conditions in other countries, which had affected his country's balance-of-payments position. Internal factors had also been responsible for weakening the external sector and in particular the trade balance, the level of foreign currency reserves and capital inflow. In 1983 the Government of his country had begun to apply a new economic readjustment policy for the purpose of closing the exchange-rate gap, reducing the commercial deficit, reversing the tendency for reserves to decline, controlling the index of inflation and decreasing the public sector deficit. A plan was drawn up for 1983-1986 in which consideration was given to: 1) better organization of the human and natural resources available; 2) the rationalization of spending and readjustment of the exchange rate and 3) the expansion and reactivation of exports and of non-traditional exports in particular, in a spirit of equity with a view to social change.

39. His country's planning experience had taken place at four levels:

a) Institutional co-ordination to introduce planning in zones which were relatively less well developed. In particular it was important for the community to participate in development programmes and for paternalistic policies to be avoided. This led to greater efficiency in the management of public spending, and the process was initiated at the most basic levels.

b) Improvement of public sector mechanisms for the provision of information on the behaviour of the various sectors at the macroeconomic level.

c) Defining the long term development strategy, making provisions for avoiding a repetition of unexpected situations, such as the debt and the crisis of the past few years.

d) Reinforcement of the mechanisms for the transfer of technology among national planning bodies in order to strengthen multilateral and bilateral contacts. He considered that this was a priority task of ILPES. It was also necessary to strengthen multilateral entities for long term financing and transfer of resources.

Finally, he reiterated his country's offer to host the next meeting of the Technical Subcommittee of ILPES.

40. A representative pointed out that a top priority in his country's present rehabilitation and development plan was to reorganize the economy in the midst of the crisis. This was to be done without overlooking the fact that there were still latent

structural elements of dependence and external vulnerability. Thus, it was worth reaffirming that the present development model was in crisis. The plan emphasized: a) the need to provide for the masses; b) the need for a greater degree of selectivity in the allocation of resources; and c) as a basic concept, the need to give priority attention to the "essential area" of the economy. The purpose of this new approach was to favour small and medium-scale entrepreneurs; the use of appropriate technology; the reorganization of State enterprises; the generation of productive employment and the creation of a level of supply compatible with the country's needs. Requisites of this approach included foreign exchange controls, effective State intervention in foreign trade and financing in which an integral approach was taken, all valid elements within a process of participative, pluralist democratization.

41. With regard to the item on economic policy and State management, it was stressed that the plan was not just a technical element but should emanate from a process of democratization of power. Basically, the plan should aim at obtaining and reallocating of the economic surplus within a context of progressive democratization of the decision-making process. If that were possible, the economy as a whole could enjoy higher levels of well-being with greater participation by the body politic. To end his statement, he specified that attempts to modernize the State should be accompanied by greater social justice, higher levels of productivity and greater participation of citizens in development tasks.

42. In the first part of his intervention, a representative concentrated on three points: a) the international aspects of the crisis; b) the experience of the developing countries with adjustment processes and c) the programme for the economic reordering of his country. With regard to the first point, he noted that the crisis

was linked to the increasing degree of integration in the world economy. Thus, the circuits of interdependence had operated adversely, facilitating the transfer of structural and conjunctural imbalances to the developing countries and magnifying their restrictive effects on production and commerce. As for the economic adjustment programme, he said the developing countries were structured in such a way that the exchange, monetary, fiscal and credit policies were stronger in the downward phase of the cycle, with highly contractionist effects in the short-term, producing declines in production and increases in unemployment. Finally, with regard to his country's experience, he noted that the government priorities would be concentrated on the reduction of the growth rate of public expenditure; job protection, production supports; importation and distribution of basic foodstuffs; increasing public revenues; selectivity in credit; regaining state sovereignty over the exchange market; restructuring the Federal Public Administration and strengthening the mixed economy system. Finally, he indicated that as the economic reordering process took place, democratic planning was promoted as a system for institutionalizing the desire for change and as an instrument for guaranteeing the transition to a sounder economy and a fairer society.

3. In the second part of his intervention, the representative touched on the role of the State in the tasks of the future. In doing so, he pointed out the need for more than polemics concerning the extent and degree of State intervention in the economy --a matter which was determined by the internal, political and social organization of each country and by its historical evolution. The important thing was the actual capacity of each State to face up to the challenges posed by the current crisis. With such an approach the public sector participated directly in the economic life of the country-- both in the production of strategic goods and

services and in areas to which the constitution attached priority, such as the provision of basic infrastructure and social services. All of this happened through the use of criteria of efficiency and selectivity which were based on what was considered to be of priority and of strategical importance.

44. He then noted that decentralization, deconcentration, simplification and modernization of systems were all essential for making more efficient use of resources and for making the State's role more harmonious and complementary. He went on to say that planning could not be limited to the present situation since the final objective must continue to be development. Consequently, policy should be structured on the basis of broad schemes for medium- and long-term growth and distribution, which called for a flexible planning. To close his statement he stressed that planning as a tool of the State should have the flexibility needed to achieve and implement social consensus, reflecting in both in the setting of objectives and in the implementation of action, programmes and policies which give form and substance to such consensus.

45. Another representative opened his statement by extending warm greetings to all the participants on behalf of the Director of his country's Planning and Budget Office and, in particular, on behalf of its Minister of Foreign Relations. In his statement, he noted that with the return to democracy, it was necessary to use planning to provide a certain amount of flexibility and realism in the adoption of appropriate programmes for dealing with the crisis. One of the duties of the Planning Office was to prepare the budget of expenditure and investment. It also helped to set and supervise rates for public services. Another major task was related to the

design of medium-and short-term policies. In addition, planning tasks were viewed in the context of what had been defined as "concerted national programming", a result of putting democracy into actual practice. To supplement his statement, he described the social and economic characteristics of his country at present. In that connection, he said it was time to discard rigid policies and programmes which did not respond or adopt to the present international economic situation.

46. Another representative said, with regard to the item on the external crisis and reactivation programmes, that the economy of his country had been severely affected by the high degree of external openness and the scant diversification of its trade flows. This had caused the terms of trade to fall by over 10% during recent years. The severe negative impact on the commercial balance and the net flow of capital had combined to generate a marked global deficit in the balance of payments. All of this had an impact on the implementation of the Five-year Development Plan. In response, the government had established a financial and monetary stabilization programme within the framework of the International Monetary Fund (IMF). As a way of softening the regressive effects of that programme, a number of emergency programmes had been designed to benefit the most vulnerable groups. With regard to the reactivation programmes, he said a 1984-1986 biennial plan had been designed whose basic objective were to raise the growth rate, increase domestic savings at both the public and the private levels; correct external imbalances through the use of fiscal and export promotion measures; check the fall in levels of employment; enhance the purchasing capacity of social groups through intensive labour programmes and effect increases in the minimum wage and, finally, improve food security by applying specific programmes. As for the role of the State, the representative

noted the semi-indicative and semi-imperative nature of planning, and its comprehensive aspect in that the global, sectoral and regional levels were covered by it. He also noted that the plan could be viewed in a medium-as well as a long-term perspective, that included the public and private sectors and that it reflected the aspirations of the regions. Regional participation was obtained through the National Planning Commission.

47. In a special statement, the Under-Secretary of Ecology of the Government of Mexico referred to the incorporation of the environmental dimension in national planning. He noted that there was a danger of losing the environmental equilibrium since the economic crisis now being experienced was intimately linked with the deterioration of natural resources and the quality of life. This was born out by the fact that during the 1960s the industrialized countries had consumed more natural resources than had previously been consumed in the whole history of mankind. At present there was need not only for changes in attitude regarding the use of resources but for profound transformations in the economic orientation of society. He quoted from a statement made by President Miguel de la Madrid in 1982 in which he had said: "we are politically committed to defending the environment and the ecology and to formulating an ecology programme involving society as a whole". He, the Under-Secretary, noted that this clear political decision had been reflected in plans and programmes of action and that Mexico had in 1983 incorporated ecological criteria in its social policy. The people's demand had been recognized and for the first time a national ecology programme constituted an important part of the National System of Democratic Planning. The programme was based on the view that ecology did not run counter to economic development and, in spite of economic crisis, his government had established the

Department of Urban Development and Ecology (SEDUE). Ecology was essentially an intersectoral discipline, and for that reason work with other sectors had received priority. The Planning and Budget Department of Mexico had worked in co-ordination with SEDUE in allocating goals for concrete decentralized action to be carried out by municipal and State authorities in such important areas as the management of waste products; the management of waste water; the emission of gases, smoke and dust; environmental impact; the protection of flora and fauna and the integral development of national parks and ecological reserves. The State had defined a realistic and efficient standards; this was particularly important in the light of decentralization and the strengthening of municipalities, since the implementation of action could be integrated only if well-structured standards existed. Co-ordination had been established among a number of agencies, including those responsible for establishing the country's infrastructure (the Department of Communications and Transport, for example and the Armed Forces, which day by day lent decisive support to the protection of the environment and the restoration of the right of the Mexican people to health. This involved a meeting of minds and the devotion of time to priority action based on manifest needs of the population. There were, for instance, demands from critical areas such as the metropolitan area of the Valle de México, the oil-producing areas and the border areas in the north and south for the development of water basins and the protection of Caribbean forests and reserves and the solution of problems such as those which pertained to garbage disposal, water and air pollution, deforestation and changes in the use of soil when woods and forests were replaced by single crops. He ended his statement by reminding the participants that from 18 to 20 April 1985 the Fourth Latin American and Caribbean Intergovernmental Meeting on the Environment would be held at Cancún,

Quintana Roo to strengthen the exchange of experience and technology needed to restore the comparative advantages once enjoyed by the region. This represented an attempt to support anti-pollution measures taken by all the peoples of the region, to provide for co-operation in cases of natural disaster, to combat the deterioration of the ecosystems represented in the region and to co-operate on behalf of its integral development and support regional programmes of common concern.

48. One representative said that the recessive process in his country's economy had begun in 1981 as a result of the drop in the production of important primary commodities. The most difficult year had been 1983, when the domestic product had shown a decrease in real terms. In the middle of that year, a short-term plan for 1984 was formulated which had in all probability been partially responsible for the growth of 2.9% experienced by the economy; the product was expected to grow by 4.5% in 1985. Emphasis was placed on internal and external financial equilibrium in terms of the public budget and the balance of payments. A distinction was drawn between five areas of application of the economic policy instruments --production, by stimulating the domestic economy through exports and import substitutions; transactions with the exterior, by effecting changes in the exchange rate and installing a multiple exchange system, and by classifying imports; the fiscal area, by rationalizing public expenditure and seeking to increase revenue; the monetary and financial area, by monitoring the supply, and the social area, by promoting social programmes, particularly those in education and health in which the community could participate.

The growth strategy would intensify trade relations with the Latin American Integration Association (ALADI). The regionalization of production called for a process of internal integration since

the main objective of his country was the physical and economic integration of the national territory.

49. A representative then took the floor to state that his country had based its development on the resources generated by petroleum, its major export, and on the promotion and strengthening of domestic economic activities by means of action initiated by the State, which was the sole distributor of the petroleum earnings. This aspect of the prevailing development model meant that the country's economic growth was closely linked to fluctuations in the external sector and was consequently dependent on the exploitation of petroleum and suffered excessively from vulnerability to the external situation. The economic recession which affected the industrialized countries and the energy savings those countries achieved had resulted in a drop in the western world's petroleum consumption of over 10%. Moreover, the incorporation into the market of new exporting countries and the depletion of stocks at world level had resulted in enough of a surplus supply to produce strong pressure for the reduction of the price of petroleum. In addition, the process of adjusting the economy to the lower level of revenues received from abroad had been hampered by the traditional policy of maintaining the dollar exchange rate, and this, combined with a rate of domestic inflation which was higher than the world rate, had led a progressive overvaluation of the currency. This fact had weakened the external balance even more since it had given rise to high levels of imports of merchandise and services. The monetary and fiscal policies implemented had been insufficient and had not succeeded in redressing the imbalances generated. Thus, as the crisis continued, the country found itself caught between recession and inflation. Accordingly, during 1984 the national government applied a number of economic policy measures with a view to effecting an administrative and financial reordering

of the public asector and making some basic progress in the normalization of the situation of the external sector. These measures were applied as part of the transition from a crisis situation a phase of real recovery, whose main results were described by the participant who ended his intervention by saying that the fundamental objective of the government's programme was to ensure greater social justice, which could be achieved through a growth strategy which would permit a greater number of citizens to have access to productive, well-remunerated employment.

50. In his statement, Mr. Wilfred Wittingham, Deputy Director of the ECLAC Caribbean Office noted that the Caribbean Subregion was made up of a large variety of countries in so far as size, population, etc., were concerned, but that their problems were very similar. In the Caribbean, primary consumer items for export constituted the most important products, which had meant that income had been declining since 1974-1975 owing to the drop in world market prices. Where tourism was concerned, the levels had been maintained since 1980. With regard to the indicators of inflation and unemployment, he said that although the statistical sources were not very realible, it was recognized that unemployment was rising. With regard to the debt, he noted that the terms had worsened as a result of the rise in interest rates and the current crisis at world level. All this had undeniably had an impact on planning, which was recognized as being the instrument for accelerating the rate of development in the region. Planning had been practiced in the Caribbean since the 1950s, but later sectoral plans had been formulated which competed with those of a global nature; thus, priorities were established by sectoral planning ministries and in many cases were approved on the basis of acquired rights.

In spite of diverse disequilibria, there had been strong growth in the 1960s and 1970s. In the mid-1970s, as food imports rose, the level of domestic crop-growing and livestock-raising was neglected. This offset the advantage previously acquired in the commercial balance. At the same time the debt problems began to be important. In those days, planning was carried out as a day-to-day emergence measure, with little attention paid to long-term planning. As a result, the heads of government met at Nassau and agreed to adopt measures for a number of purposes, including the orientation of productive activity towards exports, selective import substitution, the elimination of subsidies and the securing of loans abroad to give impetus to the economy, energy conservation and the application of monetary and fiscal policies in line with the aims of medium-term development.

51. In his statement, Mr. Miguel Muñiz de la Cueva, Secretary-General of Economics and Planning of Spain, who was attending as an observer, noted that in 1982, when the present socialist government had come into power, the Spanish economy suffered a profound crisis which was reflected in a rate of unemployment and inflation which was twice as high as that in other European countries; a large deficit in the current account of the balance of payments and a public deficit whose rate of increase was rising. In dealing with this situation, the first objective was to achieve stable and solid growth which would result in the creation of employment, the recovery of internal and external balance and the enforcement of structural reforms. In this situation, planning in Spain tended to play a crucial role in that it put priority on the problems to be solved, viewing them in a coherent manner and put the medium-term considerations into play in nearly all economic policy decisions as well as taking a realistic approach and showing the political will to proceed through concertation with the social

forces. A four-year economic programme was devised along these lines, which defined and quantified the objectives and reforms to be carried out and was provided with its own methodology in the absence of a large bureaucratic apparatus. With regard to state intervention, the role of the State was redefined in such a way that its participation in the economy was modified and it was made to focus primarily on information, research, the development of technology and market openness. As for decentralization, a regional development programme was being set up in co-ordination with the 17 autonomous communities and in line with a system and methodology established by the European Economic Community (EEC). As for concertation, an Economic and Social Agreement had been formulated, which provided for concerted action with entrepreneurs and trade unions and aimed at the development of public investment programmes, the creation of employment, vocational training plans and social security.

52. One representative said that the main problem encountered by his country as well as the other Latin American and Caribbean countries was the financial crisis, which made the economic and social problems more acute, condemning a large proportion of the population to severe poverty. The financial crisis represented a challenge and an opportunity for planning in that it became a political project which took advantage of the participation of all countries of the region to give impetus to economic and social co-operation. To progress in development, it was necessary to consider the following elements as a frame of reference for planning: level of indebtedness, in connection with which his country had entered into agreements with the International Monetary Fund; loans from the World Bank, which were also made on special terms; renegotiation of the private debt and renegotiation of the public debt in the Club of Paris.

These four elements constituted constraints which determined the economic and social outlook of countries for the next few years.

53. A representative from the Caribbean area noted that in his country problems which affected both Latin America and the Caribbean were present, which made the task of planning more difficult. A number of five-year plans had been formulated and put into effect with varying degrees of success. The recent internal political change had necessitated changes in those plans. At present work was still being done on the process of defining the new plan in the hope of finding political guidelines to orient it. The fundamental aim of the new plan would be to consider the prevailing mixed economy system, increasing the participation of various social sectors in the definition and execution of the development strategy. An attempt would be made to increase the productivity of the economy, particularly with respect to activities centering around export trade, agriculture and employment.

54. With regard to the item on the external crisis and reactivation in the context of planning, one representative noted that the crisis constituted the main problem shared by the countries of Latin America and the Caribbean and said that its devastating effects had forced governments to focus their efforts on the short term, with no attention given to the medium and long term. In an effort to harmonize the short-term approach with medium-term aims, his country had created working teams responsible for each of those aspects, which operated in a co-ordinated and complementary manner. A short-term adjustment programme had been carried out within the context of the medium term. Now that the immediate situation had

been dealt with, the task of reactivating the economy had been undertaken, relying on the existing fiscal surplus.

55. Mr. Juan Manuel Villasuso from Costa Rica, who was participating as the representative of the countries of the Central American Isthmus, noted that the Central American countries were concerned about the difficult international economic situation which was putting additional constraints on their possibilities for development. The crisis afflicting the subregion was extremely serious, profound and complex and was characterized by factors of a structural nature and by socio-political tensions which complicated the search for solutions and made it more difficult. For these reasons, it was essential to strengthen the planning processes in the area so that the few resources available could be used as rationally as possible and their use could be dictated by political judgement. There should be some assurance that the measures taken focused in on the problems of the moment and made it possible to maintain minimum levels of well-being for the majority of the people. He also said that the negotiations being carried out by the Central American countries with international financial bodies gave greater validity to the use of planning in the countries of the subregion.

The participants agreed to the inclusion in extenso of Mr. Villasuso's presentation in annex 4 to this document

56. The representative of Belize, speaking in connection with the presentation made by Mr. Villasuso, read out a declaration which the participants in the conference also agreed to include in in extenso (Annex 5).

57. Miss Margaret Anstee, representative of the United Nations, speaking first in her capacity as special representative of the Secretary-General for Bolivia, described the efforts undertaken at the end of 1982 at the request of President Siles Suazo to help the Government of Bolivia face up to the severe economic and social crisis inherited by the new democratic regime, especially with regard to the mobilization of financial resources from the international community. Acting to the great difficulties encountered, she expressed the view that the case of Bolivia, characterized as it was by a situation of vicious circles, constituted a classic example of the problems confronting the region at present and, to some extent, represented the crux of the Latin American dilemma. She referred to the work of the United Nations Department of Technical Co-operation, whose mandate provided not only for economic and social development planning (global and regional) but also for other fields of government action. She explained how the Department had tried to bring its technical co-operation in the field of planning into line with the new needs of the countries in the present situation of the region. She said there was a pressing need to exchange experiences and noted the measures taken by the Department in that connection. She ended her statement by saying she was confident that planning could meet the big challenge with which it was now presented and promised that the Department of Technical Co-operation for Development would co-operate with the countries in any way it could, working in close association with ILPES and in the pragmatic spirit which befitted the circumstances.

58. Mr. Juan Pablo Pérez-Castillo, Manager of Technical Co-operation in the Department of Economic and Social Development of the Inter-American Development Bank said his institution had been giving priority to problems caused by the crisis, working primarily through

financing under programmes for the economic reactivation of Latin America and the Caribbean as well as through traditional short-term development projects. The Bank attached great importance to the effect which countries' adjustment and reactivation policies could have on the social sectors, in particular those whose need was greatest. The co-operation of the Bank at technical level with countries, in the field of planning, was equally important to financial co-operation and was provided in the form of advisory services, research activities, training projects for officials and promotion and dissemination activities. IDB, which would celebrate its twenty-fifth anniversary this year, had financed over 370 projects in support of planning, in an amount of over US\$ 80 million. For the next three years, the programme for planning projects not associated with loans would provide for 33 potential projects at an estimated cost of US\$ 25 million. IDB, in addition to engaging in co-operative efforts with other international bodies, such as OAS, ECLAC and ILPES, had had an important role in the creation of ILPES, and over the years, it and ILPES had collaborated on some 15 planning programmes at a total cost of approximately US\$ 6 million. He ended his statement by noting that the Inter-American Bank hoped to continue co-operating with the countries of the region in connection with financing and technical co-operation project and programmes.

59. Mr. Christopher Willoughby, Director of the Economic Development Institute of the World Bank said he felt that the main problem facing the developing countries was the shortage of resources, which made this a crucial time for development planning. It was of major concern for the World Bank, which was accordingly giving greater attention and aid to those countries. The Bank contributed capital aid for financing and assisting development projects and programmes. It could not be denied that planning

needed to be changed substantially and should be a process, but a continuing process, which was more important than any planning document for achieving the objectives desired in the short and medium terms. In his view the components of good planning were as follows: a) key prices (exchange rate, interest rate, labour, agricultural sector, etc.) and a policy governing those prices to ensure that they functioned properly; these were necessary measures for economic growth since it was important for the Latin American countries to attract the capital which had left them in the 1970s; b) planned State expenditure, both current and capital; it was necessary to be strict in planning expenditure; c) supervision and monitoring the development of the social indicators in the strata with fewer resources was important in this connection; d) communication; generating a consensus and disseminating it in order to give rise to a dialogue and public action, to achieve the desired objectives. The World Bank supported the exchange of experience among a number of countries to ensure good planning and in this connection he again urged all countries to increase their co-operation with ILPES.

Working group

In his statement, the Chairman of the Working Group presented a summary of the deliberations and conclusions contained in the rapporteur's reports on the two items assigned to the Group, which are included in annex 6. With respect to the first item, he drew attention to the contrast existing between what is said and reality; the progress made by decentralization in its functional aspects rather than in its territorial aspects; the discussion on the redistributive aspects of decentralization; the inevitable ties between decentralization and democratization and, finally, the popular roots of decentralization. With regard to the second item, he noted the complexity of social considerations during the economic crisis and the conviction expressed by the participants as to the need to minimize its negative effects on the population.

C. PLACE AND DATE OF THE NEXT CONFERENCE

The Chairman asked the participants to consider the offer made at the first plenary meeting by the Head of the Cuban delegation, expressing his country's willingness to host the Sixth Conference of Ministers and Heads of Planning of Latin America and the Caribbean.

The participants agreed by acclamation that Cuba would host the next meeting, which would be held during the first half of 1987. The representatives of Paraguay and Chile asked the Secretariat to put on record their abstention from this decision. The representative of Cuba expressed his satisfaction at his country's having been given the honour of hosting the Sixth Conference, which was a big commitment and a tremendous responsibility, particularly in view of the excellent way in which the Fifth Conference had been organized by the Government of Mexico. He ended by stating that all the participants would be welcome in his country so they could continue with the fruitful exchange of experience which this conference had represented over the years.

D. CONCLUSIONS AND RECOMMENDATIONS EMERGING FROM
THE CONFERENCE

The rapporteur read out a summary of the conclusions and recommendations emerging from the exchange of views and statements made at the Conference. The text of this summary is as follows:

1. In their statements on the first item of the agenda --"external crisis and reactivation programme in the 1980s"--, the representative agreed as follows:

a) That the present crisis experienced by the countries of the region has its origins primarily in external causes such as the deterioration of the terms of trade, the reduced availability of external financing and the rise in interest rates --factors derived from, inter alia, the fiscal, monetary and trade policies applied in some industrialized countries:

b) That the processes of internal adjustment that some countries have had to engage in has produced positive balances of payments which have provided more margin for paying the debt, but at a heavy internal cost in terms of consumption and investment, employment and deteriorating living conditions for large sectors of the population. On the other hand, the creditor countries have not embarked on similar adjustment measures in spite of their responsibility for the high debt levels, which has been reflected in high fiscal and foreign trade deficits and overvaluation of their currencies;

c) That, faced with the magnitude of the problems generated by the crisis, countries have had to formulate reactivation programmes which while correcting the most acute imbalances, can

also protect the level of employment, the production plant, the capacity for growth and the standards of living previously achieved by the majority of their populations;

d) That planning plays an essential role in the design of such reactivation programmes by co-ordinating short-term policies with medium-term objectives and ensuring that those policies are efficiently carried out. In this connection, planning, as the "conscience of development" is an irreplaceable mechanism which provides an overall view of current problems and of the available policy options so that their economic and social impacts and costs can be accurately assessed.

2. With regard to the second agenda item --"economic and social policies: the role of the State in the tasks of the future"--, the delegates expressed diverse points of view; however, they agreed on the following:

a) That, the mixed economies in the region, a careful balance is required between markets and planning. For historical, political and social reasons, markets could play an important role in mobilizing resources and ensuring their effective use. Nevertheless, State planning should correct the distortions produced in the distribution of income and in the investment process to protect the capacity for growth.

b) That definitions of the role of the State should be realistic as to its nature in each country and its real capacity to promote economic and social development, avoiding utopian ideas which sometimes caused the State to over-extend itself. The wisdom of improving the State's present operational capacity before increasing its size was also mentioned.

c) That an attempt should be made to meet the needs of the population by refraining from giving preference to sectors with greater power or influence. For that purpose, the wisdom of establishing mechanisms for social participation which ensured that the services provided by the State were actually democratized was suggested.

d) That planning should play a fundamental role in the coordination of State activities and in providing a perspective for orienting the private and social sectors.

3. With regard to the first item assigned to the Working Group ("centralization and decentralization in government decision-taking"), it was noted in various statements that:

a) Decentralization is essential for the physical development process and for the formulation, implementation, follow-up and evaluation of regional development plans;

b) Decentralization is essential for promoting the qualitative change required by countries and for ensuring sounder, more equitable and more democratic development;

c) Decentralization is closely related to opportunities for the participation of social organizations and, including both those deeply rooted in history and those generated by the recent process of industrialization;

d) That the pitfalls and difficulties occasionally faced by the territorial decentralization process should be overcome by seeking formulas and mechanisms which would ensure an effective solution of the problems of regional and local development;

e) That decentralization is an effective tool for analysing and discussing solutions for specific problems associated with the management of natural resources and their appropriate use and for preserving the environment and improving the quality of life.

4. In considering the second item assigned to the working group "employment, income and social programmes during the second half of the decade", the participants agreed:

a) That the crisis has negatively affected the employment and income levels of the majority sectors of the population of the countries of the area, exacerbating problems related particularly to the application of so-called adjustment policies, which has placed the burden of most of the cost of the crisis upon those sectors;

b) That it is urgent to put reactivation policies and programmes into operation in order to recover at least the employment and income levels prevailing prior to the crisis. For that purpose there is a need, inter alia, to reorganize the State apparatus in order to apply effective policies directed towards specific sectors;

c) That the social impact of the crisis has led, in various cases, to the application of compensatory policies designed to give priority to channelling available resources towards the neediest sectors. In this context, priority should be given to the supply of basic foodstuffs, the efficient use of natural resources and the participation of peasant economy sectors;

d) That social development policies, particularly in the field of health and food, should seek an approach that favours their articulation with the social and productive sectors;

e) That it is essential for all national or international organizations concerned with social and employment policies to improve the co-ordination of their activities in order to make the best possible use of the resources available.

5. Both in the opening meeting and during the deliberations of the Conference and the Technical Committee of ILPES, emphasis was placed on the importance of strengthening regional co-operation and integration and on the progress that had been achieved in that field since the creation of the System of Co-operation among Planning Bodies of Latin America and the Caribbean (SCCOPALC).

The success of the work of the Fifth Conference implies the strengthening of the Co-operation System, which should continue to be improved. In order to implement the recommendations concerning mutual co-operation in the area of planning, the Conference recommended:

-Establishing mechanisms for the realization of joint government activities during the period between conferences. In this connection consideration might be given to the creation of working groups to examine priority areas with a view to carrying out joint activities to benefit groups of countries or the region as a whole.

- Promoting technical co-operation among countries, with priority given to the relatively less developed countries.

- Promoting and launching publications so as to be able to ensure proper dissemination of experiences regarding the progress achieved and the obstacles encountered in planning.

- Strengthening the planning information system (INFOPLAN), for which responsibility within the ECLAC system is assigned to the Latin American Economic and Social Documentation Centre (CLADES), with support from ILPES.

- Recommending to ILPES that, as Technical Secretariat, it should provide continuous support to the President of SCCOPALC in the performance of his functions.

6. The participants were unanimous in congratulating the Planning and Budget Department of Mexico for the excellent way in which it had organized the Conference, and the Ministry of Foreign Affairs was thanked for the contribution it had made to the success of the Conference.

ANNEXES

Annex 1

LIST OF PARTICIPANTS

A. MEMBER STATES

ARGENTINA

Representative: Bernardo Grinspun, Secretary of Planning,
Planning Department

Members of the Delegation: Alberto Ezeguiel Volpi, Under-Secretary
for Long-term Analysis, Planning Department; Oscar Yujnovsky,
Under-Secretary for International Co-operation in the Ministry
of Foreign Affairs; Jorge B. Riaboi, Mario Schuff and Lila
Roldán Vásquez

BELIZE

Representative: Robert Leslie, Permanent Secretary, Ministry of
Foreign Affairs and Economic Development

BOLIVIA

Representative: Iván Finot, Under-Secretary of Planning, Ministry
of Planning and Co-ordination

Members of the Delegation: Alfredo Harvey, Carlos Toranzo, Rodolfo
Eróstegui, Eva Urquidi and Martha Gutiérrez

BRAZIL

Representative: Francisco Vidal Luna, Head of the Institute of
Planning, Planning Department

Member of the Delegation: João Almino de Souza

COLOMBIA

Representative: Jorge Ospina Sardi, Director of the National Planning Department

Members of the Delegation: Rodrigo Villamizar, Luis Antonio Alvarado Pantoja

COSTA RICA

Representative: Juan Manuel Villasuso, Minister of National Planning and Economic Policy

Members of the Delegation: Carlos Luis Pacheco, Luis Guillermo Víquez and Armando Bolaños Bolaños

CUBA

Representative: Humberto Pérez, Vice-Chairman of the Council of Ministers and Chairman of the Central Planning Board

Members of the Delegation: Herminio García Lazo, Vice-Chairman of the Central Planning Board; José Fernández de Cossío, Ambassador of Cuba in Mexico; Waldo O'Farril Angulo, Omar García Ramos, Juan Pedro Soto, Eduardo Domínguez Madrazo, Antonio Sánchez Vega, Rubén Alayón Sánchez and Ramón Pérez Yero

CHILE

Representative: Jorge Aliro Valenzuela, Counsellor of the Embassy of Chile in the United States of America

ECUADOR

Representative: Oswaldo Dávila, Secretary-General of Planning, National Development Council (CONADE)

Members of the Delegation: Víctor Hugo Calahorrano and Gustavo Bucheli

EL SALVADOR

Representative: Ernesto Allwood, Vice-Minister, Ministry for
Planning and Co-ordination of Economic and Social
Development

Member of the Delegation: Fausto A. Betancourt

GUATEMALA

Representative: Mario Funes Cuéllar, Acting Secretary-General,
National Economic Planning Council

Members of the Delegation: Carlos Secaira and Héctor Lemus

HAITI

Representative: Ives Blanchard, Minister of Planning

Members of the Delegation: Wilfrid Bien-Aimé and Claude Grand-Pierre

HONDURAS

Representative: Daniel Meza Palma, Executive Secretary, Higher
Planning Council (CONSUPLANE)

Members of the Delegation: Ricardo Pineda Milla, Ambassador of
Honduras in Mexico and Mario Lizardo

JAMAICA

Representative: Louis H. Boothe, Ambassador of Jamaica in Mexico

Member of the Delegation: Audley Rodríguez

MEXICO

Representative: Carlos Salinas de Gortari, Secretary of Planning
and Budget

Members of the Delegation: Rogelio Montemayor Seguy, Under-Secretary of Development Planning, Planning and Budget Department; Manuel Camacho Solís, Under-Secretary for Regional Development, Planning and Budget Department; Jorge Eduardo Navarrete, Under-Secretary of Economic Affairs, Department of Foreign Relations; Melchor de los Santos, Miguel Sandoval Lara, Santiago Meyer Picón, Jesús Reyes Heróles, Martha Ortiz de Rosas, Graciela Vásquez, Tomás Yarrington, Alejandra Moreno Toscano and Jorge Espinosa de los Reyes

NICARAGUA

Representative: Luis Enrique Figueroa, Secretary of Planning and Budget

Members of the Delegation: Carlos Canales and Juan Sevilla Morales

PANAMA

Representative: Abdiel Ureña, Vice-Minister, Ministry of Planning and Economic Policy

Members of the Delegation: Emilia Arosemena, Ambassador of Panama in Mexico, and Guillermo Staute

PARAGUAY

Representative: Raúl Gómez Núñez, Ambassador of Paraguay in Mexico

Members of the Delegation: Darío Zárate Arellano and Fulvio Monges

PERU

Representative: Manuel Forno Henríquez, Technical Director of the National Planning Institute

Members of the Delegation: Luisa Galarza Lusich, Max de la Fuente Prem and Luis Benjamín Chimoy Arteaga

DOMINICAN REPUBLIC

Representative: Fernando Mangual, Under-Secretary, Technical Secretariat of the Office of the President

SURINAME

Representative: Percy Van Kantén, Director, National Planning Office (Ministry of Finance and Planning)

Member of the Delegation: Jan Lachmising

URUGUAY

Representative: Carlos Steneri, Head of Planning, Office of Planning and Budget, Office of the President.

VENEZUELA

Representative: Guido Grooscors, Ambassador of Venezuela in Mexico

Members of the Delegation: Ana Julia Jatar, Sectoral Director General of Medium Term Planning (CORDIPLAN); Vanessa Cartaya, Director of Employment Planning and Boanerges Salazar Muñoz

B. UNITED NATIONS SECRETARIAT

Norberto González, Deputy Secretary-General and Executive Secretary of the Economic Commission for Latin America and the Caribbean

Margaret J. Anstee, Assistant Secretary-General of the Department of Technical Co-operation for Development (TCCD) and Special Representative of the Secretary-General for Bolivia

Horacio Santa María, Project Director MEX 82/001 (DTCD)

Pablo Nudelman, MEX 82/002 (DTCD) Project Director

United Nations Industrial Development Organization (UNIDO)

Enrique Aguilar, Director of Information UNIDO-Vienna

Juan Ayza, Chief UNIDO Advisor for Industrial Development in Mexico (SIDFA)

United Nations Research Institute for Social Development (UNRISD)

Enrique Oteiza, Director

Economic Commission for Latin America and the Caribbean (ECLAC)

Gert Rosenthal, Deputy Executive Secretary

Wilfred Whittingham, Deputy Director, ECLAC-Port of Spain

Osvaldo Sunkel, ECLAC/UNEP Co-ordinator

Adolfo Gurrieri (Member of the ILPES Technical Board)

Ernesto Carranza, ECLAC/Mexico, Deputy Technical Secretary SCCOPALC

C. UNITED NATIONS BODIES

United Nations Children's Fund (UNICEF)

Fritz Lhérisson, Chief Regional Officer

Crisóstomo Pizarro, Programme Officer UNICEF-Mexico

United Nations Fund for Population Activities (UNFPA)

William Visser, Deputy Representative and Chief Advisor in Population

United Nations Development Programme (UNDP)

Hugo Navajas-Mogro, Assistant Administrator and Regional Director
for Latin America and the Caribbean

Gustavo Silva Aranda, Resident Representative

Paul De Jonge, Deputy Representative

D. SPECIALIZED AGENCIES

International Labour Organization (ILO)

Antonio Cabral de Andrade, Director, ILO-Mexico

Regional Employment Programme for Latin America (PREALC)

Lucio Geller, Expert in Employment Planning

United Nations Organization for Food and Agriculture (FAO)

Luis López Cordovez, Director, Joint ECLAC/FAO Agriculture Division

Adel Cortas, Head of Planning Assistance Services FAO/Rome

World Health Organization

Pan American Health Organization (WHO/PAHO)

Ramón Alvarez Gutiérrez, Sub-Director

Pablo Isaza, Representative in Mexico

Marc L. Schneider, Division of Strategy Analysis and Planning

World Bank

Fred Jaspersen, Senior Economist for Latin America
Economic Development Institute (EDI)
Christopher Willoughby, Director

E. OTHER INTERGOVERNMENTAL ORGANIZATIONS

Latin American Integration Association (ALADI)

Franklin Buitrón Alvarez, Deputy Secretary-General

Central American Bank for Economic Integration (CABEI)

Luis René Cáceres, Head of the Planning Division

Inter American Development Bank (IDB)

Juan Pablo Pérez-Castillo, Technical Co-operation Manager,
Department of Economic and Social Development

Jean-Michel Houde, Director, Programming, Planning Department

Latin American Development Administration Centre (CLAD)

Ana Matilde Broüwer de Du Bois, Secretary-General

European Economic Community (EEC)

Alexandre Stakhovitch, Chief Counsellor

Central American Institute for Public Administration (ICAP)

Carlos Cordero D'Abouisson, Director

Board of the Cartagena Agreement (JUNAC)

Edgar Moncayo

Organization of American States (OAS)

Ricardo Murúa, Head of the Division of Development Financing,
Department of Economic Affairs

Guillermo Molina, Chief Economist Responsible for Technical
Co-operation OAS/SPP

Permanent Secretariat of the General Treaty for Central American
Economic Integration (SIECA)

Raúl Sierra Franco, Secretary-General

Edgar Chamorro, Director of the Department of Economic and Social
Planning

F. NON-GOVERNMENTAL BODIES

Centre for Latin American Monetary Studies (CEMLA)

Juan Rafael Vargas, Assistant Chief, Research Department

Isolda Meléndez

Friederich Ebert Foundation

Gabriele Thumser, Director of Academic Co-operation

Inter-American Planning Society (IAPS)

Luis Camacho, Executive Secretary

G. SPECIAL GUESTS

SPAIN

Miguel Muñiz de la Cueva, Secretary-General of Economics and Planning

Alfonso García de Santa Cruz

UNITED STATES OF AMERICA

Arlene Triplett, Associate Director for Management, Office of Management and Budget

J. P. Felt

PORTUGAL

Francisco José Laço Treichler, Ambassador of Portugal in Mexico and Augusto José Pestana Saraiva

DEMOCRATIC REPUBLIC OF GERMANY

Gerhard Koehler, Personal Advisor to the President and Member of the Board of Directors of State Planning Commission and

Hans-Peter Kruse, Vice-Director General in the State Planning Commission

YUGOSLAVIA

Branko Vukusic, Ambassador of Yugoslavia in Mexico

H. CONFERENCE SECRETARIAT

Latin American and Caribbean Institute for Economic and Social
Planning (ILPES)

Alfredo Costa-Filho, Director General

Jorge Israel, Technical Secretary SCCOPALC

Eduardo García, Director Research Programme

Annex 2

STATEMENTS AT THE OPENING MEETING
OPENING STATEMENT BY MR. MIGUEL DE LA MADRID
PRESIDENT OF MEXICO

The Government of Mexico warmly welcomes its Latin American brothers.

I am sure that this meeting of those responsible for the tasks relating to planning in Latin America will be fruitful in terms of the intense dialogue which is being organized and carried out by Latin Americans.

We are living in difficult times, marked by an extraordinary economic crisis and are convinced that to emerge from it we need more than efforts to control its short-term manifestations but that the people's of the region must assume responsibility for making qualitative changes -- structural changes to attack the causes of the crisis at their deepest roots.

Latin Americans are very well aware that a substantial proportion of the problems we are facing are due to an inadequate international economic order. However, we reject any attitude of transfer of responsibility abroad: the development of Latin America is fundamentally the responsibility of Latin Americans.

Without ceasing to struggle and present our arguments to the international community, we must strengthen our conviction that

our own effort will be the decisive factor in overcoming the crisis, for making the economic and political changes needed by society and for laying firm, solid and fair bases for our development.

Planning is a method of working which brings technical need into harmony with political values. You are well aware that planning, in so far as it causes society to participate, is a political task of major importance to which the countries of Latin America have given high priority.

I am sure that though the exchange of experience among the different countries of our region, this meeting will represent one more step in the structuring of the broad political, economic and social consensuses which Latin America requires at this time.

Accordingly, I take great pleasure today --Monday, 15 April 1985-- in formally declaring open the fifth Conference of Ministers and Heads of Planning of Latin America and the Caribbean.

STATEMENT MADE BY MR. CARLOS SALINAS DE GORTARI
SECRETARY OF PLANNING AND BUDGET

MR. MIGUEL DE LA MADRID
PRESIDENT OF MEXICO,

MR. BERNARDO GRINSPUN
OUTGOING PRESIDENT OF THE SYSTEM FOR CO-OPERATION AND
CO-ORDINATION AMONG PLANNING BODIES OF LATIN AMERICA
AND THE CARIBBEAN,

MR. NORBERTO GONZALEZ
EXECUTIVE SECRETARY OF THE ECONOMIC COMMISSION FOR LATIN
AMERICA AND THE CARIBBEAN,

MR. ALFREDO COSTA-FILHO
DIRECTOR OF THE LATIN AMERICAN INSTITUTE FOR ECONOMIC AND
SOCIAL PLANNING,

HONORABLE MEMBERS OF THE ECONOMIC CABINET OF MEXICO,

HONORABLE MINISTERS AND HEADS OF PLANNING OF THE COUNTRIES
OF LATIN AMERICA AND THE CARIBBEAN; HONORABLE MEMBERS OF THE
INTERNATIONAL BODIES REPRESENTED HERE; HONORABLE OBSERVERS
FROM EUROPE AND NORTH AMERICA,

LADIES AND GENTLEMEN:

It is an honour for Mexico to host this fifth Conference of Ministers and Heads of Planning of Latin America and the Caribbean. We have many historical and cultural reasons for holding meetings of this kind. However, our concern at present, which brings us here today, is the acute economic crisis which affects the region as a whole, within an international context of penetrating uncertainty and limited room for action, and the way in which each country of the region is dealing with its problems.

We are part of a continent where, in spite of the diversity of our societies, we make up a family with comparable structures and similarities in our experience and institutions. We have

witnessed millenia of culture which has impressed the whole world. But although mankind took 18 000 years to migrate from the Bering Straits to the Tierra del Fuego, for not much more than 100 years, geography has been putting great distances between our nations and erecting divisions within them, with a tremendous impact on the mentality of our inhabitants.

In spite of this geographical and cultural diversity, throughout our history we have held common aspirations. However, it has been external events which have been largely responsible for generating a unifying dynamic. We have links to European economics and politics formed when our two continents met nearly 500 year ago. Our region was given its name by French writers under Napoleon the Third in the middle of the last century, whose idea was to make us part of a Latin front against their Anglo-Saxon rivals. Constant resistance to the exterior meant that when independence was won, a long battle woned to overcome regional divisions and take shape as nations. Today again external events are given raise to an integration dynamic.

Latin America is experiencing a crisis within a crisis. It has now been more than 10 years that the world economy has been experiencin serious difficulties, whose structural origins are becoming more clearly defined as the outlook for a sustained and widespread recovery fades. But in the past three years, sudden changes in the world financial system and excessive protectionism in the industrialized countries have made the developing countries, in particular those in Latin America, economically more vulnerable.

The year 1982 marked the watershed between two events of great importance for us. The preceding decade had marked the largest and most rapid international reinvestment of capital in history; 17 Latin American countries absorbed three fourths of the total financial resources available in the world, and three of them absorbed nearly half, which was concentrated in loans to governments. In 1982, however, the great credit expansion of the 1970s resulted in the big international debt crisis of the 1980s.

In a crisis situation, economic interdependence takes its most rigorous form in its negative dimension. The problem of indebtedness was made worse by the unprecedented fact that the biggest financial market in the world became a net capital demander. The present and foreseeable level of real interest rates (close to 10%), the overvaluation of the dollar (which not only depressed the international prices of raw materials but also eroded the competitiveness of exports), the existing uncertainty with regard to the future growth of the industrialized countries and the re-emergence of protectionist practices set up considerable obstacles for the region as a whole with regard to the possibilities of sustained economic growth without the recurrence of an external payments crisis.

We in Latin America know that the possibilities for abundant and cheap external financing, which characterized the past decade, have disappeared probably for a long time. The re-establishment of conditions of sustained growth requires more than a transitory stabilization effort; it calls for a permanent process of discipline and change leading to an increase in domestic savings as an inducement for the reactivation of investment. It would, however, be worrying --and, in the medium term, socially unacceptable-- for

the increase in domestic savings to be used to amortize the external debt in real terms rather than to support domestic growth, as has occurred in the past two years in the case of Latin America as a whole; it would also be frustrating for the reduction in internal levels of consumption to be absorbed by excessive external interest rates, brought about in the last analysis by fiscal policies in certain industrialized countries, which are very different from those now recommended for the developing countries; and it would be equally prejudicial for the exportable surpluses generated by policies to reduce and reorient the demand not to be able to penetrate the markets of the industrialized countries owing to protectionist measures, independent of factors relating to price and quality. The solution to the debt problem cannot be the stagnation of our countries, which would militate against social stability and put democracy in jeopardy.

For this reason, Mexico, together with the developing countries firmly demands the urgent structuring of world economic relations. In addition to the Cartagena Agreement, we now have the recent conclusions of the Meeting of Finance Ministers of the industrialized countries of the OECD. The proposals center around four basic goals --to increase world trade, to increase international flows of capital towards the developing countries, to reduce protectionism and to eliminate the high real rates of interest.

The debt problem is not financial but also political. This is true at international levels since unless present financial and commercial terms are improved, the risk of delay or suspension of debt servicing might bring about changes in the structure of

property in some industrialized countries by making public intervention in private banks inevitable. It is true within our countries since the debt question is of growing concern to the various groups of society; in present international conditions, the servicing of the debt affects public spending, restricts private investment and limits the possibilities of raising the levels of employment and income of workers.

The problems mentioned above call for a political dialogue in which joint consideration is given to trade, financial flows and cost of the debt and which results in realistic proposals for action. All the sectors involved must face the challenge together: governments of debtor countries and governments of creditor countries; international bodies and banks. Between the extremes represented by the unilateral declaration of moratorium and suffocating interest rates, we must advance more rapidly in the search for an economic and institutionally reasonable solution to the debt problem. The long term restructuring which Mexico and Venezuela have recently succeeded in making, as a phase leading to the gradual return to international markets, are one example of how realistic initiatives can be put into practice.

However, as the financial authorities have indicated, the restructuring of the payment of the principle is not the basic solution to the debt problem. President Miguel de la Madrid affirmed last year, following his visit to a number of countries of the region, that the governments of Latin America recognized that at the bottom the task of overcoming the crisis belongs to each nation. This is true because, even supposing that there were no debt problems today, our countries would continue to come

up against serious structural obstacles in the form of low productivity and insufficient savings, scarcity of jobs, poor income distribution and lack of competitiveness with the exterior.

The responsibility of planning in overcoming these problems is fundamental. There is need to articulate short-term stabilization strategies closely with medium-term development strategies, or, as has been said in Mexico, to harmonize economic reordering with structural change. The openings provided by the renegotiation of the debt must be used for tackling structural problems which are now unprecedentedly aggravated by the inflation and stagnation crisis which affects the region in general. For this purpose, Planning must be seen, not so much as an administrative tool for correcting or regulating the mechanisms of the market but rather as a political instrument for rationalizing the action taken by the public sector, by furthering and channeling the participation of the body politic.

We can collaborate a great deal within the framework of our respective planning systems, providing impetus for economic and technical co-operation among our countries. But here too we must proceed from a stage of good intentions and ambitious programmes to another stage of practical realization. As Dr. Raúl Prebisch recently said, the ambitious schemes of 25 years ago, when ECLAC came into being, are no longer possible or advisable. Latin American integration is a process which is rich in experience but is also brought with frustration. This means avoiding fantasy and acting purposefully and realistically.

In Mexico too old structural problems, a crushing debt-servicing burden and an acute inflation and stagnation crisis

have combined. The Government of the Republic has dealt with the difficulties by strengthening its institutions, dialoguing with society, establishing an appropriate programme and decisively and concertedly taking the realistic action demanded for overcoming the crisis.

We are a nation of institutions. This year we are celebrating the one hundred and seventy-fifth Anniversary of our Independence and the seventy-fifth Anniversary of the Mexican Revolution. This historical experience has strengthened us and today we are in the ranks of the first 15 countries of the world in terms of area, population, natural resources, production and basic and social infrastructure. The advances due to our revolution are undeniable; but the surmounting of our structural shortcomings in productivity, savings and equity is offset by a rate of population growth in which every year the Mexican population grows by 2 million, or by more than the total population of forty countries in the world.

In addition to these basic problems, by the end of 1982, we were experiencing one of the highest external debts, a tremendous inflation, economic recession, a doubling of the unemployment rate and the exhaustion of the countries credit and international reserves.

All these difficulties did not prevent the State from taking action but instead led to a decisive response. By combating the crisis, we acquired the will to change and engaged in the process of change. President de la Madrid's administration, in the best political tradition of Mexico, based that change on the law, defined the political relationship between the State and the society and identified an economic strategy for facing up to the

crisis in the framework of the national system of democratic planning. At political level, the change is strengthening the democratic process, dialogue and the participation of the people, the division of powers and respect for pluralism. At the economic level, as pointed out in the 1983-1988 national development plan, the strategy for coping with the crisis has sought both economic reordering and structural change.

This strategy has made it possible to combat the inflation and maintain the rate of employment, eliminate the public sector deficit, re-establish savings, reduce the external imbalance and restructure the debt; while aimed at correcting problems and inherited distortions, the change has also been directed towards a new production dynamic and at fair rural development; at generating greater food production and improving food distribution; at rechanneling the industrial process so as to achieve greater internal integration and competitiveness in the exterior, thereby increasing our export capacity; at providing impetus for qualitative change in social policies through the revolution in education and the transformation of the health systems; at decentralizing economic and social progress; at modernizing the supply and marketing systems; at rationalizing urban growth; at preserving the quality of the environment; at increasing the number of jobs and at laying bases for a gradual but lasting reduction in areas of inequality. In Mexico a profound process of national renovation is under way.

As in many countries of the region where excessive public spending was in the past responsible for inflation and indiscriminate protectionism was a factor which inhibited exports, in our country the consolidation of the development process has, in a context of international constraints, made it necessary to implement

two fundamental structural reforms --in the area of public finance and in that of foreign trade-- which have been aided by the appropriate use of all the instruments of development policy. Excessive expenditure is probably necessary for reducing inflation; but reducing the demand is not enough to eliminate it. In order to achieve monetary and exchange stability at the highest levels of economic activity compatible with the generation of sufficient employment, there must be a full scale process of qualitative change, such as the one in which we are in fact involved.

The definition of the role being played by the various economic sectors is a prerequisite for these changes and an instrument for bringing them about. In this connection, at President Miguel de la Madrid's initiative, the Congress of the Union adopted reforms to the Constitution in the fields of development and planning, which specify the key role of State action and establish the fact that all the social and private sectors have a part to play in the development of the national economy. Because of its democratic nature, planning encourages participation and makes it possible to institutionalize decisions. By so doing, it can be a basic tool for bringing about change and combining economic growth with the society's democratic aspirations and the strengthening of national sovereignty.

Honourable participants in this International Meeting:

At no time in the recent past has the need of the countries of the area been so patent and their political conditions so favourable for exploring new approaches which would permit them first to advance towards the concertation of wills indispensable for political dialogue and then to take resolute steps towards

the convergence of positions and solutions. It must be reiterated that the political and economic security which our history calls for and which is required to overcome our greater needs cannot be attained in isolation. Integration is now imperative for the development of Latin America.

Latin America and the Caribbean exists as a historical and cultural entity. We are a people who will not waver in our struggle to maintain the sovereignty of our nations and to promote democracy and justice. Some of the countries in the region are learning again how to live in a democracy; others are fighting to see that their sovereignty is respected and their diversity recognized; and they all want to work in peace. Their insistence on dignity in international dealings is neither rhetorical nor an act of arrogance; it is a policy on which their life depends.

We are experiencing a unique opportunity to strengthen the course of our development. Difficult times are ahead.

We need to break the iron grip of indebtedness and nullification of progress; to continue advancing in the solution of the crisis without weakening democracy; to live as a community without jeopardizing our sovereignty.

Strengthening our resolve to defend human freedom and encourage social solidarity, in the necessary spirit of realism, is bound to bring progress to the countries of the region. We must understand our history and apply its lessons to the present, recognizing that part of the past which is durable and taking advantage of that which is subject to change.

No proposals are complete and exclusive; today we must contribute to the debate which creates consensus in a meeting of mines. Let us reject the idea of a single model for resolving the difficulties which each of our countries is up against; but in view of the similarity of our external problems, we can come up with strategy lines which lead to a solution beneficial to all.

Let us stop dreaming, but without losing our optimism, and let us broaden our concept of what can be done. We are sure that, as President Miguel de la Madrid has said, on this continent there is need to come up with intelligent, resolute proposals for dealing with phenomena as serious as those we are experiencing and that it is necessary to produce responses which are realistic without inhibiting imagination and audacity or jeopardizing the the firm and serious resolve to preserve our sovereign rights.

Thank you very much.

STATEMENT BY DR. BERNARDO GRINSPUN,
OUTGOING PRESIDENT OF SCCOPALC

YOUR EXCELLENCY, THE PRESIDENT OF MEXICO;

HONORABLE MINISTERS;

HONORABLE REPRESENTATIVES OF PLANNING BODIES OF LATIN AMERICA
AND THE CARIBBEAN;

HONORABLE REPRESENTATIVES OF INTERNATIONAL ORGANIZATIONS;

LADIES AND GENTLEMEN:

At the opening of this fifth Conference of Ministers and Heads of Planning of Latin America and the Caribbean, I am addressing you in my capacity as President of the System of Co-operation and Co-ordination among Planning Bodies of the region.

I should like to express my profound gratitude, on behalf of all the members of the System, at the presence at this opening meeting of his Excellency, the President of Mexico, who not only gives this meeting prestige by attending it but also enhances it by his personal attributes as a great democrat and a constant supporter of the task of rationalizing our political decisions through planning. Through him, our thanks also go to the Government and noble people of Mexico, to whom we owe the privilege of meeting together in this land and once again savouring its generous hospitality.

The fourth Conference held in Buenos Aires in May 1983, was, as this one will be, an important occasion for those responsible for planning in Latin America and the Caribbean to meet together and exchange views. Their conclusions and recommendations reflected the common anxieties which the analysis and evaluation of the first years of the 1980s showed as being most urgent for the immediate future.

In the two years since then, these anxieties proved to have been based on a full understanding of the situation which then prevailed and of the tendencies inherent in it.

In support of this view, it would seem to be enough to mention here a few of those conclusions and recommendations, such as those relating to the need to stimulate the process of creating new ideas and planning techniques among the countries of the region, to give priority to activities relating to the planning of the public sector, to strengthen the studies on the articulation of short- and medium-term policy, to promote studies aimed at defining common development strategies for the region, to give priority to the search for suitable mechanisms for expanding regional co-operation and to support the realization of studies on the international economic situation and on the experiences had in negotiating the external debt.

This Conference and the meetings of the Technical Committee of ILPES will provide an adequate framework for examining the progress made in the tasks undertaken at that time.

We can, of course, say that the intervening period has not been easy for our countries; but it can equally be said that it

has been fundamental for the clarification of our common problems and for the search for appropriate, concerted means of overcoming them.

In particular, this period has been a very special one for my country and other countries of the region represented here today since during it they returned to democracy and rule by law. And, in accordance with our political concepts, this has also been essential for the task of democratic planning entrusted to us by our respective governments. Because in addition to the failure, deterioration and decadence we inherited from authoritarian régimes, the privilege of having been freely elected by the people gives us the moral ascendancy we need to be able to conduct a new policy, a new economy and a new society. And because since our return to the republican system, the organs representative of the will of the people are the only ones responsible for laying the bases for planning the economy, placing our natural wealth, production, credit, consumption and international trade at the service of the interest of the general public rather than of groups or minorities thereby paving the way to general development and social well-being.

Moreover, and also as an item of special significance for the period since the last conference, we should describe the positive steps we have taken in strengthening our mutual relations and the concerted search for a stronger and more vigorous negotiating position, which also takes our common external imbalances into account. The Latin American Summit at Cartagena de Indias held in July 1984 reflected those efforts and it is not by chance that the large topics proposed as a frame for this conference are the

same as those which appear in the Cartagena Consensus in diagnosing a similar situation and as an expression of the political will to tackle their solution jointly.

Through this concertation, which was reaffirmed at the meetings which followed at Mar del Plata and Santo Domingo, our governments drew attention to the unprecedented crisis which the region is experiencing and which is characterized by a severe drop in the per capita product and unemployment and by a substantial decline in real wages. The participants at the summit, while recognizing the sovereign right of nations to come up with their own solutions, warned of the presence of common ills which affected the region as a whole. But they also pointed out that to a large extent the crisis was and is still attributable to two factors outside the control of the countries of Latin America and, while reiterating their decision to meet their commitments, they reaffirmed their governments' determination not to allow themselves to fall into a situation of forced insolvency and unabated economic stagnation. It was clear in this document that our debt problems, far from reflecting situations peculiar to each debtor, were problems shared by the debtors, the creditors and the international bodies. In this context, there was an expression of the will to co-ordinate action and policies in order to overcome common problems.

So now we have come to this fifth Conference in order to make an analysis and evaluation, primarily in respect of the relationship between the debt and our own internal imbalances and also with regard to a reactivation policy which would favour development. But also and fundamentally we are here to reorient our task as officials responsible for planning within the context we have described and so that we can do the work for which we are

responsible efficiently by exchanging experiences we are acquiring and by identifying whatever common and concerted action we have been able to come up with.

As President of the System of Co-operation and Co-ordination among Planning Bodies in Latin America and the Caribbean, and also as Secretary of State for planning of my own country, allow me to stress the need and advisability of fortifying and strengthening the System. It has so far yielded benefits, not only in terms of greater co-operation and co-ordination among its members but also in the achievement of greater integration among the countries themselves. The challenges we are now facing require us to bury once and for all the isolationist and self-centered concepts we once held while at the same time ensuring that the development processes of Latin America and the Caribbean are articulated from our own particular regional point of view. The growing interdependence of the world economy calls for a political perspective in which the formulation of plans cannot be confined to the national State and the planning process takes on, as one of its basic characteristics, the role of regional integration. All of this shows, we insist, the need to strengthen our system of co-operation and co-ordination.

We now have the appropriate framework for doing this in that this meeting coincides with the sixth meeting of the Technical Committee of ILPES an institution which is nearing a quarter of a century of its fruitful existence and since 1977 has been playing the role of technical secretariat of the System of Co-operation and Co-ordination among Planning Bodies of the governments of Latin America and the Caribbean. This is an act occasion on which to express our thanks, on behalf of all the member countries, for the pioneer effort which ILPES began

so many years ago to introduce the concept of planning in our region, to put it into an integral context and, by working uninterruptedly, to help us to rationalize our efforts towards more and more effective government action.

Thank you very much.

STATEMENT BY MR. NORBERTO GONZALEZ,
EXECUTIVE SECRETARY OF ECLAC

It is an honour and a satisfaction for me to express my very special gratitude for the presence on this occasion of Mr. Miguel de la Madrid Hurtado, President of Mexico, which adds particular luster to the inauguration of this fifth conference of Ministers and Heads of Planning of Latin America and the Caribbean. ECLAC has always maintained very close ties with Mexico, from whose government it has never ceased to receive inspiration and support.

I am also very honoured to congratulate Mr. Carlos Salinas de Gortari, Secretary of Planning and Budget of Mexico, on his election as Chairman of this Conference, which guarantees its success. The decisive and effective impetus he gave to the organization and holding of this event, to which ILPES has given so much effort, is of vital importance.

The substantial impetus you, Mr. President, have given to regional co-operation and your constant concern to further this type of co-operation as a concrete possibility for aid to Latin America and the Caribbean in overcoming the crisis lends special significance to the holding of the meeting in beautiful Mexico City.

The governments of Latin America and the Caribbean are faced, as one of their fundamental tasks, with the articulation of their adjustment and stabilization policies, which will continue to be indispensable when reactivation has been accomplished and conditions have been established for fairer, sustained development. Efficiency

in harmonizing these short-, medium- and long-term objectives will be of very substantial help in enhancing the processes of democratization in which many countries of the region are now involved.

Some of the recent renegotiations of the debt show positive signs of order. In this respect, the Government of Mexico has played a pioneer role. However, on the other hand, there are reasons for which the adjustment and stabilization policies will continue to attract priority attention by the governments. The burden on the balance of payments of the interest on the debt will continue to be considerable. Keeping the inflation under control will continue to require efforts characterized by serious economic and social concern with political implications. The recovery which has begun to take effect in the developed countries, while significant, seems to be only moderate and has an uncertain future.

On the other hand, reactivation cannot be postponed. There is need for equitable distribution of the burden of the adjustment, thereby reducing unemployment, and to give priority to raising the standard of living of the more modest income groups, which have been severely afflicted by the crisis. There is also need to increase those exports, which, in the last analysis, will make it possible to service the debt and ensure that national production, carried out in conditions of reasonable efficiency, plays a role which would otherwise be filled by imports.

In order to do this, it is necessary not only to defend national enterprises against the negative effects of the crisis, but also to support them in such a way that they are able to expand their production and in doing so employ their presently

underutilized productive capacity and reach external markets. It is also necessary to make an unprecedented effort to increase domestic savings and to channel reinvestment in a constructive manner.

The complexity of the task required in order to make the recovery compatible with adjustment and stabilization gives planning a highly important role. Planning may assist very affectively in rationalizing the short-, medium- and long-term policies to be followed by the countries so that they are successful in attaining this goal.

This fifth conference of Ministers and Heads of Planning of Latin America and the Caribbean provides an excellent opportunity for exchange ideas and experience concerning matters on which governments will be focusing their attention.

STATEMENT BY MR. ALFREDO COSTA-FILHO,
DIRECTOR GENERAL OF ILPES

Your Excellency, President Miguel de la Madrid, two years ago, when this body met in Buenos Aires, you were presenting the 1983-1988 National Development Plan to the nation. In announcing its basic aims, you summarized in a few words what might be regarded as a basic principle underlying the region's national planning bodies -- "to maintain and strengthen the independence of the nation, for the construction of a society which, under the principles of the rule of law, guarantees individual and collective liberties in an integral system of democracy and in conditions of social justice".

Distinguished representatives, on this occasion at which I have the great honour of addressing a few words to you, I wish to express our satisfaction at the enthusiasm awakened when ILPES, acting as its technical secretariat, convened this fifth conference. I am grateful for the support provided by Dr. Bernardo Grinspun, Secretary of Planning of Argentina, who has so far acted as president of this co-operation system, and I congratulate the new president, Mr. Salinas de Gortari, Secretary of Planning and Budget of Mexico and thank him too for the substantial support he has provided for this meeting. It is a twofold privilege to be able to hold it in Mexico -- first, because of the warmth with which we have been received and second because planning and public policies in Latin America and the Caribbean have been enriched by the theoretical and technical contributions made by the Government of Mexico.

The Institute helped to prepare this meeting in its capacity as a permanent body of the United Nations, supported by ECLAC and UNDP, and has an intergovernmental entity, whose work is guided every two years by this conference at the highest level at which national planning bodies are represented. According to the mandates received, ILPES organized the Conference to concentrate on two main issues --that of the reactivation process now taking place and that of the future role of planning.

It is very difficult to study the 1980s, especially the past biennium, and then to take a look at the near and more distant future and to summarize all this in words which convey the current feeling of the region concerning its development. The analysis made by the Institute shows that the conviction is growing that recession, no matter how necessary, always represents regression into the past. The crisis interrupted the progress which the region had been making at the social level, and should it persist or grow worse, serious regression would result which would aggravate current conflicts. For this reason, it is important to reactivate the economy and recover positions once held at the international economic level. Both of these aims --reactivation and the return to the road to development--, also require the external imbalance to be viewed in a medium-term perspective.

The conviction is growing that the planning bodies (leaving national idiosyncracies aside) will come up against two big challenges: first that of improving the markets, promoting an increase in productivity and fulfilling the aspirations of private enterprise as to the restoration of development. On the other hand, there is the challenge of increasing the efficiency of the

public administration. In the years to come the State will have heavier responsibilities in the arbitration and concertation of interest within the complex interplay of the many social actors. However, the State, which should be rationalized, is not just a bureaucratic apparatus; in the fuller sense of the term, it is the body politic of a nation. The urgent task in this connection is that of actually building the nation, or rather the enhancement or stabilization of the political institutions which are vital for achieving a new style of economic and social development.

The volume containing the history of the twentieth century still has 15 pages to run, and the region is warned that if there is to be a chapter concerning the realization its right to development in the next volume of its history, it will have to be written largely by the region itself. The text concerning regional co-operation will have greater historical relevance if written in the style developed collectively at Quito and Cartagena. This seems to be the great regional task and will undoubtedly become clearer as a result of the exchange of experiences now beginning.

Annex 3

LIST OF DOCUMENTS

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| LC/IP/L.13 (CM 5/2) | - Organization of Work and Proposed Agenda |
| LC/IP/L.14 (CM 5/3) | - Technical Bases of the Proposed Agenda |
| LC/IP/L.15 (CM 5/4) | - Summary: Public Planning and Policies in 1982-1984 and Prospect for the Second Half of the Decade |
| LC/IP/L.16 (CM 5/5) | - Report of the fifth conference |

Annex 4

STATEMENT BY MR. JUAN MANUEL VILLASUSO, MINISTER OF PLANNING
AND ECONOMIC POLICY OF COSTA RICA, REPRESENTING THE COUNTRIES
OF THE CENTRAL AMERICAN ISTHMUS

Mr. President

Honourable Delegates

It is for me a cause of great satisfaction to address this fifth Conference of Ministers and Heads of Planning of Latin America and the Caribbean on behalf of all the countries of the Central American Isthmus. Guatemala, El Salvador, Honduras, Nicaragua, Panama and Costa Rica are participating in this event through a single representative to express their concerns and their yearnings.

In spite of the profound economic crisis which has hit the nations of the Isthmus and the socio-political turbulence which surrounds some of them, the countries of Central America have common concerns and common longings. Some of them date back many decades, others have resulted from the international crisis which has been the hallmark of recent years.

The republics of the Central American Isthmus are concerned about the difficult international economic situation which puts additional constraints on our possibilities for development.

We are worried about the drastic reduction in the flow of international financial resources and about the high interest rates we must pay for factors we need to support our investment requirements.

We are worried about the reductions in the growth rate of production in our countries and its impact on unemployment and the well-being of the masses.

We are worried about the continued deterioration in the terms of trade, which has a particularly strong impact on the countries of the Central American Isthmus since they are importers of capital goods and exporters of farm commodities.

We are concerned about the enormous external debt, which in per capita terms is one of the highest in the world and whose annual servicing is beyond the possibilities of our feeble economies.

We are concerned about the levels of poverty of large sectors of the population and about the unequal distribution of income and wealth which persists in nearly all the countries in the area.

We are concerned about the serious difficulties which affect our integration process and about the reduction in trade flows in recent years primarily as a result of the impossibility of financing debit balances.

We are concerned about the constraints and excessive financial adjustments which put reactivation possibilities beyond our reach. We are worried about the fact that as small countries, open to the exterior and very vulnerable, our sacrifices in terms of economic austerity have not generated the trade balance surpluses and the accumulation of reserves which have resulted in larger, relatively more developed countries.

Mr. President honourable representatives:

The crisis from which our subregion is suffering is highly serious, profound and complex. In addition to the crushing problems experienced by the majority of Latin American countries, many of the countries of the subregion are beset by factors of a structural nature and socio-political tensions which complicate the quest for solutions and make it even more difficult.

It is for these reasons that today more than ever it is vital to strengthen the planning processes in the Central American area. We need to make the most rational use of our scarce resources and orient them with political foresight towards the solution of the most pressing problems.

Today more than ever we must ensure that the measures taken to tackle short-term problems give consideration to basic objectives which will make it possible to maintain minimum levels of well-being for the masses.

Today more than ever we must keep our longer term objectives clearly in mind so as to be able to take an accurate view of the investment decisions which will help in attaining those objectives.

Today more than ever it is imperative that we look at the issues as a whole so that not only short-term and daily survival is favoured but the bases are laid for sustained development.

What has been said so far, Mr. President and honourable representatives, is enough to justify the need for strengthening planning in Central America. We must, however, add some other

element which give greater validity to the use of planning in the case of the countries of the subregion.

Nearly all these countries are negotiating with international financial bodies. For this reason it is essential to formulate feasible strategies which can be presented to these institutions with a view to obtaining not only better understanding of our real situation but also support for our own solutions.

In addition, the European Economic Community has decided to support our efforts by giving impetus to the development of the Central American Isthmus and in furtherance of this end is about enter into a Co-operation Agreement for application on the presentation by countries of concrete projects which use resources as effectively as possible.

Along the same lines, the support of ILPES may be of great importance for achieving the objectives of the Central American countries. This is why the establishment of a regional office in the Central American Isthmus is of great importance and why we are highly pleased at the decision taken by ILPES in this respect.

As I noted when I took the floor, however, the people of the Central American Isthmus also have shared longings. Above all we long to achieve and maintained peace in each of our countries and in the region as a whole.

We long to increase the well-being of those strata of our population suffering from extreme poverty and unable to satisfy their basic needs.

We long to strengthen our countries' integration process which has been weakened in spite of our resolute political decision to keep it going.

We long for the achievement of a different and more just world economic order, which is not accompanied, as the present order is, by the steady deterioration of our countries' conditions of development.

We long for stronger feelings of Latin American solidarity and more flexible systems of intraregional co-operation and trade, especially through the operation of trade agreements of partial scope.

We long for general support so that in the renegotiation of our external debt, we are not forced to accept sacrifices which keep our people from enjoying even minimum levels of well-being and paralyze our system of production.

We long to overcome the crisis which is crushing us and to restructure our systems of production in such a way as to ensure sustained levels of economic growth and an improvement in the distribution of income and wealth.

We long to overcome our technological lag and increase exports on the basis of greater efficiency as well as insistence on an appropriate international framework which makes such exports possible.

In brief, Mr. President and representatives, the countries of the Central American Isthmus long for the peace, work, freedom and solidarity needed to overcome the serious and complex problems with which we are faced, and we long for people to reach levels of well-being which other societies have been enjoying for a long time.

Mr. President and honoured representatives, I should not like to end without expressing our countries' gratitude to the government and people of Mexico for welcoming us to their noble land with which we hold historical and cultural links and without congratulating the Department of Planning and Budget and the Department of Foreign Relations of Mexico, as well as ILPES, on the excellent way this conference has been organized.

Thank you very much.

Annex 5

Point of clarification made by Delegation of Belize agreed to be included in extenso in records of V Meeting of Ministers of Planning

"Mr. President,

In view of the statement just made by the distinguished representative of Costa Rica, and without any reference to its substance, the delegation of Belize would like to make the following clarification:

As a matter of geographical exactitude, it should be noted that Belize is located geographically on the Central American mainland. Bounded on the North by Mexico, on the East by the Caribbean Sea, and on the West and South by the Republic of Guatemala.

Belize is therefore an integral part of Central America, and should be considered as such".

Annex 6

REPORT OF THE RAPPORTEUR OF THE WORKING GROUP

A. CENTRALIZATION AND DECENTRALIZATION AND DECISION
MAKING BY THE PUBLIC SECTOR

1. A member of the ILPES Technical Board was responsible for explaining the major trends in territorial decentralization and regional planning. He referred to the state of decentralization in Latin America and the Caribbean, to the effects which the international crisis had had on it and to the relationship between decentralization and regional planning. He also suggested topics on which research could be carried out in this connection. In his statement, the rapporteur referred first to the political nature of the question of decentralization and to the need to articulate proposals for territorial decentralization with approaches to regional planning. This would ensure that planning bodies were heard when the issue was discussed. He then noted the discrepancy observed in Latin America and the Caribbean between a philosophy of decentralization and reality, at least when the latter was examined from the point of view of the central and decentralized use of public financial resources. He went on to refer to some impediments to the process of decentralization, among which he examined the impact of the international crisis and the sheer terror that planning inconsistencies could result from the implementation of decentralization proposals. He ended his statement by making a few proposals concerning regional planning which would make it possible gradually to incorporate decentralized mechanisms and suggested the possibility of operational links between the Institute and the countries in this connection.

2. The representative of Guatemala noted the importance of studying this topic in depth since it was essential for rationalizing the physical planning process as well as for formulating, implementing, following-up on and evaluating plans, programmes and development projects. Excessive concentration was reflected in an inadequate institutional organization. Thus, not only was public administration centralized but also technical and financial capacity. This meant that in general, institutional programmes did not live up to the expectations of the population living in the interior of a country. The nature of the State bureaucratic system and centralization of the political power had delayed the implementation of a development policy oriented towards equitable distribution of the fruits of economic activity and at providing all sectors of the population with access to the infrastructure and collective social services, in an attempt to develop in each national space the capacity for establishing its own objectives and development styles. The national system of co-ordination between institutions was a reflection of the political will to decentralize State action since it brought the efforts made by institutions and entities in the public sector and non-governmental service and development organizations into harmony with the participation of the population in the generation, execution and operation of developments plans, programmes and projects at national, departmental, municipal and local level.

3. The representative of Mexico said that decentralization in his country had been based on the political will of the society and the State to further the qualitative change needed by the country not only to facilitate the solution to the crisis but also to achieve new equilibria which would favour sounder and more equitable and democratic development. Decentralization, as an

expression of political will, had been reflected in a fundamental reform to article 115 of the Constitution in order to strengthen the states and municipalities, in new approaches to participation by the social sectors in planning and in a systematic set of activities to deconcentrate functions and resources of the federal public administration; this was a process which had an impact in several areas: the political area in so far as distribution of competence was concerned; in the area of development, in terms of the location of economic activity, infrastructure and services, and in the area of administration, in so far as decentralization of functions towards the states and municipalities was concerned. Centralization raised questions which must be answered on the basis of the political organization and institutional framework of each country. Economies could not operate as a totally decentralized system because they would become paralyzed and any national development strategy would prove impossible; nor could they operate on the basis of the opposite arrangement because total centralization would result in growing inflexibility which would make it impossible to meet local demands due both to failure to recognize those demands and to excessive costs of the highly centralized administration. The process of decentralization in Mexico had been conceived, in its capacity as a development policy, as a process which bore an increasing relationship to the distribution of public resources, to the efficiency of various instruments, to the need to rearrange the processes involved in public management and orientation of the economy and to new areas of consultation and participation which make it possible to increase the social efficiency of resources which are limited by the economic climate itself.

4. The representative of Bolivia stressed the relationship between decentralization and democracy and noted that his country's National Rehabilitation and Development Plan provided for two kinds of social participation -- sectoral participation and territorial participation. Sectoral participation was channeled through the Central Obrera Boliviana (COB), which grouped workers, peasants, employees, students, small merchants and craftsman for purposes of making their demands heard. Participation by the people should not be channeled solely through such organizations- in which sectoral interests took priority over national interests. For this reason, the plan called for the democratization of the State, whose administrative equivalent was decentralization. The basis of the democratization of the State was participative planning, in which communities tried to discuss and resolve their problems by themselves and the contribution made by the State took the form of support for local initiative and effort. The democratic State would be set up on the basis of existing forms of democratic organization, whether preserved or created and developed down through history, including the farm union movement (an offshoot of the community organization), whose task, once agrarian reform had been achieved, consisted primarily in tackling and solving local problems (construction of schools and dispensaries, small-scale irrigation); neighbours associations in urban centres (started by migrants to solve neighbourhood problems and now found in all urban centres); the pluralist experience of operating a democratic organization, such as COB, on a national scale.

5. The representative of Colombia said that in spite of the long, full-scale debate on the item of decentralization, its nature and implications (which undoubtedly struck at the root of the State structure) questions had arisen which had put obstacles in the way

of the development of effective measures for decentralization because they had not been answered on time or in proper depth. Such questions were due to mixed feelings concerning the topic. In the first place, decentralization is a political goal, whose purpose is, first and foremost, to bring the citizen closer to the regional government, which has a substantial effect on the development of political activity itself. Such a situation often produces concern in the region concerning the changes which might result from this activity, and gives rise to resistance and fear in this connection. Secondly, people have doubts concerning the wisdom of decentralization in terms of efficiency. When the question arises, it is argued on one side that decentralization should be functional and used to strengthen the efficiency of services in regions and localities, which would have significant administrative implications; on the other hand, reference is made to the need to make decentralization selective, and it is argued that it could not take shape in the same way in the diverse and heterogeneous conditions found in the country's territory, whose regions and localities differ in their administrative capacity; finally, it is argued that the regions do not have enough of their own resources to be able to take decisive action in orienting their development. In response to these questions and difficulties, the present administration has tried to take some of the basic problems mentioned and find solutions which while no substitute for the full reform which the country needed and was demanding, were actually helping to define the very bases of the decentralization process. These solutions include, in the first place, the promulgation of Law 14 of 1983, strengthening regional exchequers, whose effects have already begun to be felt throughout the territory. Secondly, it had been felt that, as a counterpart to true decentralization, there was vital need to increase the capacity for

intergovernmental co-ordination and planning. In this connection, in 1983 and 1984 and again in the present year, the National Planning Department initiated a budget and programming exercise in which the regions participated more actively and which has been evaluated very positively. In this respect, it was noted that the strategy formulated, in addition to trying to articulate the country's various planning authorities more coherently, attempted to activate in the regions mechanisms designed within a policy favouring decentralization, which have never been put into operation, perhaps because of not having led a task to carry out which was as concrete as what had been done during those years. These mechanisms included, specifically departmental councils, planning authorities and sectoral committees which performed important work in co-ordination with the Planning Offices. Recently work had been done on the design of supra-regional plans and in particular on the "Rehabilitation plan for peace", in which 153 municipalities participated.

6. The representative of Brazil began his statement by drawing attention to the present consensus in his country concerning the need to modify the planning system, striving for new equilibrium in the federative system. He noted that in this respect, it would be necessary to reduce the power of the central planning bodies, while at the same time making them more active and efficient. He suggested that to do this, an institutional reform would be needed to ensure a more balanced distribution of public resources and greater social control over the economic policy and over those resources. In the same context, he referred to co-ordination in the monitoring and management of fiscal, monetary and State budgets with a view to reflecting the regional characteristics of the country more faithfully.

7. The representative of Peru first painted a general picture of a number of the salient aspects of regional development in his country and of the measures aimed at decentralization taken under the 1979 Constitution. He stressed the need to tie decentralization to participative planning and criticized the overly aggregated nature of the economic policies usually implemented. He then referred to his government's efforts to design a development strategy for the Peruvian Sierra Region.

8. The Co-ordinator of the Joint ECLAC/UNEP Development and Environment Unit gave a broad outline of the work done by the Unit, which consisted in case studies and workshops in the various countries. He spoke of the need to change the present emphasis of planning, in order to incorporate the following aspects:

- a) the medium-and long-term administration of the natural environment and the built-up resources of society;
- b) the creation, management and reproduction of natural resources and of the infrastructure in the environmental field and
- c) the study of positive external economies and productive opportunities resulting from the transformation of the natural environment.

He also drew attention to the close ties between regional planning, decentralization and environment.

9. In the light of the various interventions by delegations, some recommendations emerged which would help in the formulation of the ILPES programme of work in this connection. There seemed to be a need to intensify the exchange of experience with regard to concrete questions such as the impact of public finance on subnational levels of government up to the municipal level; the effect of the crisis on the regions, and on the border areas in particular, and the reallocation of resources; deconcentration of the basic social services and administrative aspects of decentralization.

B. EMPLOYMENT, INCOME AND SOCIAL PROGRAMMES IN THE
SECOND HALF OF THE DECADE

10. The representative of the Technical Secretariat of the Conference devoted his introductory intervention to an analysis of the effect of the crisis on social policy and the need to rephrase social policies, also suggesting some alternatives so that ILPES and the System for Co-operation and Co-ordination among Planning Bodies of Latin America and the Caribbean could work together in formulating appropriate policies for dealing with the social impact of the crisis.

11. As for the diagnosis, he analysed the way in which the crisis had affected the two basic dimensions of social well-being, i.e., employment and the income to which it gave rise, on the one hand, and the provision of social services, on the other.

12. He drew attention to the rise in open unemployment and visible underemployment and to the deterioration in real wages and the increase in the urban informal sector; the increase in the incidence of poverty, in both absolute and relative terms, and the decrease in resources and public spending, and social spending in particular, and the way in which this had affected the supply of services, both quantitatively and qualitatively.

13. On the basis primarily of the replies of countries to the questionnaire on the state of planning circulated by ILPES, he pointed out that where the rephrasing of social policies was concerned, the topics currently in fashion seemed to be the need for a new role for the State; the performance by the State of compensatory functions; the establishment of effective social priorities and the recovery of basic priorities, especially the eradication of illiteracy and the provision of minimum health

coverage, and the establishment of a deconcentrated and decentralized network of social services.

14. In his intervention, the representative of Yugoslavia described the employment and income situation in his country, analysing recent trends and the prospects for the future. The diagnostic elements of the 1980s consisted in problems which related to employment, the deterioration in the income of the population, the increase in informal employment, the reduction of the capacity of trade unions to negotiate and problems derived from the discrepancy between the training of manpower and the demand for labour.

15. He also drew attention to some limitations of the State in the management of social policy, as reflected in the absence of a methodology for evaluating the impact of economic and social policies and of an inventory of social needs, the implementation of action which was only remedial and the failure to promote co-operative labour and grass-root organizations.

16. For that reason, the 1984 Stabilization Plan attempted to apply compensatory measures (direct subsidies to families with few resources, family food baskets and industrial canteens), a compulsory increase in the pay roll of enterprises and a plan for the maintenance of the physical infrastructure in the fields of health and education. An evaluation of this Stabilization Plan had shown that in the short term it would be difficult to reach the neediest sectors until the State had been reorganized, as called for in the country's Seventh Development Plan, as its central objective.

17. The Representative of Guatemala began his statement by stressing his support of the proposals made by ILPES and then noted the need to establish a national strategy for supply of basic foodstuffs, the efficient use of natural resources, and the redefinition of the role of peasant areas in economic and social development and to use emergency agricultural employment policies in connection with economic reactivation.

18. With regard to the role of the State, he stressed the need for new ways of organizing public institutions which would promote co-ordination and eliminate the sectorization of social policies.

19. The Deputy-Director of the Pan-American Health Organization presented the activities and programmes which his organization was carrying out within the Latin American and Caribbean region. He stressed the need to co-ordinate the Ministries of Health and the Social Security Systems with a view to the establishment of National Health Systems.

20. He underlined the importance of the relationship between the action carried out in other sectors and its impact on the field of health, drawing attention to the importance of analysing intersectoral links.

21. He said that one of the problems in the field health related to inappropriate attitudes and behaviour on the part of applicants and suppliers, which would make it necessary to seek active and well-informed individual and collective participation in health activities.

22. He also described the bases underlying the Primary Health Care Programme and gave, as an example, the Subregional Health Project for Central America and Panama.

23. The Director of the United Nations Institution for Research in Social Development stressed the deterioration of food security and the high rate of illiteracy maintained by the region. He criticized the justification given for the reduction of social expenditure by the State and showed that although the decentralization of social programmes had positive aspects, there were also cases in which it was used to transfer responsibilities to regions and sectors which lacked resources for continuing the programmes.

24. He also called attention to the proposals to reduce the size of the State without denying the importance of the modernization of the States of the region.

25. He stressed that it was important for public policies and planning to take into account the great heterogeneity of the countries of the region. Finally, he described the Institution's research programme.

26. The representative of the International Labour Organization said he agreed with the diagnosis made by ILPES and noted the close co-operation between the two institutions.

27. Although the urban informal sector grew during the crisis it also did so in peak periods, it being necessary to point out that in the former case it was marginal activities which grew whereas in the latter it was more a matter of industrial growth of the modern sector.

28. He said it was advisable for the social costs of the crisis to be shared among the various productive agents and said that economic reactivation should be sought in the understanding that it alone would not put an end to social problems, reactivation being a necessary concomitant of structural change.

29. He stressed the advisability of initiating shared responsibilities between the economic and social sectors since there was need to introduce a broader concept of social policy which would include the social effects of the economic policy. He also stressed the advisability of studying the topic of financing in an attempt to see that it was obtained through the fiscal policy directly from the productive sectors rather than by taxing marginal activities.

30. The Deputy Regional Director of the United Nations Children Fund (UNICEF) described how his organization saw the crisis and its impact on the child population. He mentioned the need to reorient social policies towards poor groups, especially women and children, and those groups which lacked solid social organization, such as indigenous groups and informal sectors. He stressed the need for low-cost measures of demonstrated efficiency and said his organization was convinced that the only successful programmes were those in which the participation of the community to be benefited by the programmes had been sought and facilitated. He criticized what had been called "techno-bureaucratic" planning, stressing that planning was also an act of concertation among different social groups so that it would be valid and effective only when those groups were given the possibility of participating in it.

31. He showed particular interest in the monitoring of the impact of the crisis on social development and in co-operation between ILPES, UNICEF and the Planning Ministries of the Region.

32. The representative of FAO gave a brief description of his organization's activities in support of agricultural and rural development planning and of the efforts it was making to train the necessary technical personnel. He then referred to the impact of the crisis on food prices, emphasizing the rise in the cost of the basic food basket and the changes this was making in the diet of poor families, which was deteriorating in quality and quantity in spite of the fact that spending on food constituted a greater share of the family income than had traditionally been the case. He drew attention to the impact of the debt and of the adjustment programmes on the relatively common pattern characteristic of the prevailing agricultural policy in that they were interfering with the interplay between the components of this pattern and could eventually destroy it or at least seriously debilitate some of its components. He stressed that it was necessary that the productive contribution which agriculture must make to countries' economic recovery should not be accompanied by the postponement or abandonment of rural social objectives, which could be attained only through the expansion of crop production and agro-industrial development but inevitably required measures and actions specifically directed towards facilitating access to productive resources, participation and democratization.

33. All the statements made at the meeting of the working group on employment, income and social programmes in the second half of the decade showed that it was felt advisable for the Institute and the System of Co-operation and Co-ordination among Planning

Bodies of Latin America and the Caribbean to concentrate on the following tasks in their future work in the field of social planning:

- a) Increased co-ordination of their advisory services, training and research activities with other agencies in the United Nations system working in the social field.
- b) Studying the interrelationship between the social sectors and their impact on the achievement of social well-being so as to be able to advise countries concerning the advisability of taking a certain approach in respect of the kind of policies to be implemented.
- c) Analysing the new alternatives in respect of financing of social policy as well as the approach to be taken in establishing ways of organizing decision-taking and the provision of more effective social services.
- d) In view of the interest shown by many countries, systematizing the experience and means of participation/concertation as practised in the region and analyzing the possibilities for extending them to other countries.
- e) Making progress in the preparation of appropriate methodologies for the formulation and evaluation of projects of social nature.
- f) Continuing to devise methodologies for establishing national systems of social indicators which would make it possible to evaluate the impact of global social policies on the levels of well-being of the population.

g) Keeping track of the impact of the crisis on the social sectors, while at the same time monitoring the success of specific policies implemented by countries to cope with the crisis situation.

34. The view was also expressed that it would be advisable to carry these activities out with the joint co-operation of ILPES and the Planning Ministries in the preparation of research projects which can be discussed periodically within working groups set up in the framework of SCCOPALC.