



ILPES - INSTITUTO LATINOAMERICANO DE  
PLANIFICACION ECONOMICA Y SOCIAL  
NACIONES UNIDAS - CEPAL - PNUD  
GOBIERNOS DE AMERICA LATINA Y EL CARIBE



SECRETARIA DE PROGRAMACION  
Y PRESUPUESTO



V Conferencia de Ministros y Jefes de Planificación de América Latina y el Caribe  
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

Ciudad de México, 15, 16 y 17 de abril de 1985

Distr.

LIMITED

IC/IP/L.15/Add.1 (CM 5/4)

April 8, 1985

ENGLISH

ORIGINAL: SPANISH



A SYNTHESIS: PLANNING AND PUBLIC POLICIES DURING 1982-1984  
AND PROSPECTS FOR THE SECOND HALF OF THE DECADE

ANNEX III: Planning and Development Plans, 1982-1984

85-3-481



## CONTENTS

	Page
A. FOREWORD -----	1
B. OUTLINE OF DEVELOPMENT PLANS PREPARED DURING THE 1980-1985 FIVE-YEAR PERIOD -----	3
1. Argentina -----	3
2. Barbados -----	9
3. Belize -----	9
4. Bolivia -----	10
5. Brazil -----	12
6. Chile -----	13
7. Colombia -----	14
8. Costa Rica -----	16
9. Cuba -----	18
10. El Salvador -----	19
11. Ecuador -----	21
12. Guatemala -----	22
13. Haiti -----	23
14. Honduras -----	24
15. Mexico -----	25
16. Nicaragua -----	31
17. Panama -----	33
18. Paraguay -----	34
19. Peru -----	35
20. Dominican Republic -----	36
21. Trinidad and Tobago -----	38
22. Venezuela -----	39



## A. FOREWORD

1. The three-year period comprised between 1982 and 1984 has been an extremely difficult one in terms of the actual application and development of planning, seen as a public function of the government. The outbreak of the external crisis not only had a generally negative impact on the substantive development of the countries, but also affected the macroeconomic management and the handling and orientation of the development process in a serious way.
2. Three are the aspects that appear to be relevant in this connection. In the first place, the very lack of articulation of most of the development plans designed in the early years of the decade, as has been illustrated by the different countries in their answers to the survey carried out by ILPES. In the second place the important change in priorities vis-a-vis public administration that the authorities of several governments decided to introduce in most of the countries is also worth noting. Finally, as a consequence of the above, the processes of adjustment of the external sector and of the public sector's accounts led to the formulation of economic policy programmes or "packages" which, in practice, took the place of the previously formulated plans as the instruments for the orientation and execution of the government action.
3. The situation described might have led to the total deterioration of planning in the whole of the Region. However, although this has been the case in some countries, in others, on the contrary, there has been a remarkable strengthening of planning as a response to the crisis. In some countries, the formulation of new medium-term development plans coincided with the launching of short-term actions to overcome the crisis. In others, the response to the crisis implied the reinforcement of specific areas of short-term programming.

4. Apart from these changes vis-a-vis plan formulation, there was significant progress, which should be noted, in the field of implementation: firstly, the acknowledged need to establish closer links between the structural policies for social change and the handling of recovery in the short-term; secondly, the creation of consultation forums to such effects as follow-ups, evaluation and active up-dating so as to guarantee the fulfilment of the annual operative programmes; thirdly, the efforts to guarantee that the State's budget should in fact contain not only a true priority investment programme, compatible with the development strategy, but also a assessment of the progress made throughout the execution of the plan and of whatever significant progress is made at striking the right balance between the Monetary Budget, the Budget of the Nation and the Budget of the State-owned enterprises. Finally, attention should be paid to the launching of pre-investment activities (Integrated Project Funds and Banks) as well as to the latest developments in matters related to the cycle of projects with the objective of reaching a more selective and efficient channelling of the investment resources. To sum up, the efforts to overcome the external crisis have, in several cases, resulted in a new composition of the action of the whole of the State's apparatus and in an appeal for a more effective and timely role to be played by the planning systems.

5. Although the crisis affected the application of planning in a generalized way throughout the Region, there were some differentiated characteristics, especially in the countries of the Central American Isthmus and of the Caribbean, which are analyzed in other documents.<sup>1/</sup>

---

<sup>1/</sup> See CEPAL, Istmo Centroamericano: crisis económica y planificación del desarrollo; and ILPES, The International Economic Recession, Planning and Economic Management in the English Caribbean, both of them documents prevented on the occasion of the V Conference of Ministers and Heads of Planning.

B. OUTLINE OF DEVELOPMENT PLANS PREPARED DURING THE  
1980-1985 FIVE-YEAR PERIOD

6. As was pointed out above, the preparation of formal plans is not the sole activity and, in the case of some countries, not even the main activity of the planning systems. However, the analysis of what the different countries have been doing vis-avis development plans makes it possible to observe two opposing tendencies: on the one hand, the tendency is to adhere to some type of formal experiment and, on the other, to introduce changes in the approach to and range of the experiment. This is no doubt due - among other reasons - to the need arising from the economic crisis to adjust the global, sectoral and regional plans to changing conditions. As can be observed in Table 1, 22 countries of the Region prepared development plans which covered part or the whole of the 1980-85 five-year period. This implies that planning considered both as a concern and an activity, is very much alive in the Region despite the serious obstacles encountered, particularly, because of adverse changes in external conditions.

For merely informative purposes, the following is a brief outline of the characteristics of each of the plans that were published. Each of the outlines varies in length but, on the whole, a wider coverage has been given to the plans that are still effective in 1985 and a narrower one to those no longer in operation. In particular, in the case of Mexico, the sixteen sectoral and regional programmes formulated to date have also been included in the outline to stress the efforts made by the Mexican planning system.

1. Argentina

The document entitled Lineamiento de una estrategia de crecimiento, 1985-89, contains the main guidelines to arrive at a strategy to overcome the economic crisis affecting Argentina and to recover the country's growth capability. The Planning Secretariat has presented it to the

representatives of the people of Argentina and of the different social sectors as a proposal for negotiation and, because of this reason, it is not considered as a definite plan by the Government.

The goals stated by the strategy are to recover the country's growth capability within the framework of increased equity, institutional stability and a more efficient utilization of human and material resources; to introduce, at the same time, such changes in the productive structure as will permit flexible responses to changes in the national and international context and the strengthening of the country's autonomy vis-a-vis decisions.

To reach these goals the country will have to overcome the limitations imposed on medium and long term growth by the low level of re-productive investments and the transfers of resources derived from the foreign debt repayments.

Table 1

PLANS FORMULATED DURING 1980-85 IN LATIN AMERICA  
AND THE CARIBBEAN 1/

Country	Plan	Body
Argentina	Lineamientos de una estrategia de crecimiento, 1985-1989	Secretaría de Planeamiento
Barbados	Development Plan (1983-1988)	Ministry of Finance and Planning
Belize	Economic Plan (1980-1983)	Central Planning Unit
Bolivia	Plan Nacional de Rehabilitación y Desarrollo (1984-87)	Ministerio de Planeamiento y Coordinación
Brazil	III Plano Nacional de Desenvolvimento (1980-1985)	Secretaría de Planejamento
Chile	Plan Nacional "Cambio con equidad" (1983-1986)	Departamento Nacional de Planeamiento
Costa Rica	Plan Nacional de Desarrollo "Volvamos a la tierra" (1982-1986)	Ministerio de Planificación y Política Económica
Cuba	Lineamientos económicos y sociales para el Quinquenio 1981-1985	JUCEPLAN
El Salvador	Plan Trienal (1981-1983)	Ministerio de Planificación y Coordinación del Desarrollo Económico y Social
Ecuador	Plan Nacional de Desarrollo (1980-1984)	Junta Nacional de Planificación y Coordinación Económica
Guatemala	Plan Nacional de Desarrollo (1984-1985)	Consejo Nacional de Planificación Económica
Haiti	Plan Bianual (1984-1986)	Ministerio del Plan

---

Country	Plan	Body
Honduras	Plan Nacional de Desarrollo (1982-1986)	Secretaría Técnica del Consejo Superior de Planificación
Mexico	Plan Nacional de Desarrollo (1983-1988)	Secretaría de Programación y Presupuesto
Nicaragua	Lineamientos de política económica (1983-1988)	Ministerio de Planificación
Panama	Programa de estudios económicos para la reactivación económica panameña	Ministerio de Planificación y Política Económica
Paraguay	Plan Nacional de Desarrollo, 1985-1989 (versión preliminar)	Secretaría Técnica de Planificación
Peru	Plan Nacional de Desarrollo (1982-1983)	Instituto Nacional de Planificación
Dominican Republic	Lineamientos de Política Económica y Social y Programa de Inversiones Públicas (1983-85)	Oficina Nacional de Planificación
Trinidad and Tobago	The Imperatives of Adjustment: Draft Development Plan (1983-1986)	Ministry of Finance and Planning
Venezuela	VII Plan de la Nación (1984-88) Lineamientos generales	CORDIPLAN

---

Source: National Development Plans.

1/ In each country only the last plan formulated in the 5-year period has been considered.

In terms of the above, a positive economic adjustment strategy is proposed through reconstituting the mechanisms for the accumulation of capital and the expansion of exports and investments.

The programme's proposal is to concentrate resources on the three sectors that are the pivots of expansion: the energy sector, where the aim is to double the foreign sales of hydrocarbons; the farming sector, where the aim is to accelerate its growth rate, and the industrial sector. With relation to the industrial sector, the idea is to generate a process of expansion and restructuring of the manufacturing industry along two axes: growth of exports and productive domestic investment. The programme states the need to continue with the process of selective substitution of imports, which is to be carried out in such branches of production as constitute a priority for productive articulation and in such strategic activities - in terms of prospective comparative advantages - as may support the exporting efforts.

The strategy assigns priority to stimulating the national capital and industrialist sectors by means of offering selective and integrated incentives to the small and medium industrial enterprises. As for the public sector, the intention is to continue with the policy initiated in 1984 of reducing the fiscal deficit and increasing the public investment rate. This increase is to be inserted within the functions directed to guarantee the social and infrastructure services.

The main policy guidelines presented by the programme are directed to creating the necessary conditions for the expansion of exports and investment.

Thus, the strategy supports the view of maintaining a high real exchange rate to promote exports, which is not to be used as an instrument to fight inflation; a tax reform to increase fiscal revenue and,

at the same time, establish the principle of equitable sharing; and a financial reform to make the level of savings rise and to channel savings towards productive investment.

Among the sectoral policies, the following are worth noting: in the farming sector, increased profitability by means of the gradual substitution of the export levies for taxation on land, a reduction in the relative price of inputs such as fertilizers, weed-killers and agricultural machinery, the improvement of the transport and the domestic and foreign marketing systems, in the industrial sector, the aim is to use a series of instruments such as promotion of exports, industrial restructuring, sectoral and regional promotion of manufactures, purchases through the State, technological development and promotion of the small and medium scale industry. For the promotion of exports, the strategy favours a high and stable real rate of exchange, an increase of reimbursements and funding that is competitive at an international level. As for tariff protection, a rate varying between 10 and 50 per cent - not exceeding 25 per cent as an average - is proposed.

The target product growth for the 1986-89 period is an annual 4 per cent, equivalent to a growth of 2.5 per cent in the per capita product. Meeting this target requires fixed investment to grow at an annually accrued rate of 11.9 per cent. The projections estimate an increase of 2.6 per cent in annual global consumption for the 1986-89 period, with a decline of 1.1 per cent in 1985.

The programme envisages a deficit in the balance of payments on current account of 1 620 million dollars in 1985. This imbalance will be gradually corrected so that a surplus of 110 million dollars may be reached in 1989.

The public sector's consolidated deficit was estimated at 7 per cent of the GDP in 1985, declining to 3.6 per cent in 1989.

2. Barbados

The Development Plan (1983-1988) "Change within growth" is the fifth plan that Barbados has produced since 1945. The document includes an assessment of the recent performance of the economy, a global presentation of the development strategy and of the objectives and goals of the plan, the programme for public investments and the sectoral programmes and policies.

The development strategy is based on the steady growth of exports, with the tourism, manufactures, farming and services sectors acting as the main foreign currency contributors. It is expected that this will be conducive to an overall growth rate of an annual 3.5 per cent in the five-year period, which is considered satisfactory given the level already reached by the per capita income and the low rate of demographic growth (0.4 per cent). This growth will make it possible to reach further social progress by means of different public policies on employment, housing, education and health. The unemployment rate is expected to come down from 13 per cent to less than 8 per cent by the end of the 5-year period.

In accordance with the strategy adopted, Barbados will foster an open policy vis-avis foreign trade and the attracting of foreign capital and technologies, without detriment to the strengthening of integration with the Caribbean through the CARICOM.

3. Belize

The central guidelines of the Economic Plan (1980-1983) aim at reaching a more balanced development of the urban and rural areas, institutionalizing an advanced land reform, generating employment and, very particularly, reach a greater efficiency in the management of the economy by means of relevant reforms of a fiscal nature that may help to offset the external crisis.

The Budget Speech (1984-1985) endorses the above-mentioned goals as a means to reduce the vulnerability of the national economy to changes in external conditions. The development strategy aims at stimulating economic productivity and broaden the productive base by means of a better utilization of natural resources. In this sense, priority is assigned to the development of farming, a sector which generates most of the exports and employment (40 per cent of the workforce). The remaining exports, fishcatch and lumber, represent 8 per cent of the sales to other countries.

At the same time, the strategy aims at reaching an increased self-sufficiency of food and generating more value added by means of the domestic processing of raw materials. If these goals are reached it will be possible to lay the foundations of a small industry for the substitution of imports, based on goods produced by the primary sector.

The new administration, which was sworn in at the end of 1984 is reformulating the foregoing strategy with the purposes of preparing a new development plan.

#### 4. Bolivia

The main objective of the National Recovery and Development Plan, 1984-1987, is to make the economy recover and to achieve the transformation of the productive structure of the country in order to reinforce the national autonomy, give an impulse to development and promote greater equity and social solidarity.

For this, it is the aim to tackle the main problems affecting the Bolivian economy, which are an insufficient and inadequate development of the productive forces, an insufficient national integration and an extremely dependent economy, this last situation made more serious by the world crisis.

The main principle adopted by the new development policy is to reorientate the national economy in terms of the country's own needs and objectives. Within the time-horizon of the Plan, the aim is to restructure the economy, concentrating efforts on the essential area. This area is formed by activities that satisfy the basic needs of the population: food, clothing, health, housing, sanitation and education and also exportable goods and services. It is thus intended to concentrate the effort of making the economy become more dynamic on the domestic market. The industrialization strategy consists in setting up a productive structure that will link the essential and exportable goods in a system susceptible of back - and forward - chaining.

According to the Plan, the recovery of the economy will be selective in that the growth of consumption will be centred upon the wage-earners, the migrant farm-hands working in the urban semi-industrial and family sectors and also on the productive activities, especially farming. In the industrial sector, the efforts will concentrate on metallurgy, agro-industry and the essential area of the manufacturing industry. As for mining, it is the intention to make important investments directed at the completion of projects whose execution is in the advanced stages and at the expansion of the energy construction and transport sectors.

In order to reduce the extreme dependence of the national economy, the Plan aims at launching the Foreign Trade and Foreign Financement System which will be responsible for the centralized management of foreign currencies. In the external sector, the Plan aims at the articulation of complementary activities, such as the active participation in the regional and sub-regional integration mechanisms and the utilization of the potentials offered by the Andean Pact.

An indispensable condition for recovery will be the control of inflation, to be reached through the principle of equity and solidarity under conditions of shared sacrifice.

5. Brazil

The III Plano Nacional de Desenvolvimento (1980-1985) has characteristics of its own vis-a-vis design and presentation and is a scheme in which the main objectives, the government's lines of action and the basic guidelines for the private sector are presented in an explicit way.

It is, essentially, a document which is qualitative in nature, and possessing a flexible approach where the goals, guidelines, criteria, measures and policy instruments are defined. All this is in the belief that its validity will depend on the evolution of the main constraints: permanence of the energy crisis, persistence of disequilibriums in the balance of payments as a critical constraint, increasing inflationary pressures and the need to speed up the growth rate to generate more jobs. Apart from analyzing the traditional macroeconomic policies the plan also goes into the sectoral and regional policies and others which have characteristics of their own such as science and technology, environment, decentralization and reduction of bureaucracy.

The plan states the need to identify a growth strategy that will lead to the reduction of social inequality and the gradual correction of the balance of payments disequilibriums and of the domestic inflationary pressures. For the former, the plan endorses the rapid execution of "selective programmes" destined to expand the supply of food, housing, health and basic sanitation for the benefit of the low-income groups. For the latter, the plan recommends the reduction and selective substitution of imports and the large expansion of exports.

The growth of the farming production is of the greatest importance to conciliate the objectives of income distribution, employment and reduction of inflation. At the same time, the plan advocates for the continuity of the consolidated control of public spending and for special attention to selectivity of allocations.

Due to the serious regional and intra-regional disequilibriums and the rapid process of urban growth, the plan emphasizes national integration and spatial equilibrium. For this, it recommends reinforcing the already existing programmes such as SUDENE, SUDAM, the projects POLONORDESTE and POLOCENTRO and those associated to the large metropolitan centres.

## 6. Chile

The Chilean economic authorities prepared and approved a 3-Year Programme which covers the 1984-1986 period.

The central objectives of the programme are: economic recovery, growth of employment and the consolidation of private property, a goal which acquired special relevance for the government given that the main national financial institutions and, through them, the most important productive enterprises of the country are being managed by the State.

To achieve these objectives the following global policies were stated:

- i) Allocation of resources through the market.
- ii) An exchange policy offering incentives to exporters and contributing to the stability of the external sector.
- iii) Maintaining the opening to foreign trade with a high real rate of exchange and moderate tariffs.
- iv) A monetary policy satisfying the liquidity requirements of an economy undergoing re-activation which, at the same time, may guarantee a low inflation index.

- v) A fiscal policy that permits economic recovery, acceleration of the creation of productive employment, strengthening of the expansion of exports, reaching the public savings targets and supporting social spending programmes.
- vi) The increase of public investment through the reduction of current spending and, particularly, of direct unemployment subsidies.

The programme presents estimates on the evolution of the Gross Domestic Product, balance of payments, foreign debt, savings, investment, consumption and employment for the 3-year period. Also, there are GDP projections according to source activity based on the sectoral estimates of the different branches of production.

#### 7. Colombia

The strategy of the Plan Nacional de Desarrollo "Cambio en Equidad" (1983-1986), which was formulated during the administration of President Belisario Betancourt differentiates between two time limits. In the first place, in the short term, the main task is to give a new impulse to the economy, with a stress on domestic production - with housing playing an important role as a sector stimulating economic recovery - and to control inflationary expectations so as to achieve growth within stability.

The policies directed at stimulating domestic production are centred upon a stricter control and registration of foreign trade, restriction of imports of goods susceptible of substitution by means of a rise in tariffs and the implementation of a statute for official purchases, redirecting towards the domestic market the purchases that the State-owned enterprises made in other countries.

The incentive to housing will be carried out through re-directing public and private resources towards the massive construction of urban housing developments for the lower income groups.

The counter-inflationary policy proposes the rationalization of the system of price controls and of the automatic systems of inflationary expansion: negotiation of wage-indexation targets, agreements on price rises, special policy of public utility charges and control of monopolic prices.

In the long term the plan stresses the importance of reaching a greater degree of interdependence and complementarity between the basic productive sectors.

With this in mind the strategy proposes the consolidation of development through the reinforcement of the farming sector, the creation of new industrial expansion axes and also through assigning a high priority to the external sector in order to consolidate the non-traditional exports.

It is expected that the farming sector may be able to cater for the food requirements of the urban centres, produce the raw materials used by the manufacturing industry, generate foreign currency and become the provider of subsistence and income for more than the third part of the population.

The expansion of the industrial sector aims of reaching a greater degree of interaction between the branches that form the productive apparatus. With this in mind, impulse is given to the participation of industry in mining and infrastructure projects, strengthening the production of intermediate and capital goods.

The proposed instruments to reach these objectives are the above-mentioned statute for official purchases, the revision of effective protection, the reformulation of the foreign investment policies and the transfer of technology.

The order to be followed by social change, according to the plan is based on a strategy whose foundations are the promotion of the farm-workers' welfare, improved urban life conditions, consolidation of the national cultural identity, equitable regional development and a more active participation of the community.

Priority is assigned to seven special programmes given their importance within the global philosophy of the plan and as the means to reduce social inequality. These programmes are the following: Urban Housing Plan; National Recovery Plan for Marginal Zones to Consolidate the National Peace; National Plan for Animal Husbandry Research; Land Improvement Programmes; National Research and Technology Plan; Long distance Schooling and Basic Health Services for the Most Vulnerable Segments of the Population. Worth-noting is the National Plan for Micro-enterprises which aims at expanding the employment opportunities in the working-class strata.

#### 8. Costa Rica

The National Development Plan "Volvamos a la Tierra" (1982-1986) has the general objective of "a reformulation of the development strategy followed by the country, that should cover not only a change in the production and consumption models but also may influence the political, ethical and moral structures of society. It requires a thorough revision of the productive structure. In particular, it is necessary to revise the industrial model .... and assign a main role to the farming sector..." <sup>1/</sup> Among the specific objectives, the following should be stressed: in the political area the strengthening of democracy and the strict adherence to ethical and cultural values; in the economic-social area, an improved distribution of income and wealth; economic growth, increased efficiency in the productive sectors and a growth in the export capability; the strengthening of the sociocultural processes to perfect democracy; the reduction of regional differences, and an increased participation in the management of development.

---

<sup>1/</sup> See Ministerio de Planificación Nacional y Política Económica, Plan Nacional de Desarrollo "Volvamos a la Tierra", 1982-1986, Diagnóstico y Estrategia Global, Tomo I, San José, Costa Rica, 1982.

Amongst its main guidelines, the strategy aims at making the farming sector become the main pivot of development, by means of a closer integration with industry 1/ through an increased productivity and incentives to such technological developments as best adapted to the country's conditions and availability of resources. At the same time, the plan aims at important changes in the historical patterns of allocation of the public investment resources and a higher level of coordination between the institutions of the public agricultural sector, both at an inter-institutional level and with the institutions responsible for the promotion of exports.

The State, considered as "one of the main agents of the development of the country" will adhere to such criteria as administrative efficiency and effectiveness in reaching the goals stated by the plan. To such effect, the aim is to evaluate the dimension of the government and to define the areas where it must intervene. The State's role as a re-distributor of wealth and promoter of social justice will be reinforced by means of a "stimulus to private initiative and the incorporation of the citizens to productive activity, as the basic resort to achieve an improved distribution of wealth". The Plan aims at redressing the balance of public finance by means of direct and progressive taxation and austerity in spending; public investment will be directed at overcoming important restrictions affecting the farming activity and also at improving transport.

In relation to social issues, the Plan aims at the revision of the educational and health systems in order to adapt them to the present circumstances and to the newly programmed development model, as well as to the consolidation of achievements in the labour and social security areas.

---

1/ In order to "transfer the resources originating in the domestic primary sector before doing so with the resources originating abroad".  
Ibid.

Finally, the Plan lists some general guidelines for the economic and social policy applicable to the following issues: economic stabilization, austerity in spending, and rationalization of public administration together with other issues related to economic recovery.

9. Cuba

Los Lineamientos Económicos y Sociales para el Quinquenio 1981-1985

Economic and social guidelines for the 1981-1985 (5-year period) formulate the following basic objectives: to advance in the process of socialist industrialization, to orientate basic investments in an adequate way, to reinforce and expand cooperativism in the country, to provide a more thorough multilateral education for the people, to raise the level of training of the cadres, to consolidate the System for Economic Management and Planning, to expand economic international relations, to carry on with the process of raising the people's standard of living and to consolidate the institutions of the socialist society.

In the strictly economic sphere the formulated objectives aim at reaching a 5 per cent growth of the Global Social Product and of the National Income, based on a greater efficiency in economic management and a preferential development of the industrial sector. The aim is also to reach a higher level of integration of the national economy and to continue with the process of imports substitution.

The aim is also to channel investment resources to the Sugar Investment Programme, the building of the first nuclear power plant, studies of new plants, development of investment in the farming sector, and increased production of spare parts, equipment and other supplies necessary for the investment process.

In the industrial sector, the aim is to increase the production of sugar cane by-products and to give an impulse to the development of the automation of the production process.

The programme of the foodstuffs industry is directed at satisfying more and more the needs of the population through improved quality and a better integration with the farming sector. In the remaining branches of industry, the goal is to obtain a larger output.

The main tasks of agriculture will be orientated to the development of the production of sugar cane, citric fruits, vegetables, etc., through the adequate use of the land, development of irrigation systems, increase in the effectiveness of the mechanization of crops and maintaining an adequate equipment fleet.

The plan states the need for the modernization of the infrastructure of ports, roads, airports and railways and also for the construction of more houses, hospitals, homes for the disabled, and out-patients clinics.

At present, work is being done on the design of the Third 5-Year Development Plan for the period comprised between 1986-1990, which should be endorsed by the Asamblea Nacional del Poder Popular by late 1985. The plan has been conceived within the framework of the Strategy for Economic and Social Development covering until the year 2 000, which provides guidelines for the long-term economic and social development.

#### 10. El Salvador

The Three-Year Plan (1981-1983) puts forth a new society model which, as far as the economic component is concerned, advocates the democratization of ownership of the means of production - mainly the land - the promotion of the emergence of a more modern and technical-orientated agriculture, the training of manpower, a more widespread utilization of resources from the sea and also the approach to industry as the pivot of national progress.

The model posits an increased joint participation of workers; producers craftsmen and professionals in order to reach higher levels of production, consumption and accumulation. At the same time, it promotes the setting up of self-help organized associations in order to make the workers, become the owners of the means of production. At the same time, the model states that the private enterprise will continue to be an important agent in the development process but that its interests must harmonize with those of the community. As for the role of the State, "during the period the State will become the (necessary) element to make the development process more dynamic through considerable investments and the promotion and orientation of the productive forces of the country."

Moreover, the programme states the need for the active participation of the different population strata and for reaching a national consensus on the plan as the requirements to reach the desired objectives. Despite the existence of this three-year plan, when the crisis became more serious - in terms of the bottlenecks produced in the external sector, public finances and the financial system, as well as when public and private investment declined it was necessary to formulate the Programa de Reactivación Económica Nacional, 1983 (Programme for the national economic recovery), in which the policy objectives and measures contained in the previous plan were re-oriented and a series of specific measures to overcome the crisis was proposed.

The following are the most important objectives: to arrest the fall in production and employment, reduce the external bottlenecks and reduce the fiscal deficit. The strategic guidelines centre upon the adequate and pragmatic handling of the reforms carried out - bank, foreign trade and agrarian; on the State's support to the private sector; on an economic recovery based on the farming, industrial and construction sectors; on a better utilization of the installed capacity; on getting the suitable

foreign financment; on incentives to stimulate the return of capitals and on the ordering of the monetary and credit systems.

11. Ecuador

The National Development Plan (1980-1984) is orientated mainly to reinforce the democratic system, attain an increased economic development and guarantee social justice. Consistent with the above, five structural reforms and six strategic guidelines are envisaged. The reforms have to do with taxation, public administration, land ownership and use, education and control and exertion of power.

The strategic guidelines or schemes for action aim at favouring the process of investment, the promotion of farming production, solving the energy problem, encouraging national integration, re-directing and modernizing the public sector and achieving social justice.

For the administration of the economy in the short term, the use of operative planning is recommended, in terms of the goals of the plan and of whatever social and economic changes may take place. At the same time, with the use of this supporting technique the aim is to prevent the said changes from making the monetary, financial, budgetary and balance of payments disequilibriums more serious.

An Investment Programme was prepared by the General Planning Secretariat to serve as a reference document to the Finance Ministry in the formulation of the General Budget of the State project.

Within the stategic guidelines of the global plan several sectoral and regional plans were prepared. Particularly important are those prepared for the Development of Southern Ecuador (PRODESUR); the Basin of the River Guayas (CEDEGE): The I Region, designed by CONADE/OAS/INERHI, the Development Plan

for Manabi, the Master Plan for Galápagos and the plan formulated by CREA for several provinces.

## 12. Guatemala

The main objective of the National Development Plan 1984-1985 is to reach a greater degree of satisfaction of the basic needs of the population and to promote social participation. "This objective has as prerequisite a framework of security both democratic and involving participation, based on the legal principles that guarantee individual and collective freedom".

Amongst the general objectives are the following: getting economic recovery under way; gradual improvement of the distribution of income; strengthening of relations with other countries; reduction of unemployment and underemployment; consolidation of the process of national normalization, and reaching a higher degree of national integration.

The strategy envisaged by the plan states, in the first place, that productive development should be mainly based on the private enterprise and that, in this sense, the private enterprise should be "the main agent in the process of changes". In the second place, the plan advocates a significant change vis-a-vis the formulations valid in the past, in that economic growth should be essentially based on the better utilization of the country's resources and the domestic market, without, however, disregarding the promotion of traditional and non-traditional exports. In the third place, an active role is assigned to the public sector in the promotion of economic and social development, by means of rationalizing public spending and giving support to private production. In the fourth place, the plan considers the regulation of foreign investment so that it may be only a complement of the domestic capital. In this connection, it will be one of the State's tasks to direct the process of transfer of technology, which is implicit in foreign investment.

At the same time, the plan contains a wide range of policies and actions related to social issues, prices, science and technology, production and participation of the population in development.

### 13. Haiti

Starting from an exhaustive analysis of the evolution of the national economy since 1979, the strategy of the Two-year Plan (1984-1986) is based on economic freedom, regional decentralization and development within a context of freedom and solidarity. With these principles in mind, six main objectives have been determined and general guidelines have been formulated for the priority sectors in order to increase their competitiveness with other countries and raise the level of domestic articulation.

The global economic policy seeks, above all, to reduce unemployment, modernize the productive system, decentralize the decision-taking process and reach a higher level of participation in the development tasks. These aims are the bases for the listing of the targets for the traditional fiscal, monetary, prices, foreign trade, investment and human and institutional policies.

The regional problems and their prospects for solution form part of a separate chapter where the disequilibriums and obstacles to reach a closer integration are described. The inter- and intra-regional differences not only have to do with the unequal availability of resources and basic infrastructure but also to the distribution in space of the population. Within this framework the plan envisages specific policies and objectives for the four regions into which the country is divided (North, Transverse, West and South).

Finally, starting from the probable evolution of both product and investment, there is a financial scheme where a sectoral breakdown is included. In order

to give the plan additional support, the "Economic Budget and Programme for Sectoral and Regional Public Investment (1984-1985)" was prepared.

14. Honduras

The plan operating in the period under analysis is the National Development Plan 1982-1986, which aims at the following medium-term objectives: to attain a better standard of living through satisfying the basic needs of the population; to reduce the levels of unemployment and underemployment; to improve the income level and its distribution; to diversify national production, to make a more rational use of natural resources; to increase and diversify the exports capability; to reach economic-financial stability (reduction of the foreign and public deficits), and to promote the balanced development of the country from the approach of both national integration and links with the rest of the Central American region. In this plan, the traditionally envisaged objectives are combined with that of reaching both financial and economic stability, although the order of priorities is not explicitly stated.

The strategy assigns the State the role of agent and promoter of development and, in some cases, that of direct participant in activities having to do with conservation and natural resources, supply of basic services to the population, construction of the economic infrastructure and export facilities.

Direct investment by the State will be carried out in strategic areas for which the private sector does not have either the necessary resources or investment capability.

The private sector is assigned an important role in the search for new investment opportunities and it is believed that the strengthening of the private sector's activities will generate favourable conditions of political and social conditions.

As regards productive structure, priority is assigned to the production of goods to be exported and of food for domestic consumption in order to attain food self-sufficiency. Bearing this in mind, the national financial system should support these activities and speed up the execution of projects aiming at supporting production or directly engaged in production. The intention is, also, to make optimal use of the installed capacity, particularly in the farming and agro-industry sectors.

In order to increase the supply of exportables - traditional and non-traditional - and to diversify exports the State will make ad-hoc credit lines available to be used by the private sector, will offer support to the promotion and sale of different products and will make the most of the advantages offered by preferential trade agreements.

#### 15. Mexico

The National Development Plan (1983-1988) was designed when Mr. Manuel de la Madrid H. was sworn in as constitutional President. The plan has its foundations on the national system of democratic planning and its structure covers three different areas. The first one states the political principles originating in the 1917 Constitution. The second contains guidelines for implementation in the different economic and social spheres. The last area surveys the main topical and structural problems of the present and assesses the development potential of the country to recover its growth capacity and improve the quality of development.

To tackle the crisis and guarantee reaching the great national aim, namely, the political will to preserve and perfect the democratic system, four basic goals are proposed:

i) To consolidate the democratic institutions through the solidary union of all citizens. This is the fundamental principle on which the philosophy of the plan and the will to build a free and independent nation are based.

ii) To overcome the crisis on the basis of control of inflation, defence of employment and protection to the productive cadres and the basic consumption of the majority.

iii) To recover the capability to grow by means of a better utilization of the available resources, support of decentralization, better articulation of production, strengthening of the domestic market, increased trade with other countries and efficient substitution of imports.

iv) Participation of the different social groups, within the framework of democratic planning, in order to give an impulse to qualitative changes in the political, economic and social structure, within the context of economic co-participation under State supervision a principle explicitly stated by the Constitution.

The National Plan has provided the rationale for the different and important sectoral plans briefly outlined below.

i) National Programme for Industrial Development and Foreign Trade (1984-1988)

The main purpose of this programme is to make Mexico become an intermediate industrial power by the end of the century, by means of an efficient and competitive development. The aim is to consolidate the manufactures exporting sector, and improve its penetration capacity in the international markets so that it may become one of the cornerstones of economic growth. To implement the programme, seven policies for structural change have been proposed: rationalization of protection; incentives; funding; re-ordering of the para-State industrial sector according to strategic areas or complementary participation; technological development; location and policies of relative prices and differentiated profit margins in such sectors, branches and products as encourage investment in the fields that have been assigned priority.

ii) National Programme for the Financing of Development (1984-1988)

This programme contains the essential purposes and guidelines to direct its implementation and also the main actions to be carried out to reach the stated goals. The strategy is based on the need to encourage savings and investment; strike the right balance between resources and needs through an increased and more efficient flow of resources; to reduce the deficit in the balance of payments on current account, and to correct the imbalance of public finances.

iii) National Food Programme (1983-1988)

Its aim is to achieve self-sufficiency vis-a-vis food and the satisfaction of the basic food and nutritional needs. The strategic guidelines cover four phases: a) the production phase, through the domestic production of food using the country's own resources and technology; b) the transformation phase, whose aim is to introduce new types of food in the diet of some groups and regions in order to make up for some specific nutritional deficiencies. The supply and regulation of the basic food package for popular consumption is also included; c) marketing, which goes from supply of the necessary inputs for primary production to access of the industrial sector to intermediate goods to access of the consumer to final goods; d) consumption and nutrition, the last phase in which the aim is to promote a wider diversification of the diet and the shift of dietary habits towards patterns which a higher nutritional content and lower cost.

iv) National Supplies System (1983-1988)

Its objective is to promote the integration, ordering and modernization of the marketing process of popular consumption foodstuffs in the different stages of collection, initial processing, industrialization, storage, transport, distribution and final marketing.

v) National Communications and Transport Programme (1984-1988)

This programme aims at establishing a general policy applicable to supplies, quality and prices, linking the programmes of the industrial sector to the requirements of national transport and encouraging technological research and development. The strategy covers transport by land, rail, sea and air and also the associated communication services.

vi) National Health Programme (1984-1988)

In order to overcome the mortality and morbidity problems, the central purpose of the programme is to improve the health condition of the population aiming at an expanded coverage of the health services, improved quality of medical assistance and a model for a regionalized services scale, assigning priority to the least favoured groups. As a complement to the strategy, the sectoral actions have been arranged into 17 strategic programmes. 13 of them are of a substantive nature and four have to do with supporting activities such as research, training of manpower, information and health inputs.

vii) National Energy Programme (1984-1988)

The strategy of the programme is to improve the sector's capacity to respond to the growing domestic energy requirements, maintain an export platform and expand the support that the energy sector gives to the rest of the economy. The main pivot is formed by the strategic guidelines for productivity, saving of energy and diversification.

viii) National Mining Programme (1984-1988)

In order to contribute to reach the national goals the programme aims at securing self-sufficiency in relation to the necessary inputs required by the industrial, food and energy projects. Other aims are to strengthen the external sector of the economy, offer increased employment opportunities, contribute to the regional development and assist in the formation of connections between the mining sector and the rest of the economy by means of linkage to other sectors.

ix) National Fishcatch and Sea Resources Programme (1984-1988)

This programme aims at increasing and rationalizing the exploitation of fishing resources, consolidation of the national sovereignty on territorial seas, economic exclusivity zones and continental platform. With respect to these issues, the Programme is inserted within the framework of two strategies: economic re-ordering and structural change. The former is expected to contribute to food self-sufficiency and the latter to channel investments towards such activity as may help to increase the supply of food and inputs, to preserve the installed capacity and to consolidate the infrastructure of the sector.

x) National Programme for Technological and Scientific Development (1984-1988)

This programme aims at the technological self-sufficiency of the country and the integration of scientific research to the national resources available.

Because of this, 17 separate programmes have been designed with the purpose of strengthening the national infrastructure and capability. Special emphasis is given to the training of top level researchers and professionals for the productive system; to the capacity to adapt and assimilate imported technology; to link research to the production system, and to the development of quality standards to stimulate the competitiveness of the national products in international markets. All this has been coordinated by CONACYT.

xi) National Programme for Tourism (1984-1988)

The number of foreign tourists in 1984 was of approximately 5 million people who contributed with 12 per cent of the income on current account. Due to the importance of the contribution of tourism to the national economy, the strategy is divided into four large areas directed at reaching the growth of supply, promoting demand, coordinating the activities of the sector and rationalizing and optimizing its resources.

xii) National Programme for Ecology (1984-1988)

It is based on four lines of action: a) the ecological organization of the national territory to reach the objectives of adequate use of the soil and rational management of the natural resources; b) the preservation and control of environmental pollution; c) the utilization and improvement of natural resources in terms of integral management; d) the regional ecological conservation, preservation and restoration. According to the philosophy of the National Development Plan, the implementation contains three streams: negotiation, coordination and induction.

xiii) National Programme for Education, Culture, Recreation and Sports (1984-1988)

This programme has the following objectives: to improve the quality of education at all levels; to facilitate the access to educational services of all the citizens, with priority attention to be paid to the least favoured zones and groups; to regionalize and decentralize education at all levels, and to make education become a permanent process of social participation.

xiv) National Programme for Training and Productivity (1984-1988)

Given that the employed population will total 24 million in 1988, it is the aim of this programme to give in-service training to approximately 7 million workers, pre-service training to over 4 million people, train 8 million people from the informal sector and 2 million civil servants. These targets will make it possible to increase labour productivity by an annual 1.0 to 2.5 per cent.

xv) National Programme for Urban Development and Housing (1984-1988)

This programme corresponds to the principle stated by the National Development Plan of considering housing in its true social, ecological, economic and juridical dimension: the key element of development and the master beam to build an equalitarian society.

In the light of these considerations, five strategic projects have been defined, related to medium scale cities, the national programme for rural housing; the programme for the promotion of self-help building; the programme for house building and improvement through social organization; and the programme for the promotion of ecotechniques used in house-building. These projects are to be oriented by two interdependent strategic lines of action, one having to do with territorial organization and the other having to do with organization within the population centres.

xvi) Programme for the Regional Development (1984-1988)

Within the general formulation of the National Development Plan diagnoses, objectives, strategies and goals were designed for different regions of the country. All this was done with the purpose of securing the integral development of the different states, increasing territorial interrelations, improving the administration of public services and orientating private investment. According to the above, the following programmes were defined: a) Development Programme for the Mar de Cortés Region; b) Development Programme for the South-East Region; c) Development Programme for the Metropolitan Zone of Mexico City and the Central Region; d) Development Programme for the Arid Zones; e) Programme for the Reorganization of Henequenera and Integral Development of Yucatán; f) Colima Plan; g) Actions for the inter-municipality reorganization of the AOTZACOALCOS basin.

16. Nicaragua

Although during the last three year period no announcements have been made vis-a-vis medium term plans or a development strategy, the planning process of the country has become stronger, taking as a starting point the conceptual framework of the new State, which is contained in the programme of the National Reconstruction Government Junta. By means of annual operative

plans and other economic policy documents 1/ the main objectives, policy guidelines and recovery, austerity and efficiency programmes have been defined.

Amongst the main medium term objectives are the following: to modify the way in which the country is inserted in the international economy, to reach self-sufficiency in the production and supply of basic consumption goals and to build a fair and equalitarian society in term of distribution of opportunities and economic incentives. In the shorter term the aims are to consolidate the process of internal transformation and the strengthening of a mixed-type economy, to raise the level of permanent employment and to preserve the real purchasing power of wages and, finally, to mitigate the problems caused by the shortage of foreign currency, inflationary pressures and the public sector deficit.

As for the strategy itself 2/ it establishes the formation of a mixed economy formed by the State or communal property area (The People's Property Area), a private area and a joint-investment area of the public and the private sectors. Thus "... the State shall support and protect the development of the national enterprises particularly, small and medium-scale, vis-a-vis transnationals."3/

At the same time the State has exclusive control over the utilization and administration of certain natural resources (mines, forestry, fishing, energy,...), the banking system and foreign trade. Foreign investment has

---

1/ See, for example, the studies prepared by the Planning Ministry: Programa de Reactivación Económica en Beneficio del Pueblo 80, y Programa Económico de Austeridad y Eficiencia 81, and that prepared by the National Reconstruction Government of Nicaragua, Lineamiento de Política Económica, 1983-1988, Managua, September 1983.

2/ See National Reconstruction Government Junta of Nicaragua, Programa, Managua, July 1979.

3/ Ibid.

been assigned a "strictly complementary" role of domestic investment and, because of this, it shall be regulated in order to protect national interests.

The process of agrarian reform, which is the key element of the strategy, aims at a transformation to guarantee that the rural population should have access to land, credit, technical assistance and other production media; the formation of associations whose purposes is the exploitation of the land is encouraged while, at the same time, mini-fundia are discouraged, all this with the purpose of reaching adequate productivity levels; similarly the income from the land and use of the waters are regulated.

In terms of production, priority is assigned to the farm products that will be used for domestic consumption, to the development of the agro-industry to the use of labour-intensive technologies and to the search for higher efficiency levels.

As for the social aspects, the strategy aims at offering real possibilities to improve the standard of living by means of a policy tending to eliminate unemployment and materialize the right of access to housing, health, social security, public transport, education and other goals and services. Finally, the strategy aims at carrying out a thorough reform of public administration so as to rationalize its functions and make the execution of the public investment programme for the economic and social areas both viable and a reality.

#### 17. Panama

From 1980 on, it has been possible to observe an interruption in the process of preparation of formal plans and development strategies. However, the country, is at present engaged in the preparation of a "Programme of Economic Studies for the Economic Recovery of Panama" and, at the same time, a document entitled Strategic options for the regional development, 1980-1990 has been prepared.

The objective of this effort is to reach a more balance development of the different regions, comparable to the financial restrictions that the country will encounter in the remaining years of the present decade. It also points to the need for channelling and guiding the spatial impact that the application of the Torrijos-Carter treaties will represent on the metropolitan region (Panama-Colon) and the relation of this region with the others of the country. In this connection, the need is stressed for the integration of infrastructure, land and water formerly belonging to the canal area to the national economy and territory.

With respect to the definition and formulation of the short-term macro-economic policy, in 1983 the Planning and Economic Policy Ministry sponsored an encounter with representatives of the private sector to analyze the socio-economic situation. As a result of this meeting some strategic options were identified for the 1983-1984 period.

Finally, it should be noted that in the case of Panama, the Planning Ministry has played a leading role in the coordination and nationalization of the economic policy and in its very definition, both in general terms and with particular respect to the financial field, which has obviously been made possible by the diversity of functions for which this institution is responsible.

#### 18. Paraguay

The National Development Plan 1985-1989 is undergoing preparation. This plan formulates the basic strategic orientations of development in the medium term, which are based on the integral and rational utilization of the natural resources of the country, mainly its farm, livestock and forestry reserves, and the hydro-energy potential of the Itaipú and Yacyreta dams. It is expected that the plan will be announced during 1985.

19. Peru

The National Development Plan 1982-1983 is a five volume publication. The first one corresponds to the global plan defining the basic orientations of action by the State. Volumes II and III contain the public investment programme and the main public sector projects. Volumes IV and V contain the sectoral and regional plans respectively.

The global plan, considered as the central document, starts from the identification of the national problems and defines the objectives, policies and the multi-sectoral actions directed at consolidating the recovery of the productive system. It also includes the economic programming (budget, production, investments), the financial programming (budget, monetary programme) and forecasts on the evolution of population and employment 1/.

The development strategy formulated by the Belaunde-Terry administration encompasses three basic elements. The first one aims at the need for the modification of the national accumulation and international insertion patterns on the basis of the opening of the economy to the international markets and the making the most of the comparative advantages offered by Peru.

The second element is closely linked to the former and advocates the need for the liberalization of the national economy - in order to eliminate the distortions affecting the free play of the market forces - so that greater efficiency may be reached on the basis of the leading roles to be played by the private enterprise and significant foreign capital contributions.

---

1/ Apart from the plan, the National Planning Institute prepared a medium-term plan (1982-1985) and a long-term plan (1982-2000). Similarly, the investment programme (1982-1983) was prepared assigning inter-sectoral priorities from the viewpoint of the economy considered as a whole.

The second element is closely linked to the former and advocates the need for the liberalization of the national economy - in order to eliminate the distortions affecting the free play of the market forces - so that greater efficiency may be reached on the basis of the leading roles to be played by the private enterprise and significant foreign capital contributions.

The third element aims at reaching macro-economic stability through a significant reduction of the fiscal deficit and an adequate monetary management.

These three basic elements of the development strategy were aimed at the significant modification of the economic and social structure of the country and implied a true change in the development strategy adopted during most of the sixties and, above all, during most of the seventies.

However, it should be noted that the strategy described above has not been susceptible of application in the whole of its scope by the government in the last four years. For this reason the strategy underwent several modifications in terms of the international crisis and internal problems 1/.

## 20. Dominican Republic

The document entitled Lineamientos de Política Económica y Social y Programa de Inversiones Públicas (1983-1985) provides the framework for government action, by defining objectives and policies and stating the programme for public investments contributing to the materialization of the objectives.

The first chapter presents an economic and social diagnosis of the 1970-82 period which was performed at a global, sectoral and regional level.

---

1/ See Gustavo Saberbein El Impacto de la Crisis y las perspectivas de reactivación en el proceso de planificación y formulación de políticas públicas en el Peru, ILPES Document, 1985.

In the second chapter, according to the guidelines issued by the Executive Power and the respective diagnoses, a series of general and specific guidelines are stated.

The general guidelines make it possible to define the necessary policies to improve the current economic conditions, normalize the investment process and guarantee an acceptable level of economic activity and, at the same time, promote actions capable of reorientating production and generating a sustained process of growth.

The document defines four general guidelines to be used to reach the objective of giving the country's economy a higher level of independence by means of the transformation of the open economy model into another type of model that may favour the development of the domestic market and a better integration and diversification of the productive system, favour the integration of the marginal social strata, link the redistributive policy and the improvement in employment conditions to an expansion in the production goals and finally, relates the expansion of the external sector to the requirements of national development and transformation of the productive structure.

Among the specific guidelines are the increase in efficiency of the public sector investments, the recovery and preservation of the available economic and social infrastructure, the expansion and integration of the productive system in terms of internal and external demand and a greater pre-investment effort in all the activities capable of orientating production, modifying its structure and stimulating the global growth of the economy.

The document contains also a system of priorities to emphasize and contribute to materialize the set of objectives defining the strategy. Its aim is to facilitate the selection of the investment projects by means of a simple set of directions that make it possible to see the interrelations that link the global, sectoral and regional objectives.

The priority objectives consider the need to complete works undergoing execution and to ensure that such complementary works as necessary are carried out. The same goes for the rational use and preservation of natural resources.

Apart from the priority system the plan includes the list of priority projects to reach the set goals. This hierarchy makes it possible to determine the policy measures to be applied and the order of allocation of the resources available. The effort of pre-investment is centred on agro-industry, construction, metal-mechanic industry and energy-chemistry. Together with the above, several studies of a sectoral and regional nature were undertaken.

#### 21. Trinidad and Tobago

The document The Imperatives of Adjustment: Draft Development Plan, 1983 to 1986 contains the basic guidelines of the strategy of economic adjustment to the recession, which was adopted by the Government. It was prepared by a task force representing several Dependencies and Ministries which was chaired by the Chairman of the Development Bank. This plan was endorsed by the National Economic Planning Commission created in 1983 to prepare the basic guidelines for the development strategy.

The contents of the document can be summarized under eight main headings:

- i) Selection of economic activities orientated internally or externally and composition of the product;
- ii) Measures to tackle fiscal and balance of payment problems;
- iii) Measures to favour the competitiveness of the economy and to distribute the cost of adjustment in an equitable way amongst the different social and economic groups.

- iv) Relative growth of the national and foreign private sector and role of the State as producer;
- v) Criteria to determine the volume and composition of capital expenditure by the State, given the reduction in revenue;
- vi) Determination of the necessary reforms to be applied to public utilities and State-owned companies.
- vii) Measures to preserve the level of employment;
- viii) The role of integration to the Caribbean community.

There was a ninth guideline advanced by the National Planning Commission: the role and orientation of the oil and sugar industries.

The 1983-1986 period was considered as a transition stage, bearing in mind a long term scenario for the year 2000, which consisted of a more diversified economy where oil was no longer the dominant feature, a more developed and efficient industrial sector; larger domestic food production based on the expansion of agriculture; dissemination of technological and management capabilities in all the sectors; a strengthened private sector within a mixed-economy framework, with new forms of organization; a better geographical distribution of the population and of economic activity and an improvement of integration to the Caribbean Community.

## 22. Venezuela

The VII Plan de la Nación (1984-1988), Lineamientos Generales formulates a new approach to planning, with the following characteristics.<sup>1/</sup>

---

<sup>1/</sup> The methodology used is described in the publication IVEPLAN: "Guía metodológica para el VII Plan de la Nación", Caracas, June 1984.

i) Continuous and capable of permanent validity vis-a-vis a dynamic and changing reality;

ii) Flexible to be adjusted to the internal and external scenarios;

iii) Modular, in the sense of action projects and operations undertaken by responsible agents;

iv) Susceptible of budgeting, to make it compatible with the budget system of each programme;

v) Approach broken down into problems and opportunities to give it a more practical and concrete meaning;

vi) Intertemporal, i.e., making current conditions, and the short, medium and long term compatible;

vii) Dynamic, in relation to different problems at different points in time.

In the light of these guidelines, the set of projects appearing in the Plan are directed to launch economic recovery once again, speed up the social development of the country and create a freer society. The global strategy is based on the articulation of these actions: a growth strategy, a social strategy and a political strategy, the last one based on the consolidation of democracy, the emergence of a social pact and the restructuring of the State.

The breakdown of the guidelines for action are grouped into three possible scenarios to form the quantitative framework of the plan and the allocation of resources for the objectives stated. This makes it possible

to get a clear picture of the investments, both programmed and under way, with reference to the set priorities.

The economic policy aims at the short term recovery of the economy by means of the following measures:

- An increase of public expenditure combined with a lower fiscal surplus.
- Allocation of resources for a series of projects directed at assisting public services engaged in welfare activities, to create the productive infrastructure and to expand credit in order to increase production.
- Implementation of a direct transfers programme directed at serving, in particular, the least favoured population groups.
- Channelling of the State's surplus resources towards the recovery of the economy by means of savings in the form of such financial instruments as public debt bonds.
- Amongst the institutional and administrative reforms to support the process of economic recovery are the following: the launching of Rescue Plans for enterprises and institutes owned by the State to improve their funding and control systems; the transfer of non-strategic public enterprises to associations formed by professionals and workers on the basis of criteria for the democratization of capital; the simplification of the redtape involved in the process of importing and the speeding up of the procedures regulating traditional exports. At the same time, the Organic Law for the Control of Constructions will be implemented.

