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OF LATIN AMERICA
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PLANNING BULLETIN

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Volume I**

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**Evolution and analysis of the planing system
and procedures of the Dominican Republic**

Planning in Haiti

**Notes on the system of planning and direction
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**Cuba: Economic and social planning development:
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FOREWORD

This issue of the Bulletin is devoted to the planning experiences of the Caribbean countries and includes studies on the Dominican Republic, Haiti, Cuba and Jamaica.

Within the overall Latin American picture, the Caribbean countries display unusual and interesting development features. Their ethnic, economic, cultural, linguistic, and political diversity, together with their geographical dispersion, have not prevented persistent and fruitful efforts at economic co-operation and integration. The Caribbean integration movement (CARICOM) and the Caribbean Development Bank are concrete examples of what has been achieved in this direction.

In the last two years, a strong impulse has been given to the functioning of the Caribbean Development and Co-operation Committee (CDCC) - a permanent subsidiary body of the Economic Commission for Latin America (CEPAL) - at the government level.

At the second session of the Committee, held in Santo Domingo, Dominican Republic, in March 1977, consideration was given to the need to cooperate with the Caribbean countries to improve their planning in order to permit the best possible formulation and application of development policies and intensify co-operation by setting up a systematic flow of technological and methodological information.

In order to achieve these aims, the Ministers agreed to establish machinery for bringing together those responsible for planning in the Caribbean countries, basically in order to: analyse on a permanent basis the planning problems and prospects of the CDCC countries; exchange experience on substantive and technical aspects of development planning; identify forms of joint action that could be turned into economic and social development plans, programmes and projects to assist the CDCC area as a whole or groups of countries within it.

The Ministers agreed on the participation in this machinery of CARICOM and the Caribbean Development Bank and decided that the CEPAL secretariat, as Secretariat of the CDCC, should act in conjunction with ILPES as the Technical Secretariat of this committee of planning officials. They also provided for close links with the machinery to be set up at the Caracas Conference of Ministers and Heads of Planning.

The presentation in this Bulletin of the experience of four Caribbean countries is therefore in keeping with one of the objectives laid down by the CDCC: namely, the exchange of experience on actual planning questions among its member countries.

The study on the Dominican Republic shows how planning evolved from a requirement for obtaining international financing into a valuable instrument of government for fixing priorities, assigning resources, and rationalizing decisions. Such institutions as the Technical Secretariat of the Office of the President and the National Development Council are novel contributions to the quest for new kinds of planning systems and processes.

ILPES has followed the experience of the Dominican Republic very closely since it has been privileged to co-operate in various stages of the development of the country's planning machinery. Its most important task has undoubtedly been its co-operation in the preparation of the Platform for Development 1968-1975, a project which was directed by the distinguished Dominican economist Julio Cesar Estrella and which has had a notable influence on the formulation and execution of development plans and programmes and the establishment and operation of the planning system.

The study "Planning in Haiti" begins by giving a review of the period 1963-1976 which shows the rapid progress achieved in a country which, on account of its low level of development, as decided to adopt planning in order to speed up changes which can substantially raise the standard of living of the population.

"LA NATION A CHOISI LA PLANIFICATION - VOIE LOGIQUE DU DEVELOPPEMENT"^{1/}
- such is the slogan adopted by the National Development and Planning Council (CONADEP) in order to promote planning in all sectors of the community.

At present, the National Planning System is headed by the President of the Republic himself and plays a cardinal role in the management of public affairs and the orientation of the action of the private sector.

The study "Notes on the planning system and the management of the economy in Cuba", which is supplemented with a statistical summary giving economic and social development indicators, presents the experience of a country with a centrally planned economy, where planning is the basic instrument of development. The study shows how use is made of a series of instruments and techniques, such as balance sheets, management systems and annual plans, which on comparative analysis can serve to provide useful alternatives in the definition of targets and the allocation of resource.

^{1/} "The Nation has Chosen Planning - the Logical Path to Development".

The First Conference of Ministers and Heads of Planning, held in Caracas, was a landmark in the development of planning in the region.

At the opening ceremony of the Conference, statements were made by the President of Venezuela, Mr. Carlos Andres Perez; the Chairman of the Technical Committee of ILPES and Minister of Planning and Economic Policy of Panama, Mr. Nicolas Ardito Barletta; and the Executive Secretary of CEPAL, Mr. Enrique Iglesias.

The study entitled "The Jamaican Economy: Problems, Policy and Planning" prepared by the National Planning Agency presents valuable data on Jamaica's development and planning in the following respects: population and resources, background to the present problems, emergency policies in 1977 and the Five-Year Development Plan.

EVOLUTION AND ANALYSIS OF THE PLANNING SYSTEM AND
PROCEDURES OF THE DOMINICAN REPUBLIC 1/

INTRODUCTION

At the end of 1961, following the overthrow of the political system then in force in the Dominican Republic, attempts were made to create genuine instruments of planning in the country, this being conceived as a scientific and systematic discipline with its own principles, procedures and methods of action, in conformity with the new concepts which were spreading throughout the Latin American continent at that time.

In the first place, agencies were set up to carry out the preliminary consideration and formulation of plans, and these led to the establishment, in the mid-1960s, of a formal planning system.

The disruption of the socio-economic system brought about by the fall of the government in 1961 revealed the deficiencies and limitations of the Dominican administrative structure, which had existed and functioned in accordance with the requirements of the political system previously in force.

Externally, the charter of Punta del Este and its annexed recommendations took up the undertaking of the member States to seek the overall sustained development of the Latin American economies.

In accordance with this principle, the implication of the aforementioned document was that the flow of aid depended on its rational use, which was to be ensured through the organization of planning systems capable of speedily giving rise to development plans expressed in projects and policy measures capable of immediate execution. In this respect the interest of the United States was so decisive that when, on 16 February 1962, the Government of the Dominican Republic and the Agency for International Development (AID) concluded a Credit Agreement for the equivalent of 25 million US dollars, the first contract made under that Agreement was the allocation of 232 000 US dollars to the cost of the first year of operation of the National Planning and Co-ordination Board.

1/ Paper submitted by the Technical Secretariat of the Presidency and the National Planning Office to the First Meeting of Ministers and Heads of Planning of Latin America, held in Caracas, Venezuela, from 13 to 16 April 1977. CEPAL translation.

National Planning and Co-ordination Board
(9 January 1962-22 November 1965)

The violent convulsions of the time, together with the pressure exerted by young professionals anxious about the fate of their country and the influence of Puerto Rican technicians who came to the Dominican Republic through a desire to take part in the rechannelling of its economy, resulted in the promulgation of Law N° 5788 of 9 January 1962, which set up the National Planning and Co-ordination Board.

Working directly for the Chief Executive, the Board was to be the highest-ranking advisory body in the whole of the Dominican Government.

Its objectives may be summarized as follows:

- (a) To direct and plan economic and social development;
- (b) To co-ordinate the programmes and projects of the various Secretariats of State and autonomous institutions;
- (c) To monitor the general execution of the programmes and projects authorized by the Government.

According to the text of articles 2 and 3 of this Law, the Board was empowered to suggest "all measures conducive to the stimulation of private enterprise" and also "economic policy options which would contribute to a greater development of the country". Likewise, under article 4, the Board was entrusted with the preparation, execution and periodic review of the economic and social development programmes and the adoption of the short-term measures envisaged in the Alliance for Progress.

This meant, although it was not formally stated, that the Board was assigned the function of designing policy directives, and this was attested by the administrative standing of its members, who consisted of a member of the Council of State, a collegiate body which was the interim government of the country; four Secretaries of State, i.e. those of Industry and Commerce, Finance, Agriculture, and Public Works; and the Governor of the Central Bank.

The political backing implicit in the membership of such high-ranking officials placed the National Planning and Co-ordination Board and its General Secretariat in the most advantageous position for securing liaison not only with the Executive but also with all the branches of public administration. Viewed from this standpoint, it can be affirmed that Law N° 5788 of 9 January 1962 took a notable step forward in the process of establishing official planning in the Dominican Republic.

Before the machinery created by this Law was set in motion, however, a discussion took place between the Government and the Dominican Planning Association (ADOPLAN) concerning the interpretation of the planning philosophy and the best way to introduce it. This discussion led to the reorganization of the supreme deliberative body through the promulgation of Law N° 5845 of 30 March 1962.

This change raised the executives of the operational planning body to the highest level of counselling in the Government. Responsible directly to the Executive, the Board assumed the functions of formulating and putting into effect the economic and social policy of the Government. Moreover, the Director of the National Budget Office was made a member of the Board in order to include, by his presence, the instrument for giving effect to the planning. At the same time the post of Co-ordinating Secretary was replaced by that of Secretary-General, as being more in line with the proposed reform.

In consequence of the above changes in the Law, the Governor of the Central Bank and the Secretaries of State became the Consultative Council of the National Planning and Co-ordination Board.

It may be deduced that the aim of the above reform was to obtain greater political support through closer proximity to the Executive by suppression of the intermediate stage of communication. It was also hoped to speed up the process of decision-taking by reducing the number of members of the Board.

This high-ranking status should have guaranteed to the Board, theoretically at least, the political support required for the formulation of development plans in line with the objectives and targets fixed by the Dominican Government, and for the implementation of the programmes and projects contained in those plans.

In actual fact the benefits derived from the reform were very few, and the main purpose of the change, which was the establishment of formal contact and close co-ordination with the Presidency and the Budget Office, could not be realized.

However, the function of co-ordination at the sectoral level was facilitated when the National Planning Board was admitted to the governing bodies of certain public agencies concerned with the economic and social development of the country.

The introduction of the planning complex, with very hesitant support from the Executive, has been from the very start an arduous task for its promoters.

Within the organization established, it is very evident that all that was done was to set up a central planning body, without thought for the creation of the sectoral and regional bodies necessary for an integrated planning process. Apparently this was due to the application of a strategy for the gradual introduction of planning that elected to leave the creation of these bodies until later.

Since the National Planning and Co-ordination Board was the first planning organ to have permanent technical staff, it is interesting to note Regulation N° 8896 of 28 November 1962, which laid down the organization and functioning of its departments.

This Regulation secured the participation of private entities in the planning process, through the holding of public hearings. This was one of its most important measures, since at that time one of the vital functions of the planning exercise was to create a social awareness of this "new way of doing things" in order to obtain positive results by the shortest route.

Under this Regulation the technical units which made up the Co-ordinating Secretariat of the National Planning and Co-ordination Board and were attached to the Technical Directorate of Integrated Planning consisted of the following Divisions: Basic Studies; Economic Planning; Regional Planning; Urban Planning; Public Service Planning, and, finally, Control.

Directly within the Technical Directorate of Integrated Planning, the following sections were created: Agricultural Development; Mining Development; Industrial Development; Tourism Development; and Development of Research and Social Planning.

In practice, these functions were not integrated in the manner that circumstances demanded, particularly in comparison with the degree of integration existing between the Divisions mentioned above.

It is clear that Law N° 5788 and its Regulation attempted to cover too wide a range of functions, which could not be discharged because of the shortage of trained manpower at that time. The situation was all the more serious owing to the absence of a progressive strategy directed towards the fulfilment of these functions by stages.

Presidential Commission for Immediate Action

The events which took place from 24 April 1965 caused the Provisional Government to pass Law N° 37 of 25 October of that year. The purpose of this Law was to create a Commission which would undertake the formulation and execution of a Programme of Immediate Action for Economic and Social Recovery.

The Commission, which included among its members the Secretary-General of the National Planning and Co-ordination Board, administered a fund of 5 million US dollars granted by the Organization of American States (OAS) to finance the said Programme.

The practically complete centralization of the programmes and projects undertaken on that occasion by the public sector may be considered justified, as Law N° 37 itself states, for the following reasons:

- (a) The level of unemployment was so great that it was necessary to adopt projects which would absorb the maximum amount of labour;
- (b) It was also necessary to activate the projects included in the Programme;
- (c) The public administration in general was passing through a veritable crisis as a consequence of the revolution of 1965.

The planning body, incorporated with speaking and voting rights into this Executive Commission, was able to take part in and influence the decisions on a short-term Public Investment Plan which was being carried out at that time.

The Commission was set up for the sole purpose of dealing with the current emergency, and could be suspended or dissolved whenever the Executive so decided. Indeed it ceased to function at the end of 1966.

THE PLANNING SYSTEM SINCE NOVEMBER 1965

The assumption of office by the Provisional Government marked the beginning of the stage of the systematic formulation and execution of economic and social policy in the public sector, through the promulgation of Law N° 55 of 22 November 1965. At the same time, this Law laid down the establishment of the organs responsible for modernizing the public administration in order to enable it to carry out the plans and programmes which economic development so urgently required.

Law N° 55 distinguishes three clearly defined levels of decision-making, namely:

1. The National Development Council;
2. The Technical Secretariat of the Presidency, consisting of the following units: (a) National Planning Office (ONAPLAN); (b) National Statistical Office (ONE); (c) National Administration and Personnel Office (ONAP); and (d) National Budget Office (ONAPRES).
3. Institutional Programming Offices, set up within the Ministries and the autonomous institutions.

1. The National Development Council

The body responsible for guiding the whole process is the National Development Council. According to article 2 of Law N° 55, its membership is as follows: the President of the Republic, who presides over it; the Governor of the Central Bank; the Secretaries of State for Finance, Public Works and Communications, Agriculture, Education, Health and Social Security and Labour; the Technical Secretary of the Presidency and any other official whom the President of the Republic may decide to designate.

In addition, the Directors of the National Budget Office and the National Planning Office (ONAPLAN) who attend with speaking but not voting rights.

The Council was assigned the following directive functions:

- (a) To formulate the economic and social policy of the Government;
- (b) To give general directives for the joint preparation and execution of plans relating to development, the national budget, and the statistical and census programmes, and to recommend the order of priority for carrying out the different projects within the general planning system adopted.
- (c) To study, approve or reject the national and regional plans and programmes put forward for submission to the Executive.
- (d) To study, approve or reject the technical studies and suggestions put forward by the National Planning, Budget and Statistical Offices.
- (e) To give annual guidelines for the preparation of the draft budgets of the National Government and the autonomous institutions and to approve these drafts for submission to the Executive.
- (f) To endorse or propose the measures to be taken by the different departments of the public sector for the execution of the development plans, and to monitor their implementation.

As will readily be appreciated, the Council is made up of the officials directly responsible for the national development process.

The assignment of the presidency of the Council to the Head of State was designed to guarantee the proper formulation of an economic and social policy which will solve the problems of the country and achieve development in the Dominican Republic, while at the same time ensuring the most efficient co-ordination in the execution of this policy.

The inclusion of the Governor of the Central Bank in the National Development Council was intended to ensure that the monetary and credit policies fit coherently into the framework of general national policy.

The Law provides for only quite weak links with the national private sector: thus, it lays down that the consultive councils should act as liaison between the planning system and the private sector.

The existence of the National Development Council has always been very precarious, mainly because it did not originate out of a need felt by the Government or the people, but as an instrument designed, proposed and put into effect by international agencies. Hence, when the Provisional Government came to an end the Council's functions were gradually taken over, first by the Supervisory Commission for Public Works and Investments, and later up to the present time, by the National Development Commission.

The Supervisory Commission for Public Works and Investments was set up by Decree N° 111 of 27 July 1966, when the Government of Dr. Joaquín Balaguer was already in office. Its principal task was to implement the Emergency Plan for which the United States Government granted the country 40 million pesos through the Agency for International Development (AID).

In accordance with its legal faculties, the Commission not only selected investment projects, but also exercised control over the actual execution and auditing of the public projects financed from the loan assigned by AID.

In order to carry out such extensive functions, the Commission requested the services of a technical body capable of fulfilling the tasks assigned in the Decree. To this end, the Supervisory Commission was allotted its own unit, known as the Technical Office, with offices in the National Palace, whose main task was to execute and monitor the construction work.

Subsequently, by Decree N° 619 of 26 November 1966, the faculties of the Supervisory Commission were extended to cover all State undertakings, whether or not financed by Emergency Plan funds. By thus widening its field of action, the Decree appeared to give the Commission a permanent character, since it would no longer be restricted to the control of the investments proposed in the Plan but would also supervise any other investment contemplated by the State.

Nevertheless, as the Technical Office came to play an increasingly important part in the designation and control of projects involving physical construction, the Commission gradually lost importance in the field of economic policy decisions.

At this juncture the present National Development Commission came into existence. This was set up under Decree N° 1941 of 27 December 1967, and took the place of the Supervisory Commission in the field of economic and social development policy decisions, though the Technical Office has remained in being up to the present day. Under Decree N° 642 of 26 November 1966, the 1967 financial year was designated "Development Year", and the National Development Commission became the decision-taking centre for the implementation of the Decree, which in its article 2 "Exhorts all economic, charitable, social and cultural organizations to take part with the greatest zeal and patriotic feeling in all the activities promoted in 1967 in the interest of the economic, social, charitable and cultural development of the country".

On 19 December 1966, by virtue of Decree N° 775, a Commission was set up to plan the Programme of Activities to be followed during the Development Year. This Commission was composed of 19 members representing both the public and the private sectors.

A year later, on 27 December 1967, Decree N° 1941 designated 1968 as "Production Year", with a view to increasing the country's sources of wealth in all sectors of the economy and thus increasing the national revenue and opportunities for employment.

The foregoing, paraphrased from the text of the Decree, covers a series of objectives inherent in the planning process. Thus, the Decree states the following:

"Article 2 - The Commission set up by Decree N° 775 of 19 December 1966 will remain in being, now with the name of National Development Commission; it will have the faculties required for the fulfilment of the proposals set out in the present Decree and will be constituted as stated below".

The activity of the new body was to be of limited duration, and its existence was to come to an end on 31 December 1968, the date of the end of "Production Year". The Commission, however, was not dissolved as planned and on 27 December 1968 the Executive issued Decree N° 3166 establishing the National Development Commission as a permanent body and endowing it with:

"The necessary faculties to study projects, weigh initiatives, promote development programmes, and deliberate and advise on all matters relevant to the social and economic progress of the country or on which it might be consulted by the Dominican Government".

Initially the National Development Commission was composed of 49 members, of whom 25 were chosen from the private sector, including several members who formed part of the Supervisory Commission for Public Works and Investments and also of the Commission which had been in charge of the Programme of Activities for "Development Year". The remaining 24 members were high-level government officials. The membership of the National Development Commission has been gradually increasing through the incorporation of new members coming mainly from the private sector.

At its first session on 3 January 1968 the officers of the Commission were elected. These consisted of a President, a Vice-President and an Executive Secretary. From among the members themselves, 15 were chosen to form the Steering Committee responsible for preparing the agenda for each meeting.

The National Development Commission has come to be a forum where economic and social problems affecting national life are debated. The commission has two notable features, one in its composition and the other in its functioning. The first relates to the large number of private-sector representatives among its members. This in part fills a gap in Law N° 55, although the high degree of private representation in the Commission has led to the emergence of its second principal feature, which is that it serves as a forum for raising private projects and problems, thus reducing its ability to design an overall basic policy for medium and long-term development

To sum up, there has been an institutional dualism in the planning system of the Dominican Republic, with the existence of two collegiate bodies with similar faculties: the National Development Council, which under Law N° 55 possesses the legal powers to direct the Government's economic policy and to take decisions relating to that policy, and the National Development Commission which, under other legislation, exercises in great measure the same functions.

2. The Technical Secretariat of the Presidency

The second level laid down by Law N° 55 is represented by the Technical Secretariat of the Presidency of the Republic, whose chief acts as Executive Secretary of the National Development Council.

As stated previously, the Technical Secretariat of the Presidency consists of the following offices:

- (a) National Planning Office (ONAPLAN)
- (b) National Budget Office (ONAPRES)
- (c) National Statistical Office (ONE)
- (d) National Administration and Personnel Office (ONAP)

The functions assigned by this Law to the Technical Secretariat of the Presidency are as follows:

- To prepare development plans and programmes, bring them up to date periodically, assess their results and co-ordinate their execution;
- To prepare the National Budget Estimates;
- To propose to the National Development Council the adoption of policy measures or allocation of resources in connexion with the technical work under away;
- To contribute to the progressive installation and functioning of programming offices in the Ministries and autonomous institutions;
- To inform the Council as to the compatibility between the budget estimates and the development plans;
- To co-ordinate arrangements for credit, financial aid and technical assistance from abroad;
- To prepare all the basic statistical information required by the offices of the Planning System;
- To study systematically the administrative structure and working methods of the public sector and to set up and develop a modern system of personnel administration with a view to improving the quality of the public services;
- To formulate fiscal policy in consonance with national economic policy and development plans.

Thus, Law N° 55 has assigned to the Technical Secretariat of the Presidency the functions which are actually to be discharged by the national offices under its administration: in other words, the general functions which the Law has assigned to the Technical Secretariat will be carried out by the four offices composing it.

Consequently, the formulation of development plans becomes the responsibility of the National Planning Office, while the task of preparing the National Budget Estimates is the business of the National Budget Office. The compilation of statistical information is the task of the National Statistical Office, while the modernization of public sector administration falls to the lot of the National Administration and Personnel Office.

In this way the Law has made clear the interdependence of their functions, as well as the enormous task of co-ordination which has to be carried out at that level in order to present a coherent whole to the National Development Council.

With regard to the functions of the Technical Secretariat and the structure of its Office, reference may be made to the last paragraph of article 4 and article 7 of Law N° 55, which state respectively:

"Art. 4 - The Technical Secretary of the Technical Secretariat of the Presidency shall be the Executive Secretary of the National Development Council".

"Art. 7 - The Technical Secretariat of the Presidency shall be directed by a Technical Secretary appointed by the President of the Republic to co-ordinate and direct the functions of the units of the Technical Secretariat".

Putting these two provisions together, it is clear that the Secretary has two main functions:

- (a) To serve as Executive Secretary of the National Development Council; and
- (b) To co-ordinate and direct the functions of the National Offices of Planning, Statistics, Budget, and Administration and Personnel.

Despite these faculties, the fact remains that the comparative unimportance of the National Development Council has limited to some degree its primary function as a vehicle for the transmission of government economic and social policies and, in consequence, has hampered the normal evolution of the system.

2.1 National Planning Office

As stated earlier, the promulgation of Law N° 55 gave rise to the introduction of planning as a system. In the light of the new scheme of organization, the National Planning Board, now converted into the National Planning Office attached to the Technical Secretariat, modified its internal structure to bring it more into line with the new legal provisions.

The most noteworthy changes were the following:

- (a) The setting up of a Technical Sub-Directorate;
- (b) The transfer of Global Programming from an executive to an advisory and co-ordinating position;
- (c) The grouping together of the units responsible for compiling and itemizing statistical information within the Basic Studies Department;
- (d) The grouping of the operational units into four departments:
 - Production Programming;
 - Infrastructure Programming;
 - Social Programming;
 - Basic Studies.

The main functions of ONAPLAN were to be:

- (a) To propose the orientation of economic and social development through the preparation of national plans, to promote their execution, co-ordinate them and review them periodically;
- (b) To ensure compatibility between the projects contained in the public budget and the development plans;
- (c) To promote the gradual setting up of programming offices in the official units concerned with economic or social projects;
- (d) To study the evolution of economic integration systems and to recommend appropriate measures;
- (e) To assist in the co-ordination of foreign credit and financial aid programmes;
- (f) To assist in the preparation of the Technical Assistance Programme for the Dominican Republic, in accordance with the needs of national development.

2.2 National Budget Office (ONAPRES)

ONAPRES constitutes another unit of great importance in the Technical Secretariat. Its main responsibility is the preparation of the National Budget Estimates. In addition, it studies in conjunction with the National Planning Office the level and distribution of public expenditure, and recommends appropriate measures regarding the investment of the funds assigned to the different public services.

It is empowered to authorize, upon the instructions of the President of the Republic, partial allocations of funds for the costs of the public offices and services and to suggest measures for keeping public expenditure within the limits of the corresponding resources.

It administers the implementation of the Budget and periodically monitors its operations.

Finally, it issues instructions and fixes the norms to be observed by the decentralized organs and public enterprises in the preparation of their budgets and prepares financial reports on revenue and expenditure in the budget period.

2.3 National Statistical Office

This Office was first a unit of the Secretariat for Industry and Commerce and then of the National Planning Board. Under the terms of Law N° 55 it was integrated into the planning system by being attached to the Technical Secretariat of the Presidency.

Its main functions are to collect, review, process and publish the national statistics in relation to economic, agricultural, trade, industrial, finance and social activities, the state of the population, and the national censuses. It also co-ordinates all the statistical services of the country.

2.4 National Administration and Personnel Office (ONAP)

This unit was created under Law N° 55 and is responsible for the modernization of public administration through the preparation and execution of programmes for administrative reform and staff training.

In addition, ONAP prepares the organization manuals of the Government and the Public Service Guides and promotes the adoption of staff administration systems.

3. Institutional Programming Offices

These Offices, which were provided for in article 9 of Law N° 55 of 22 November 1965, have been appearing very gradually in Ministries and autonomous institutions concerned with economic or social affairs. They constitute one of the most important mechanisms of the system, since they link the global planning with the sectoral and institutional planning; in other words, they bring the plans and projects being prepared in each of the Ministries and autonomous institutions into line with the global plans.

They co-ordinate their action with the Technical Secretariat of the Presidency, which exercises technical supervision over them, although administratively they are units of the various Ministries or institutions.

In accordance with the Law which established them, the Programming Offices act as advisory organs to the Ministers and the heads of the autonomous institutions; they also prepare sectoral and institutional plans in line with the guidelines received from the Technical Secretariat of the Presidency and supervise and assess the execution of the plans and programmes and the preparation of the budget estimates of the Ministries and autonomous institutions of the sector.

To sum up, the Programming Offices are the advisers, co-ordinators and supervisors of planning, budgeting, statistical, administrative, personnel, and organization and methods activities of each Ministry and serve as the nucleus of these systems in each economic and social sector of the Government.

THE NATIONAL PLANNING OFFICE SINCE 1975

In June 1975 the top officials of the National Planning Office carried out a self-appraisal of the functioning of the national planning system established under Law N° 55 in general and of the effectiveness of the National Planning Office in particular. To what extent had the planning process influenced decision-making at the highest official levels? Up to what point were the technical directives having an effect at the base of the institutional pyramid? Had a definite expansion of the system been achieved, particularly at the level of the Ministries and autonomous institutions?

The replies to these questions were not satisfactory. In all honesty it must be stated that this experience does not appear to be confined to the Dominican Republic but applies equally to the rest of the Latin American countries. We discovered, then, that the planning system had not expanded to the degree envisaged and that its influence on the decisions of those responsible for running the nation had been minimal and of a markedly indirect and circumstantial nature. The conclusion drawn from the analysis was that the fault lay at the very root of the system, in the institutional weakness of the Central Planning Office (ONAPLAN).

We decided that the factors obstructing the application of the system could be grouped into two categories: external and internal. The former were part of the general environment arising out of the prevailing social system; the latter were intrinsic in the planning system. The external factors are admittedly difficult to solve from the planning standpoint, but the internal difficulties could be eliminated by adapting the planning system to the particular situation of each country, without losing sight of the principal aims of every planning body.

With a practical end in view, we decided to start on the transformation by using the abstraction method and we began by modifying the administrative structure of the National Planning Office, which is the nucleus of the system.

The analysis was as follows:

During the thirteen and half years of its existence the supreme planning body had directed its efforts almost exclusively towards structural analysis for the long and medium term, always presenting a set of documents which, on some occasions, finally became plans. But at no time had ONAPLAN been capable of converting its long- and medium-term plans into specific practical projects.

In this way ONAPLAN itself restricted its functions, thus permitting other bodies with more political vision but less knowledge of the economic outlook to take over the formulation of the urgent projects so essential to all governments everywhere in order to be able to take prompt decisions on public investments. Without a set of projects to put forward, ONAPLAN became ever more remote from the high levels of decision-making and from the national and international finance organizations, and in consequence of this remoteness it became impossible to achieve the strengthening and expansion of the planning system within the public sector.

As planners, we are aware that a planning system which does itself include a system of projects is not worthy of the name, since instead it is a vague and incomplete body incapable of putting its development strategies and plans into practice.

The first thing we did, therefore, in reorganizing ONAPLAN was to create the Projects Unit, which will increase the practical functioning of the planning system insofar as such projects are generated, formulated and carried out.

Moreover, ONAPLAN had not attempted to play a part in the everyday economic problems of the country and had not offered, at the executive level, the required solutions or options at the right moment.

This grave mistake of limiting the planning action to the long and medium term and ignoring the current situation, has been corrected by the establishment of a Special Studies Division, which is responsible for carrying out analyses and proposing possible solutions for the daily problems which arise.

It is also fair to state that in the past we ourselves were the worst interpreters of our functions, since we stubbornly maintained positions directly opposed to those of the Central Government. This attitude was not appropriate for an institution belonging to the public sector, whose mission was and is to suggest suitable corrective measures for rationalizing, co-ordinating and guiding the productive process within the framework of the policy of the government it serves, so as to give rise to a continuous increase in the level of activity and a proportionate distribution of benefits on the basis of the shares of the factors of production involved. In this way it is possible for the planning system to win confidence and influence decision-making, and it is then in a position to channel the process towards the attainment of integral development.

In the past, when the situation of ONAPLAN was analysed, there was a general tendency to blame external factors alone for the scant share of planning in the orientation of the economic and social process.

The reorganization of ONAPLAN is an investment which has undoubtedly taken its time to bear fruit, but now the results are being seen through the influence of the Technical Secretariat of the Presidency at the peak and also at the base of the institutional pyramid.

The procedure which is being applied in planning is very simple. When the long-and medium-term outlines have been formulated, stress is then laid on the identification, formulation and implementation of a set of specific projects classified under regional, sectoral and institutional concepts. The order of priority of these projects is determined by the priority guidelines extracted from the medium- and long-term development strategies.

The problems which arise daily at the decision-making levels require quick solutions, since the social process is dynamic. Since the various options which the planners may suggest must be available at the crucial moment, they cannot be derived from a static process, although of course they must stem from long-term schemes so that later on they will not become serious obstacles to the attainment of the integral development of the country.

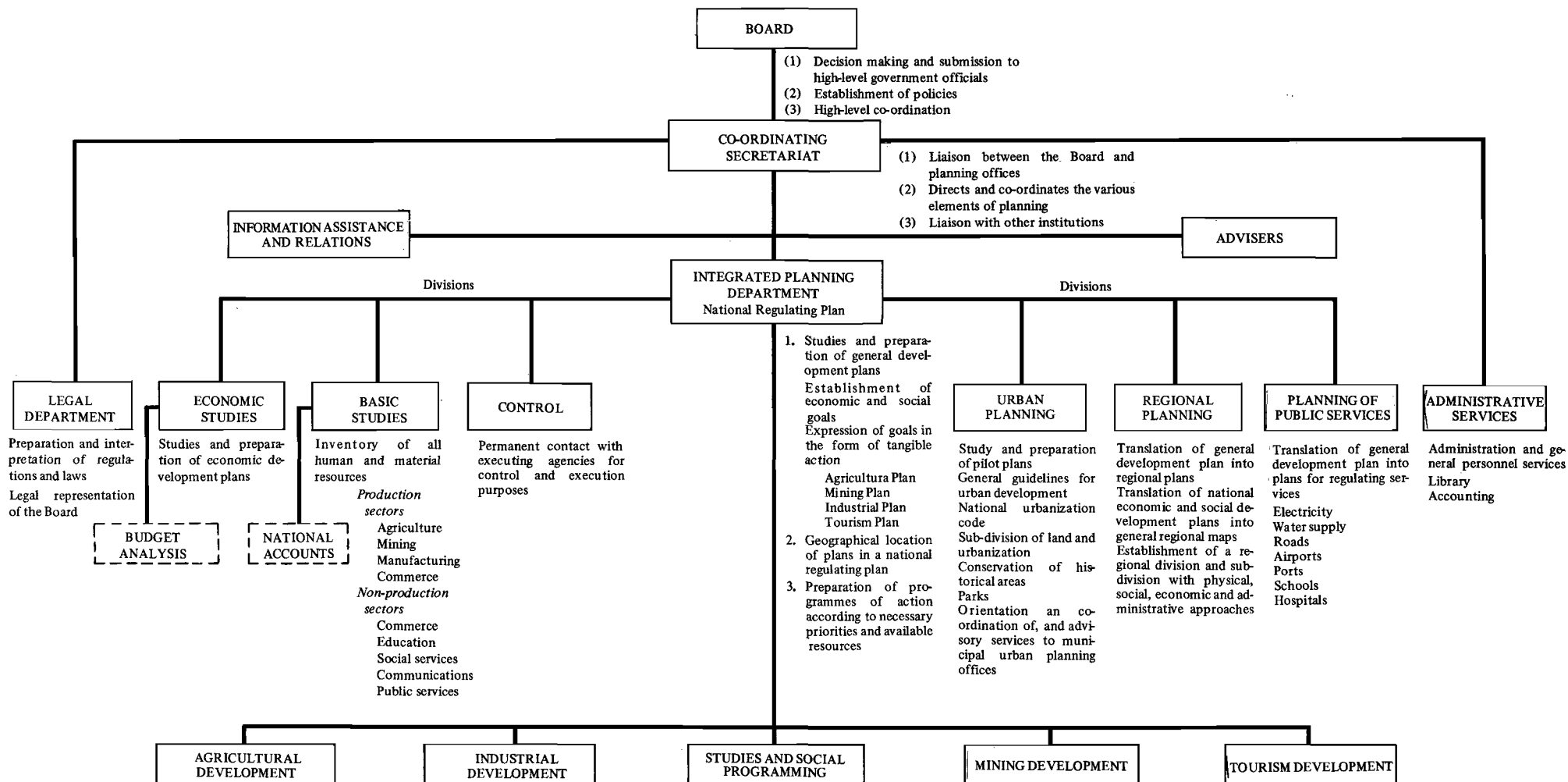
With regard to expansion, certain aims have been realised, as in the case of the Sectoral Planning Office of the Ministry of Agriculture. The governing boards of the National Planning Office and the Technical Secretariat of the Presidency, however, have designed a strategy permitting the gradual and progressive implementation of the system. It is with this in view that we have set up the Central Projects Unit as a department of ONAPLAN; here we shall link up and train personnel in the various areas of project preparation, especially in identification and formulation, and to initiate the process we have chosen personnel from the institutions regarded as being the most important. These officials, after rapid full-time general training for about one month, are sent to their respective institutions to form the Institutional and Sectoral Project Units. Here the process which we have called "In Service Training" begins. The officials devote themselves to the identification and formulation of specific priority projects for their area, with the direct assistance of the Projects Division of ONAPLAN. When the formulation of the project is simple, it can be carried out completely by this method, but when it presents some complexity, the formulation must be continued by a firm of consultants of recognized experience until the project is complete. Finance for the project formulation may be obtained from the Pre-investment Fund, an institution which is a subsidiary of the Technical Secretariat of the Presidency and which works in close liaison with the Projects Division of ONAPLAN. Funds for project formulation may also be obtained from other national and international sources.

In this way it is hoped that the Technical Secretariat of the Presidency and the National Planning Office will be in a position to formulate and submit for implementation those projects considered to have priority and therefore to be likely to have a very positive impact on the level of economic and social activities in the country. We shall be in a position to make practical proposals at the executive level, thus strengthening and consolidating the planning process in the Dominican Republic.

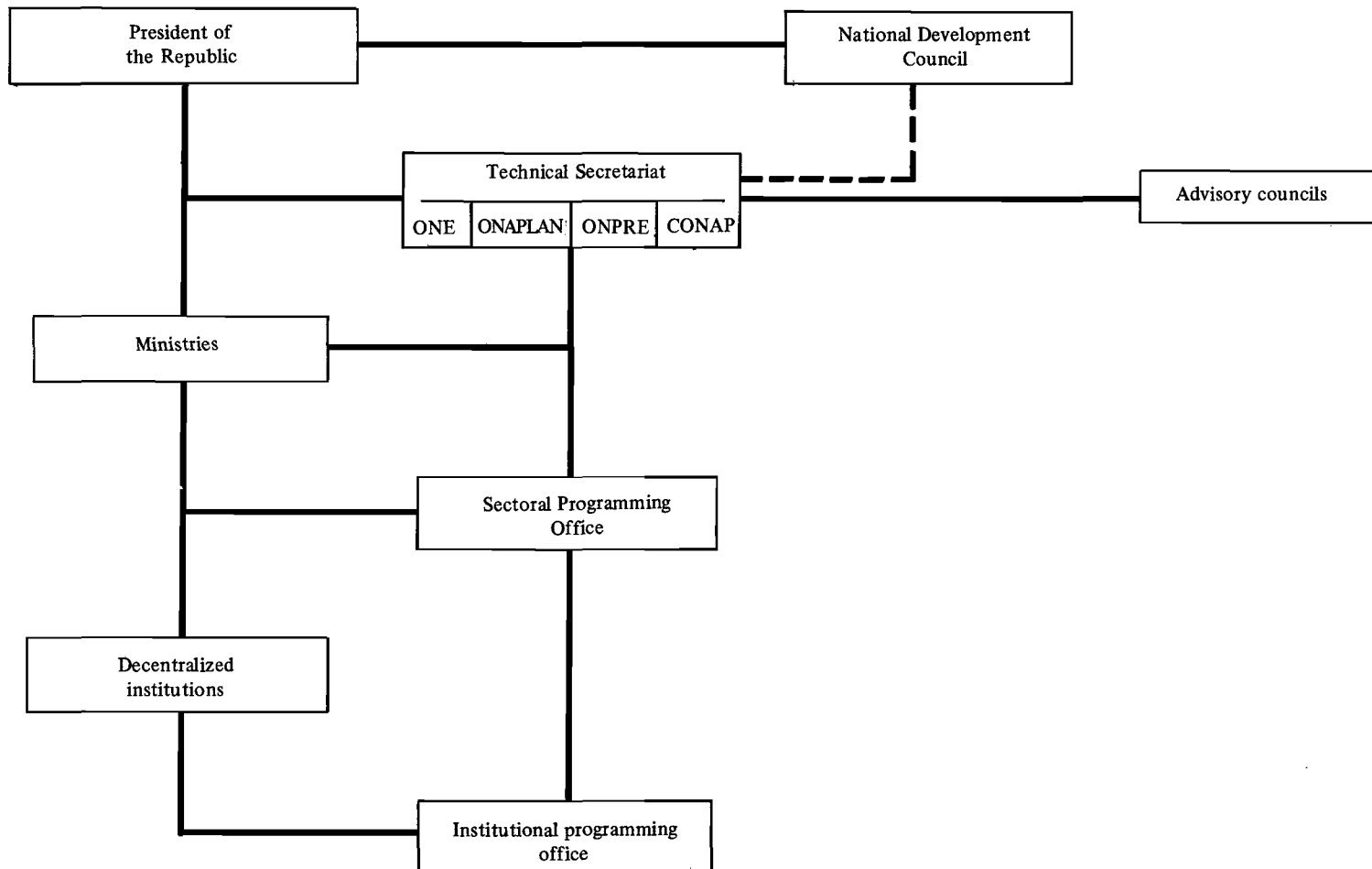
When the Project System has been introduced into each institutional unit, it can be used as a basis for introducing the Planning Unit, which could result from the growth and expansion of the Projects Unit in each sector.

This strategy is now being put into effect in the Dominican Republic. The scheme is ambitious, since its aim is to make the formal planning system work. This, of course, is not an immediate or short-term goal; its results and effectiveness must rather be judged from a medium- and long-term standpoint.

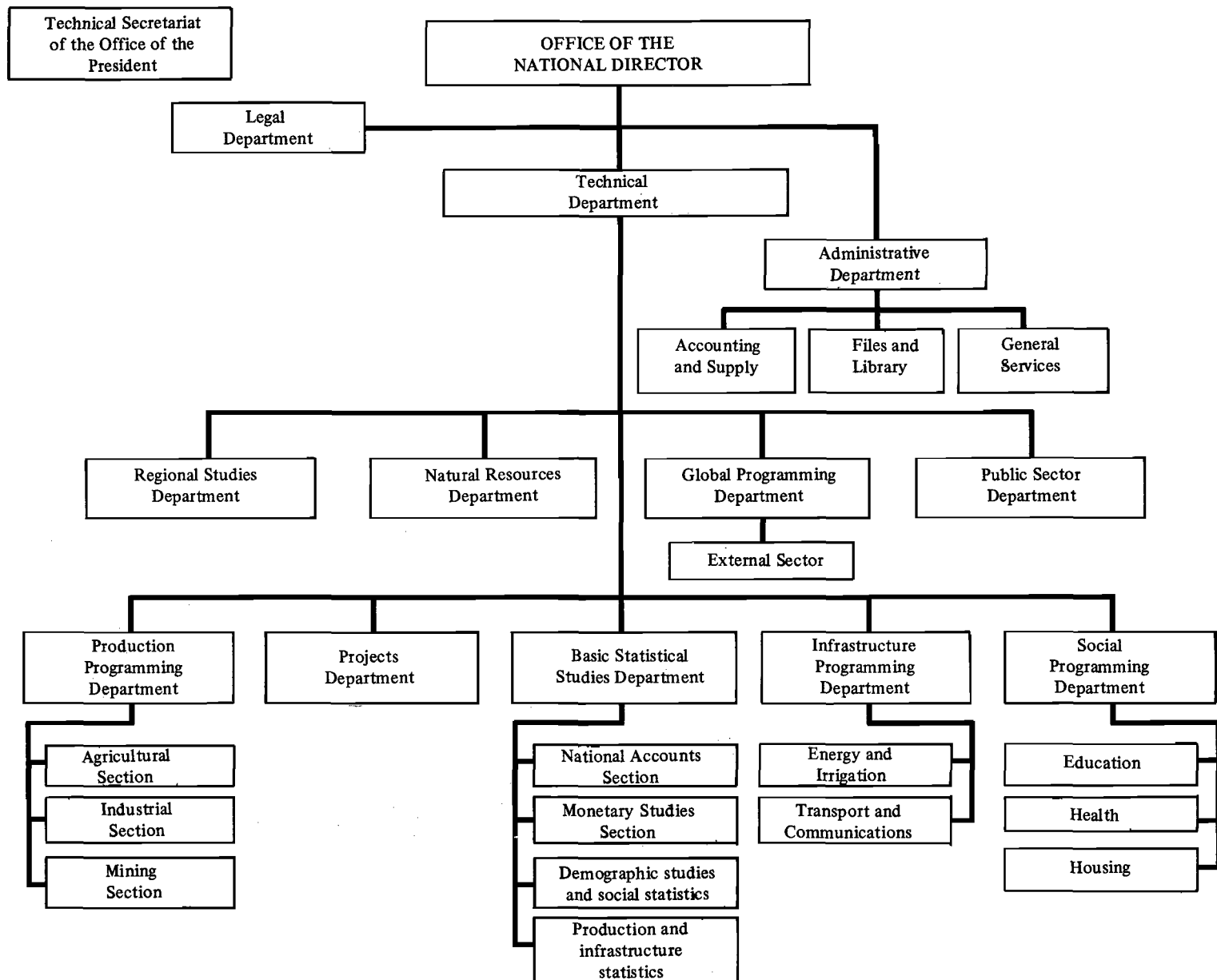
NATIONAL PLANNING AND CO-ORDINATION BOARD, 1962-1965
INSTITUTIONAL CHART



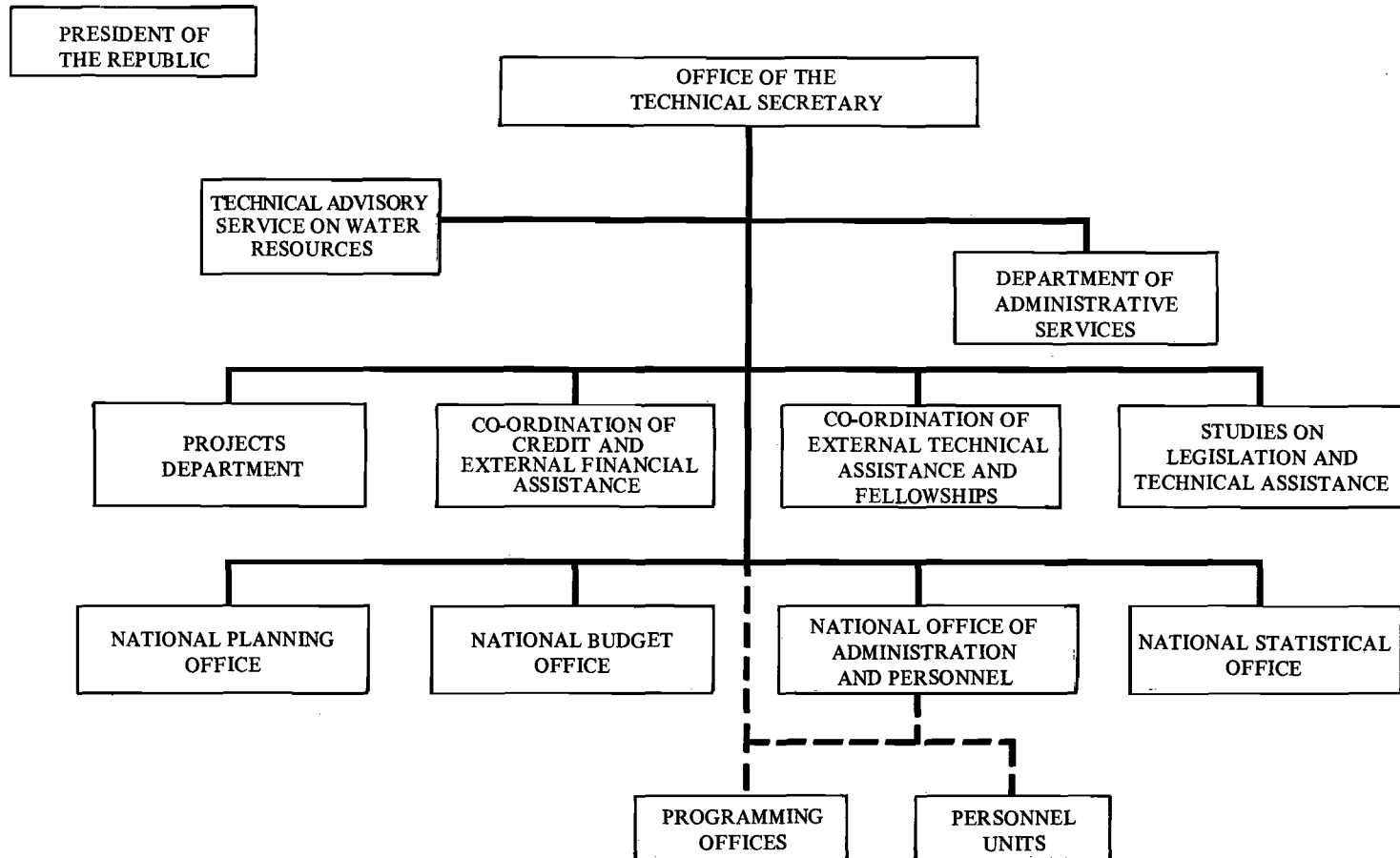
STRUCTURE OF PLANNING SYSTEM IN DOMINICAN REPUBLIC



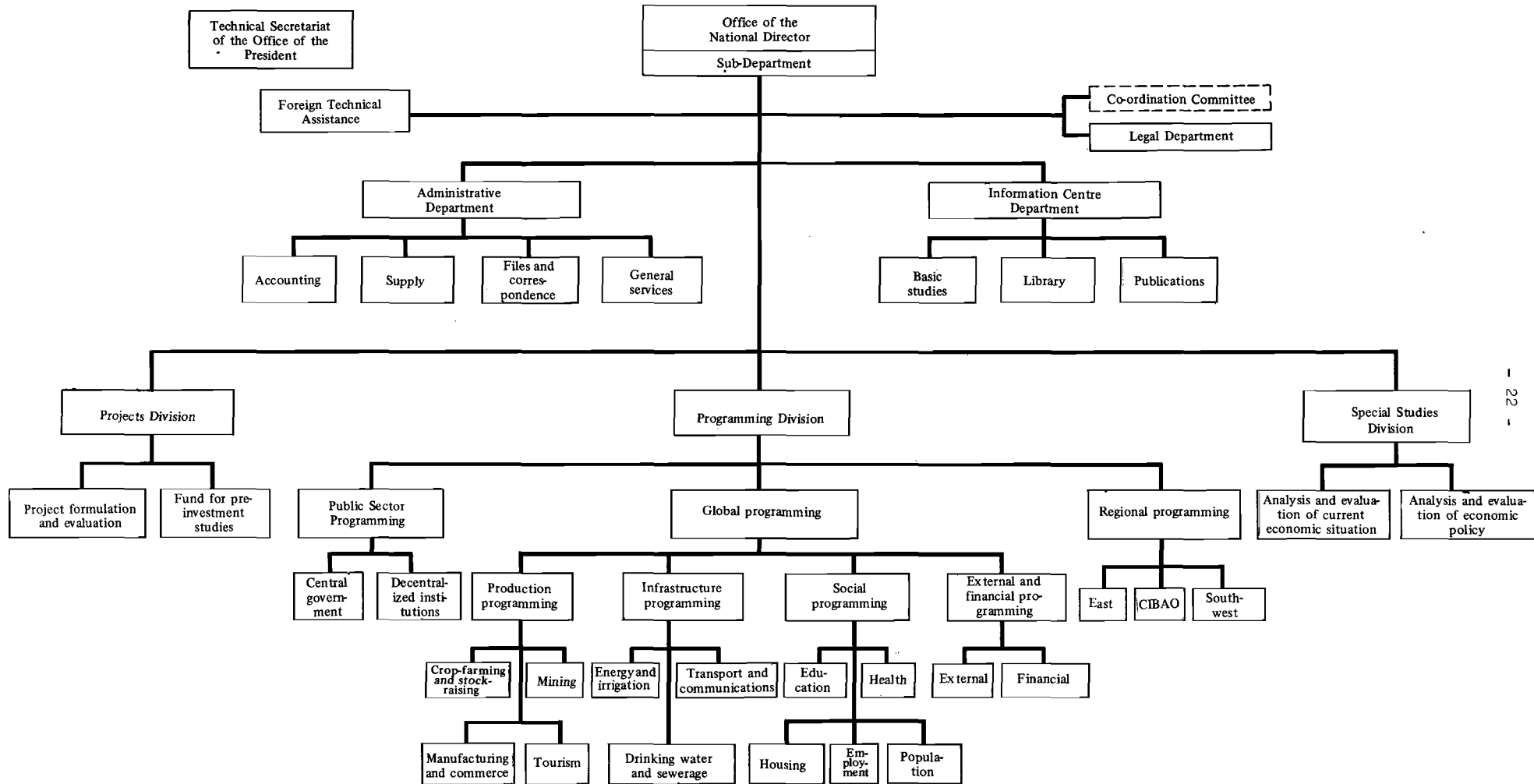
ORGANIZATIONAL CHART OF NATIONAL PLANNING OFFICE, 1965-1975



ORGANIZATIONAL CHART OF THE TECHNICAL SECRETARIAT OF THE OFFICE OF THE PRESIDENT



ORGANIZATIONAL CHART OF NATIONAL PLANNING OFFICE, 1975



PLANNING IN HAITI ^{1/}

"Since planning is a continuous and progressive process, the country has entered upon this road with the firm determination of gradually increasing its experience in this field." (CONADEP: "Le démarrage", Technical Edition, August, 1963).

The publication of the Second Quinquennial Plan (1976/1977-1980/1981) for economic, social and regional development, and the reorganization in October 1976 of the National Council for Development and Planning (CONADEP), mark a stage in the continuously evolving process of planning improvement as an efficacious instrument for promoting development in Haiti.

I. HISTORICAL PICTURE: 1963-1976

The major stages were as follows:

1. In 1963: CONADEP publishes an emergency Bienial Plan

In this period, the Statistical Institute and the OAS-CEPAL-IDB Tripartite Mission prepared a system of national accounts which is still being used for macroeconomic studies and projections. A National Council for Development and Planning, set up by decree in July 1963, published a biennial emergency plan.

This was a first attempt to make an objective appraisal of the overall needs of the Haitian economy and arrive at a new conception of planning in Haiti. A notable effort was made, particularly to define its basic concepts and prepare a first outline of systematic programming by branches of economic activity.

2. In 1968: the annual plans

Following a series of reorganization measures, the object of which was to make progress in statistics, the budget and scientific research, CONADEP, which had been reformed by a decree of February 1967, published the Annual Plan for Economic and Social Action. It was programmed on a sectoral basis

^{1/} Paper presented by the National Council for Development and Planning (CONADEP) to the First Conference of Ministers and Heads of Planning, held in Caracas, Venezuela, from 13-16 April 1977. CEPAL translation.

by the most important agencies responsible for applying the Plan. CONADEP, which was responsible for preparing a development budget, went on to allot public resources and determine investment. Since then, this practice has been maintained at yearly intervals.

3. In 1971: the First Quinquennial Plan 1971/1972-1975/1976

The team responsible for the Plan and for statistics prepared the first Medium-Term Plan. The document was presented by the Government to the legislative Chamber at the same time as the operation and development budgets for the financial year 1971/1972; it analysed the trends of the economy of Haiti during the period 1967/1971. It specified production and investment objectives for the period between 1971/1972 and 1975/1976; in particular, it established priorities (energy, transport, communications), as a result of which a start was made to designing an authentic strategy for the long-term development of Haiti and the economic revolution.

New progress was made at each stage, and a clear awareness of the situation was induced. The Plan was polished and perfected for its role as an instrument, while the personnel was better prepared and better motivated. New machinery was set in motion, procedures were made more flexible and the Government, Administrations and the whole country took an increasing share in a joint activity which was both consistent and concerted.

4. In 1976: the Second Quinquennial Plan 1976/1977-1980/1981

The year 1976 marked a new stage. In August, the Legislative Assembly adopted the Second Quinquennial Plan 1976/1977-1980/1981, prepared on the basis of instructions issued by the Chief of State in July 1975. The major national and sectoral administrations made ordered contributions to its preparation.

In October, CONADEP received its new status.

II. PRESENT PLANNING SYSTEM ^{1/}

The reorganization of the National Council for Development and Planning by a decree of October 1976, and the publication of the Second Quinquennial Plan 1976-1981 for economic, social and regional development, mark a determining stage in the development and continuing process of improvement of the planning system.

By the decree of 14 October 1976, the National Council for Development and Planning, acquired the status of a standing independent technical agency, operating under the control of the President for Life of the Republic. This agency is made up of a Council, a Central Office and Regional Offices, and collaborates closely with the Sectoral Programming units and the main agencies linked to planning activities.

1. THE COUNCIL

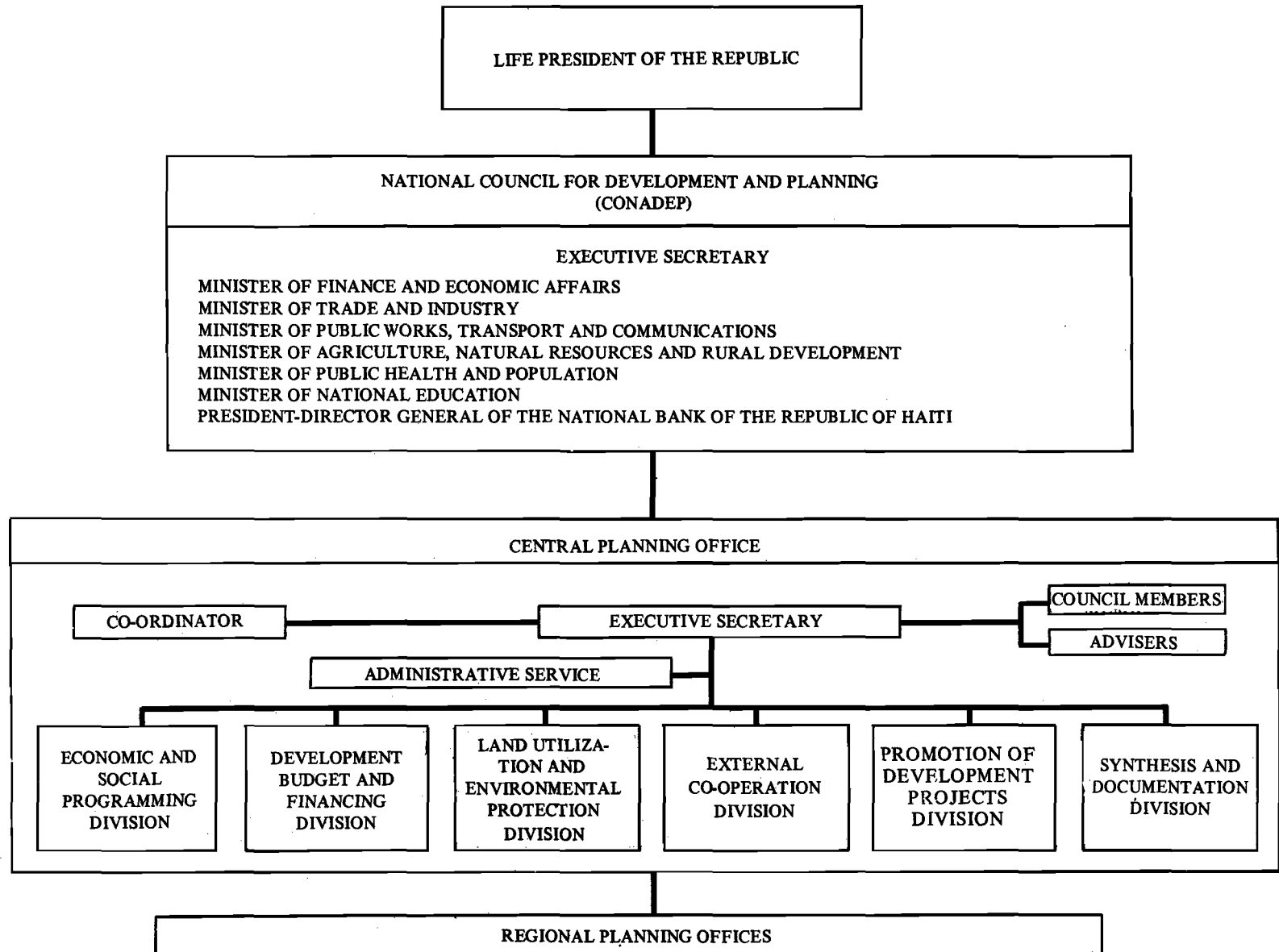
The Council is the deliberating and decision-making agency. It is chaired by the President for Life of the Republic, Chief of State and President of CONADEP. It is therefore the President, in the light of his triple institutional responsibility, who announces the policies which are communicated to the Legislative Assembly, and who promulgates the plans, programmes and budgets once they are adopted.

In addition to the President for Life of the Republic, who is Chairman, the Council is made up of:

- The Executive Secretary, Representative of the President of CONADEP.
- Four Secretaries of State in the field of the economy: the Minister of Finance and Economic Affairs, the Minister of Trade and Industry, the Minister of Agriculture, Natural Resources and Rural Development, and the Minister of Public Works, Transport and Communications.
- Two Secretaries of State in the social field: the Minister of Public Health and Population, and the Minister for National Education.
- The President and Director General of the National Bank of the Republic of Haiti (BNRH).

^{1/} See organizational chart.

ORGANIZATIONAL CHART
NATIONAL COUNCIL FOR DEVELOPMENT AND PLANNING
(CONADEP)
DECREE OF 14 OCTOBER 1976



The functions of the Council are:

- To formulate for adoption by the Government, the general economic and social development policy of the nation, and the major options of the Plan;
- To orientate, stimulate and intensify planning activities and to lay down the programmes outline of the activities of the different public and private institutions;
- To co-ordinate and evaluate the activities of the public agencies and the official bodies responsible for development;
- To supervise the work of the Central Planning Office and the Regional Offices.

The Council meets at least once a month, when circumstances so require, in order to be informed of the progress of the Plan, the implementation of the programmes and the execution of the projects, and in order to examine any proposal on the modification of objectives or revision of the Plan.

The Executive Secretary is appointed directly by the President for Life of the Republic, with the rank of Minister; his responsibilities are:

- In the Council of Ministers, he represents the National Council for Development and Planning (CONADEP);
- In the CONADEP Council, he represents the President for Life of the Republic, President of CONADEP;
- In the CONADEP Central Planning Office he is generally in charge of the technical and administrative services. In directing the activities of the Office, the Executive Secretary is assisted by a Co-ordinator, councillors and advisors.

2. THE CENTRAL PLANNING OFFICE

The Office is a technical agency of CONADEP. It includes administrative services and specialized technical divisions.

Each division is headed by a Director.

2.1 The Division of Economic and Social Programming (DPES)

This is responsible for the long, medium and short-term studies. In the preparation of the Plan, it is responsible in particular for pinpointing the major alternatives and giving form to possible strategies. It reviews the objectives established by each of the sectors identified in the Plan and checks that a consistent programme has been prepared for implementing them. It ensures the internal consistency of the Plan and checks that the activities planned are in line with the development policy priorities adopted by the Government.

2.2 The Division of the Development and Finance Budget (DBDF)

It is responsible for preparing the Annual Development Budget and supervising its implementation. It is also responsible for studying the means of financing plans and programmes, and the follow-up of public finance as a whole in terms of the Plan. It takes part in the co-ordination of external financial assistance.

2.3 The Division of Territorial Conditioning and Protection of the Environment (DATPE)

It makes studies, especially long-term, of the national territory and its conditioning, population distribution and activities and contributes to formulating policies in this respect.

It is responsible for supervising studies and activities involving the progressive urbanization of the country, and for preparing the geographical decentralization strategy. It also supervises and in some cases orientates sectoral plans and programmes in the area of its competence, particularly with regard to the struggle against erosion and pollution.

2.4 External Co-operation Division (DCE)

This Division is responsible for assisting the integration of external technical assistance and for co-ordinating its different aspects. It is linked with external co-operation agencies and is responsible for ensuring that its activities are in line with the National Plan.

2.5 Division for the Promotion of Development Projects (DPPD)

It follows systematically the study and evolution of all the projects registered, or intended for registration in the programmes. The projects are in theory prepared by sectors, and the project reports are studied by the sectoral programming units. The Division prepares the methodology, takes part in sectoral personnel training and supervises proposals for financing the projects.

2.6 The Division of Summaries and Documentation (DED)

It is responsible for collecting, classifying and placing at the disposition of the planning services all the data and documents required for implementing and improving planning activities.

3. REGIONAL PLANNING OFFICES

The setting up of Regional Planning Offices in the different regions of the Republic was specifically considered by the Decree of 14 October 1976. Each Regional Planning Office will have:

- A representative of the Central Office in charge of a technical unit.
- A consultative committee is made up of representatives of the public and private sectors involved and the base institutions.

The Regional Planning Office will be closely linked to the Central Office and will maintain contact with the sectoral programming units.

Its basic functions will be the analysis of the socio-economic situation of the region, the study of its potential, the formulation of specific programmes and projects, the appraisal of local material available and of the human and financial resources required to put the programmes and projects into practice, as well as the identification of all the other programmes and projects of importance for the Central Office and the programming units.

4. SECTORAL PROGRAMMING UNITS

The Sectoral Programming Unit generally covers a sector of socio-economic activities, under the responsibility of a Ministerial Department or an autonomous public agency.

The basic functions of the Programming Unit are:

- (a) To prepare the proposals for the Quinquennial Plan and for the annual sectoral plans.
- (b) To link up the sectoral plan for the regions.
- (c) To programme measures, projects and budgets for each objective of the sectoral plans.

- (d) To study and appraise all sector projects.
- (e) To contribute to preparing the budget for the development and operation of the respective sector.

5. MAIN AGENCIES LINKED WITH PLANNING ACTIVITIES

The Central Planning Office of CONADEP maintains close relations with the following main agencies for the implementation of its activities;

(a) Haitian Institute of Statistics

This institute provides all the data and studies required for analysing the situation and for the projections of the short and medium-term macro-economic aggregates.

(b) National Bank of the Republic of Haiti

The Department of Financial and Economic Studies of this institution takes part in the studies on the establishment of the balance of payments, money, prices, credits and the need and capacity for financing.

3. National Office for the Budget

This office collaborates with the Central Planning Office in studies on public finance, and in the co-ordination of the budget for operation and development.

III. QUINQUENNIAL PLAN 1976-1981

The Quinquennial Plan of Haiti was prepared as part of a democratic process. It was the result of a considerable effort to associate as efficiently as possible all the social and economic agencies of the country, all groups and all citizens of the Republic.

1. The major options of the Plan

The major options of the Plan were defined by the President for Life of the Republic, President of the National Council for Development and Planning, in his message to the nation of 17 July 1975, when he said that in the long-term it was necessary to arrive at a rational distribution of a growing population over the limited space of national territory, through an adequate organization of this territory. He went on to say that in the medium-term, all efforts should be aimed at producing the conditions which would allow the growth of the economy to be speeded-up.

In the very short term, he said, an end should be made to the ruining of the national territory, and the dramatic situation of Haiti's agriculture, while a continuing improvement of the conditions for the life and output of the rural population should be pursued.

Generally, speaking, he said, the inadequate level of education did not allow the achievement of a level of productivity in line with satisfactory living conditions.

In order to face up to the most urgent necessities of the present state of Haiti's development, he had established three major priorities;

- Agriculture
- Decentralized industrial infrastructures
- Education and professional training

He went on to say that the primary sector continued to have first priority; he asked that state investment in the agricultural sector should not be less than 20 per cent of the government resources devoted to development.

Secondly, the President said that priority would be granted to the construction of a decentralized industrial infrastructure, and in particular to the production and distribution of electrical energy. An exhaustive inventory of national energy resources was eminently desirable. He said that he was aware that at present it would be difficult to arrive at a system of universal and generalized education for all the school age population, but, however, that it was basically important for the economic policy that an **educational** system closely linked to the growth objectives of the economic sectors, strictly adapted to development requirements, should be applied.

2. The development strategy

The overall strategy gives priority consideration to the creation of conditions for an economic break-away. This requires the quantitative and qualitative improvement of physical and human potential.

According to this strategy, the priority sectors defined in the major options will absorb 75.8 per cent of the public investment programmed; the primary sector will receive 35.9 per cent, of which 18.8 per cent will correspond to agriculture and 17.9 per cent to mining; transport and communications will receive 19 per cent, water and energy 15 per cent, health 8.1 per cent, education and professional training 5.8 per cent, and the remaining sectors 16.1 per cent.

This investment would make it possible to obtain an annual average growth rate of 5 per cent in the overall gross domestic product, and annual average sectoral growth rates of 3 per cent for agriculture, 6.5 per cent for education, 7.8 per cent for transport, 9.75 per cent for water and electricity, and 10.25 per cent for mining.

In this context, the strategies considered for the priority sector are:

- In agriculture, the most important task of this quinquennial phase would be to mobilize the resources available, so as to integrate the rural population in the present socio-economic development process in Haiti.
- In education and professional training, an attempt will be made to prepare for the future young persons capable of becoming integrated in their socio-economic milieu, and to achieve greater efficiency in the country's educational system by improving the quality of equipment, programme and teaching staff.

With regard to transport and communications, the objective will be to increase the level of the infrastructures and improve the efficacy of their utilization.

- In energy and water, the general objective will consist in providing them in all the regions of the country, and the strategy is mainly oriented towards an institutional strengthening of the agencies responsible and the study of energy and water resources.
- In mining, research should be continued into the country's mining potential, and where required the respective development should be undertaken. The mining plan, therefore, will aim at carrying out programmes for the reconnaissance and prospection of the country's mineral deposits and at equipping the areas for exploitation.

IV. SOCIAL AND SPATIAL DIMENSION OF PLANNING IN HAITI

The planning system of the Republic of Haiti evolves within the framework of a social situation and a spatial organization with the following basic characteristics:

- The demographic structure is that of a young population around 52 per cent of the population is less than 25 years old. The great majority of the population lives in rural areas. The rest live in urban areas, and 60 per cent of them are concentrated in the metropolitan area of Port-au-Prince. The internal and external migratory flows are of great importance. The agriculture sector occupies 74 per cent of the economically active population, which is affected by a high level of underemployment.
- Income distribution is very uneven. The differences are more marked in the urban areas, especially in the metropolitan area of Port-au-Prince, than in the rural areas.
- Space in Haiti is characterized by a regional disparity in levels of activity and income. The urban network is characterized by a development along the coastal plains, a marked development of the capital, an excessively concentrated population as far as the low income groups in the metropolitan area of Port-au-Prince is concerned, a growing deterioration in the urban structure of the majority of the cities, and the lack of opportunities for remunerative employment in the cities as a whole.
- Rural areas for cultivation are very limited, excessively split up and inadequately irrigated. The rural economy, essentially a subsistence economy, has as its main limiting factors a strong population pressure on agricultural land, archaic cultivation techniques, inadequate use of inputs and natural cataclysms.

1. Social and spatial content of the plan

1.1 Objectives

The objectives set for the 1976-1981 Plan are to increase the level of training of the labour force and integrate it progressively into the economic and social production process, improve the distribution of the income generated by this growth and create favourable conditions for greater social mobility in order to increase social participation and an individual and collective behaviour more favourable to development.

From the sectoral point of view, the qualitative improvement of the educational system, the increase in life expectancy at birth and the establishment of a health network capable of providing all the population with adequate health care are stressed, in addition to the application of living programmes in the housing sector for each of the socio-economic categories, with priority to the least favoured social groups.

In a spatial context, the objectives formulated consist mainly in reducing the rural-urban and inter-urban imbalance, so as to encourage the harmonious development of the territory, promote decentralized technical and industrial infrastructures and thus be able to reorientate the growth of the production sectors and create the institutional framework required to promote the development of resources at all levels of the planning system.

1.2 Strategy

The essential aspects of the strategy in the social context are to formulate a population policy, create a maximum number of jobs, diversify rural activities, raise the income level of the least favoured social categories, and stimulate local initiatives.

At the sectoral level, an attempt is made in education to increase enrolment rates within the system at a moderate-rate to ensure a better distribution of schooling throughout the different regions of the country and improve the teacher training.

In the health sector, the basic line of the strategy consists in expanding and reinforcing the network of health establishments, in accordance with the regionalization of medical and health services.

In housing, it is hoped to intensify research, support institutions and undertake construction programmes for the least favoured socio-economic categories.

The overall regional development strategy consists of three parts:

- The ranking of the urban structure by category of city, in accordance with the importance of their different economic, social and administrative functions, and the role they would play in the development process.
- The ordering of rural space in terms of the vocation of the different areas and their potential, taking into account the urban and rural interrelations observed, and the areas of influence to which they belong.

- Determination of regional limits.

2. Prospects

Within a reasonable period, the following improvements will take place in the planning system:

- Better co-ordination between the formulation and implementation phases of the plans.
- Genuine decentralization of the system, in order to give better attention to the aspirations of the population at the local and regional levels.
- Reinforcement and adaptation of public administration to development requirements.
- Greater participation by the private sector in the planning process.
- Extension and improvement of information systems, so as to improve short-term planning and assist in the continuing appraisal of the utilization of the production resources.

In the social context, efforts should aim at:

- Defining the future society desired in order to allow all individual and collective attributes to come to maturity.
- Achieving greater consistency among the priorities, objectives and policies and results of the analysis of the social situation.
- Achieving a more efficacious application of the measures required to implement programmes and objects, with a view to achieving a maximum utilization and evaluation of the resources of production in Haiti, so as to arrive at the integral development of the individual.
- Achieving the gradual introduction of a development style based increasingly on more participation by the population and national institutions as a whole, and on an increase and better use of national savings so as to reduce the level of external dependency.

From a spatial point of view, special attention will be given to:

- Intensifying and making more of studies concerning the preparation of the territory, defining national criteria in order to establish the degree of homogeneity and polarization of the regions, and determining the main technical and socio-economic variables for regional planning adapted to the national context.
- The research for measures of improving the terms of trade, between the capital and other urban centres and between urban centres and rural areas.
- Reinforcement of the existing socio-economic links between urban centres and rural areas and between the different cities of the country.

NOTES ON THE SYSTEMS OF PLANNING AND DIRECTION
OF THE ECONOMY IN CUBA ^{1/}

^{1/} Study presented by the Central Planning Board of Cuba at the First Conference of Ministers and Heads of Planning of Latin America, held in Caracas, Venezuela, from 13 to 16 April 1977. CEPAL translation.

I. INTRODUCTION

Before the triumph of the Revolution there existed in Cuba a group of institutions which, according to the statement of their objectives, should have played their part in promoting economic development.

These institutions were unable to fulfil their objectives for three basic reasons:

- ownership of the means of production was in private hands, in many cases subsidiaries of foreign monopolies whose only aim was to obtain the highest possible profits;
- foreign trade and foreign exchange control were not centralized;
- government institutions were offices designed to satisfy political ambitions, with no resources or technically trained personnel.

As a result, there were no reliable statistics or economic studies to enable preliminary planning activities to be carried out efficiently.

This made it necessary, in the face of the great task involved in the management of the nationalized enterprises, the economic blockade and defence activities, to start tackling the problems of economic development almost from scratch, while at the same time having to organize all the machinery of planning and integrated direction of the economy.

In this scenario of great and drastic changes in March 1960, the Central Planning Board (JUCEPLAN) was set up with wide powers to determine the economic and social development plans.

II. ANNUAL PLAN

In 1961, work began actively, together with economists from Latin America and the socialist area, on the study and adaptation of a methodology which was to be used that same year in preparing the following year's economic plan. Thus, 1962 was proclaimed the "Planning Year".

This stage may be described as one of intensive training. Thousands of workers were for the first time incorporated in planning activities, and in a short time were familiar with the concepts and procedures of the plan.

In those years, too, the bases were established for the development of statistics, and the economic information required for planning activities began to be available.

Annual plans have been prepared without interruption since 1962, with progressively improved methods of preparation and increased effectiveness as instruments for the direction of the economy.

Thus, for example, during one period, the preparation of the annual plan consisted of three stages, i.e., preliminary figures, control figures and directive figures.

In the preliminary figures stage, JUCEPLAN prepared a preliminary version of the plan, which served as a reference for the exchange of criteria with the various global and sectoral economic institutions. Only after this stage of consultations, JUCEPLAN proceeded to submit the proposed plan to the Party and the Government, and to prepare and issue the control figures, which constitute a combination of technical and economic indicators defining for each institution the objectives pursued and the main resources available.

Once the institutions had presented their draft version of the plan, JUCEPLAN made a final adjustment and proceeded to issue the directive figures, which are similar in scope to the control figures and embody a synthesized economic plan at the national level.

As more experience was gradually acquired and longer-term economic projections became available, it was possible to eliminate the preliminary figures stage, and JUCEPLAN could proceed directly to issue the control figures, thus achieving a considerable saving in time and effort.

Other improvements introduced in annual planning were the quarterly breakdown and control of the plan and the disaggregation and discussion by province - and even at the factory level - of the Plan's control figures, with the active participation of the workers.

It should be noted, however, that during one period - mainly from 1967 to 1970 - the basic emphasis of planning was on the direct management of resources, irrespective of the financial and cost aspects.

It was precisely in 1970, following an analysis by the Commander-in-Chief, Fidel Castro, of the errors committed in the economic direction of the country, that a stage was initiated involving the strengthening of planning, which led to the progress made in this field in the period 1971-1975, as is summarized below:

- greater participation by the workers in the preparation of the plan;
- development of categories of the plan which has previously been neglected;
- improved control of the plan, which was assigned a more important rôle as an instrument of economic direction;
- initial although still incipient use of the electronic computer for the preparation of the plan.

This period, too, marked the preparation of medium-term projection up to 1975 and the First Five-Year Plan for 1976-1980, while a start was made on co-ordinating economic plans with the socialist countries members of the Council for Mutual Economic Aid (CMEA).

III. FIVE-YEAR PLAN

Up to the end of the 1960s the basis for planning activities had been the annual plan, independently of some medium-term projections prepared during that period. In 1969 the Central Planning Board embarked on studies which were to provide the most accurate data for the 1976-1980 Five-Year Plan. On that date a start was made on projections for the whole economy which covered the decade 1971-1980. Together, the sectoral bodies prepared projections for their own branches of activity, based on the development ideas and projections which were being considered in principle for 1971-1980. The aim of these studies was to review the largest possible number of options and they were not, therefore, restricted by an a priori limitation of resources. They also served to enrich the projection prepared by JUCEPLAN, altogether constituting the basis for other more detailed projections prepared for the period up to 1975.

The basic responsibility for preparing these projections fell on JUCEPLAN, although a close working contact was established from the outset with the main sectoral and global institutions in the country. The work on projections up to 1975 was completed early in 1972 and while not having the scope of a medium-term plan, they were a highly useful instrument in orienting and defining the annual plans prepared during those years.

These projections also served as a basis for discussion of the favourable agreements concluded with the Soviet Union at the end of 1972, which stipulated the volume and structure of trade in 1973-1975, and the investment programmes to be implemented with the USSR's economic co-operation.

These planning activities provided valuable experience as a basis for the preparation of a five-year plan in all its scope.

Conditions for the preparation of the Five-Year Plan

An important premise for the Five-Year Plan was also the degree of consolidation and development attained by the Cuban economy. First, the previous years' efforts to develop the infrastructure were beginning to bear fruit; the training of cadres; the equipping of the construction, agricultural and transport sectors; the genetic improvement of livestock and the introduction of high-yield varieties; etc. From 1972 onwards the internal financial imbalance was substantially reduced, while the relation between consumer goods supply and demand improved significantly.

It should be noted that the changes introduced in the methods of directing the economy as a result of the analysis in July 1970, and the organizational and institutional improvement that is beginning to be shown by Cuba also have a favourable impact on economic activity, and especially on productivity, which shows a steady growth in that period.

Another important factor determining the favourable conditions for the preparation of the Five-Year Plan was Cuba's entry into CMEA and its incorporation in the work of co-ordinating the national economic plans carried out by the countries of the socialist community.

The co-ordination of plans is a process of bilateral and multilateral consultations among the member countries of CMEA during the period of preparation of their respective five-year plans. Through these consultations the volume of trade is determined for the next quinquennium as well as the economic co-operation for undertaking investment projects on both a bilateral and multilateral basis.

As noted earlier, in 1972, trade and economic co-operation agreements were signed with the USSR for the period 1973-1975, which represented a first step towards the external safeguarding of the economy, over a period longer than the calendar year. For the five-year period 1976-1980, this co-ordination extended to the rest of the socialist countries.

The chance to determine for a period of five years the destination and prices of exports, and the supply of a large number of essential import products, represents an element of stability of exceptional importance for the Cuban economy. It should be kept in mind that over 90 per cent of Cuba's exports is concentrated in about six types of products whose prices suffer steep fluctuations on the world market.

As a result of the trade and economic co-operation agreements signed with the member countries of CMAE, approximately 60 per cent of Cuba's trade and the development of basic investment programmes such as those covering electric energy, petroleum refining, textiles, sugar, nickel, rail transport, ports, agricultural implements, radios and television sets, and other products, have been guaranteed during the five years 1976-1980. In this respect, attention is drawn to the agreements with the Soviet Union permitting stable terms of trade on the basis of a preferential price established for sugar, in addition to favourable terms of development financing.

Method of preparing the Five-Year Plan

In practice, in the planning of socialist countries, the medium-term or five-year plan constitutes the main instrument for the direction of the economy.

This is because the decisions regarding investment, which are undoubtedly those charting the basic course for economic development cannot be properly formulated and evaluated in a period of less than five years.

The long-term plan makes it possible to analyse and orient the basic economic development trends, and also the processes which have a long period of maturity or whose trends can be evaluated only within a broad perspective, as in the case of the training of skilled cadres, the use of natural resources, key aspects of the economy, scientific and technical development, etc.

In the last analysis, however, the manner of implementing the conclusions deriving from the long-term plan should be determined within the context of the five-year plan.

The annual plan, on the other hand, is much more detailed than the five-year plan. It gives specific shape to the economic policy formulated. The annual plan should also find solutions to conjunctural situations without jeopardizing the longer-term objectives.

The characteristics of the five-year plan are reflected in the methods used to prepare it and the important role played by its various components. Thus, for example, the five-year plan is less detailed than the annual plan; investment and the analysis of options play a predominant role; the analysis of the regional impact is of greater importance; etc.

Notwithstanding the foregoing considerations, it should be noted that the general planning methods governing the annual plan are still essentially valid.

As with the annual plan, it is necessary to establish the more general objectives of the period concerned and compatibilize them with the available resources by means of a global model.

This activity-resource relationship should be determined for the various sectors so that it will serve as a general framework for the respective sectoral projections. Thus, for example, the projection for the agricultural sector should answer the question as to which option best fulfils the objective of increasing the supply of animal protein in consumption, for given limitations of internal and external investment and resources, and indicate the most suitable proportion of increase in the production of beef, pork, poultry meat, etc.

In addition to sectoral projections, it is also advisable to prepare supporting studies in the way of analyses of specific problems, whose objective would be to provide more elements of decision in the preparation of the plan.

In order to guarantee the plan's consistency, national balances are prepared for the various global categories of the plan, and material balances that include some 200 essential products for the economy.

Among the national balances playing the most active role in shaping the five-year plan are the following:

- global social product balance
- balance of fixed funds
- national revenue balance
- population income and expenditure balance
- state income and expenditure balance
- external payments balance
- labour resources balance

The materials balance system guarantees a high degree of material consistency in the plans. For the 1976-1980 Plan, the products for which balances of sources and uses were prepared numbered some 200, or somewhat less than the number covered by the annual plan, but they were products of decisive importance for the economy.

Stages of preparation of the Five-Year Plan

The work on the preparation of the Five-Year Plan began early in 1974. The objectives in a first stage, which extended to the end of 1974, were to prepare a first version of the plan and to determine the main problems that should be submitted for the consideration of the higher levels of the Political Department and the Government.

It should be noted that, since this was the first Five-Year Plan to be prepared in its full scope and with the participation of all the institutions in the country, it was necessary to prepare, also in 1974, a methodology covering conceptual and formal aspects to be taken into account in the final version of the plan. Together with this methodology, an electronic data-processing system was also prepared.

Once the draft version of the plan and the views of the central institutions had been discussed by the Party leaders and the Government, the relevant guidelines were provided and JUCEPLAN was instructed to prepare the control figures for the 1976-1980 Plan, which would serve as a framework for the projections of the various institutions. These projections were to be prepared in accordance with the new methodology.

In this second stage the institutions were also expected to break down the control figures for their activities, by province.

The main aspects analysed at the provincial level were production, investment, the labour force and the population income and expenditure balance, together with the trade plan. Particularly noteworthy in this analysis of regional factors was the participation of the Physical Planning Institute, especially with respect to the location of investment.

In August 1975 the institutions and provinces completed their work and submitted their proposals to JUCEPLAN. In the period up to October, JUCEPLAN analysed and compatibilized the proposals submitted, thus formulating an integrated proposal based on an analysis of the main aspects and options of the plan.

These materials were the basis for the preparation of the theses on economic development in the five-year period 1976-1980, which were discussed and approved in the form of directives at the First Congress of the Communist Party of Cuba, held in December 1975.

The important part played by the First Congress of the Party in the economic field must be emphasized. In addition to deciding on the Programme Platform of the Cuban Communist Party, which lays down guidelines and objectives in the political, economic and social spheres, the Congress approved, together with the Directives for the first Five-Year Plan, 1976-1980, the guiding principles of the System of Direction of the Economy and the new politico-administrative division of the country.

The System of Direction of the Economy, which is described in the following chapter, will make it possible to continue to improve the level of efficiency in the use of productive resources; to achieve a more effective participation by the workers in the management of the economy; to develop an economic conscience among the cadres directing the economy; and to centralize the management of the economy. In its turn, the new politico-administrative division, which increases the number of provinces from 6 to 14 and eliminates the region as an intermediate link in the direction of the economy will make for more uniform territorial units capable of performing a larger number of functions in the planning and direction of economic and social activities.

These measures, which strengthen and complement one another, will mean a great step forward and consolidation of the successful results of the Revolution on the economic front.

IV. SYSTEM OF DIRECTION OF THE ECONOMY

The attainment of the high degree of efficiency characteristic of the socialist system of production is made possible by the social ownership of all the means of production and the direction of social production on the basis of the deliberate use of the economic laws of socialism.

On that basis, the economic measures to be introduced in Cuba in the next few years are mainly directed at:

- raising the level of efficiency of production and services, by introducing improvements in the system of planning, management and centralized direction of the economy;
- developing and harmonizing a system of economic incentives for both the individual workers and the whole collective;
- deliberately using the economic laws in directing the national economy.

The need to seek a method for the direction of social production that will reflect the correlation between production relations and the level of development attained by the productive forces is the reason underlying the establishment of the System of Direction of the Economy, which expresses the institutional answer given by the Socialist State, under the Party's direction, to the requirements of the economic laws governing the mode of production, through social, economic and administrative measures based on a knowledge of those laws.

The efficiency of the System of Direction of the Economy will be determined precisely by the degree of knowledge about the requirements of the economic laws governing socialism, and the specific manner in which these laws are linked with the categories of socialist production relationships, which determine the operation of the economy. Therefore, the System is not static; as socialist production relationships change and develop, the System also develops and improves, so that it should be considered not as a static problem but rather in the dynamic stage of its development.

General characteristics

The System of Direction of the Economy is based on the operation of enterprises, under the so-called economic calculation, but in a restricted form.

It is a centralized System of Direction which ensures the initiative and active participation of production units and workers' collectives, giving them greater scope as regards management, but restricting them on the planning side. The following is the general scheme of the direction process:

State --- enterprise --- workers

Thus, the existence is recognized of different levels of decision-making each one linked with the rest and responsible to the higher level, thus constituting an harmonious whole.

The main subject of planning is the State, as representative of the whole society, while the main subject of resource management is the enterprise.

Thus, the work of planning the national economy is strengthened in both central and the sectoral apparatus, which is freed from the management and operational administration of resources, while new control and promotion methods are devised for the development of an economic conscience among the administrative and political cadres.

The relationships between the socialist State enterprises will be of a commercial nature, with the consequent need to measure the expenditure and results of their economic activity in terms of money, since the enterprises will cover their expenditure out of their own income, economizing on their facilities, and moreover, as a general rule, creating a surplus or added value and rate of return.

These methods are organically linked with the specific methods of control exercised by the Party, the UJC, organizations of the masses and, primarily, the trade unions and organs of Popular Power.

The System of Direction of the Economy entails intensive political and ideological work that places emphasis on the responsibility of each worker and each collective in the performance of their social duty, the implementation of technical and economic plans of enterprises, and the more rational and efficient use of the resources placed at their disposal in the interests of the country's economic development and the whole society's well-being.

The basic aspects involved in the establishment of the System are:

1. Enterprises.

- new conception;
- juridical personality and material responsibility for failure to comply with contracts;
- sale-purchase relationships;
- to cover expenditure out of their income and show returns;
- to receive bank credit;
- to receive from the State the standard basic facilities and working capital, as in the form of possession (not ownership);

- to make decentralized investments;
 - to create decentralized funds;
 - to sell or rent idle basic facilities;
 - to turn out marginal production lines from residues, on their own initiative, without affecting the main production plan.
2. Establishment of the National Budget.
 3. Changes in the functions of economic institutions and of the National Bank.
 4. Establishment of institutions:
 - State Committee on Finance
 - State Committee on Prices
 - State Committee on Technical and Material Supply
 - National Arbitration Commission.

Bearing in mind that the increased role of profits as an indicator is not a guiding principle for evaluating the efficiency and stimulating the work of enterprises, nor for intensifying the material incentives, both collective and individual, these are highly important measures which, however, are only justified to the extent that they promote the operation of the integrated system of planning and centralized scientific direction of the economy.

Enterprises

The production or services enterprise is a cell or structural link in the system of socialist production relationships which constitutes an organic indissoluble part of the whole planned national economy, held together by the unity of objectives and direction.

Enterprises will be set up by the appropriate high-level institution and their basic facilities and initial working capital will be provided in the form of centralized investment of the State.

The way in which an enterprise is established must be in keeping with certain objective economic relationships, i.e., firstly, at the technical and economic level and, secondly, at the organizational level.

The following group of factors characterized the establishment of enterprises:

1. The technical, economic and objective cohesion of the production process.

This factor makes it possible, according to the degree of concentration of production on the basis of a level of specialization, combination, mechanization, etc., to safeguard the common interests of the workers, together with the interests of the enterprise and of society.

2. Relative independence.

The enterprise, as an internally coherent technical and economic group, is different from the rest of the nuclei making up Cuba's economic activity, and thus requires a relative degree of economic and operational independence in its management.

3. The territorial unit which guarantees the most rational organization, planning, control and management of the enterprise as an organic whole.

Depending on their subordination, they are classified as local and national enterprises.

The production or service enterprise has juridical personality and, operating under the following principles:

- (a) Enjoys economic and operational independence, within the limits established by law, and exercises the rights of possession (not ownership), and management and use of the goods accorded to it;
- (b) Performs its economic and production activities under the direct supervision of the immediately senior body, in line with the national economic plan, according to the aims of the enterprise and the use of the goods produced;
- (c) Should, as a general rule, cover its expenditure out of its own income, besides ensuring a margin of profit;
- (d) Is bound in all its activities to respect the socialist legislation and State discipline. The rights conferred on it should be used for the good of the national economy and of the enterprise staff;
- (e) Prepares the technical and economic plan on the basis of the directive indexes and in accordance with the methodology established for the purpose;

- (f) Finds its working capital and purchases some of the basic facilities it needs out of its own resources, and sells its production or service in accordance with the established rules;
- (g) Concludes purchase and sales contracts in accordance with the rules in force;
- (h) Has an operational bank account (income and expenditure);
- (i) Is entitled to receive credit, according to the established rules;
- (j) Keeps its own accounts and is governed by the National Accounting System;
- (k) Creates and uses decentralized funds in accordance with the established rules;
- (l) Is materially responsible for any failure to comply with plans or other obligations, and for any irrational use of resources, etc.

The planning system

Planning is the basic component of the System of Direction of the Socialist Economy, since it embraces all the economic and social processes and contributes to a more rational use and distribution of material, human and financial resources, and the deliberate establishment of the proportions involved.

In order to ensure the basic objective of the System, i.e., the increasing satisfaction of society's material and spiritual needs, planning should be oriented towards the scientifically based preparation of organically integrated long-, medium- and short-term plans.

The planning system will comprise the three economic levels - global, sectoral, and enterprise - co-ordinated with their territorial planning. The determining and decisive interest is that of the national economy as a whole. Therefore, the plans of enterprises are subordinated to the development objectives of the various sectors and, through these, to the aims and interests of the country's global economy.

The national economic plan is law and the State direction of the economy is exercised by the National Assembly of the Popular Power, through its State Council, and by the Government designated by the Assembly: the Council of Ministers and its Executive Committee.

The system of institutions directing and planning the national economy includes:

- the Central Planning Board, as the maximum executive organ;
- the Ministries and central bodies.

Below the national level, the system of directing and planning institutions includes the planning and control apparatus of the organs of Popular Power in provinces and municipal areas, and of the enterprises themselves.

A planning system requires the existence of indexes for the plan at the national level for each sector and enterprise.

The system of indexes for the global plan characterizes the objectives, resources, rates and proportions of the national economy; the system of indexes for the sectoral plan characterizes the participation of sectors in the national economic plan; and the system of indexes for the enterprise plan characterizes the participation of enterprises in the sectoral plan.

It is also expected that in the system of indexes for the sectoral plan and the enterprise plan, three groups will be utilized:

Directive indexes, prepared and decided upon at the top level, which are given as the point of departure for the preparation of plans.

Non-directive indexes, prepared and proposed by the sectoral body the enterprise or the provincial administrative direction of the Popular Power, which must be approved at the top level.

Independent indexes, prepared and decided upon by the sectoral body, enterprise or administrative direction of the Popular Power, which need not be approved at the top level.

In this system the Financial Plan takes on considerable importance and reflects the monetary relations with:

- enterprises;
- the private sector;
- the State budget; and
- the Bank (credit)

The income and expenditure of decentralized funds created within the enterprises, in accordance with the established rules, are also shown.

The decentralized investments made by the enterprises are financed by resources from the Development Fund, or that portion of depreciation which the enterprise retains for general repairs.

The management system

The economic management of enterprises and State institutions will be effected on the basis of sales and purchases between one another and with the private sector, with charges and payment for the products sold and the services provided.

Contracts will be used for commercial transactions between enterprises in the material production area and services institutions.

The basic facilities are primarily financed by the State budget and, on a decentralized basis, with funds available to the enterprise.

The enterprise itself will recruit the necessary workers.

Enterprises will have three decentralized funds at their disposal:

- (a) Development Fund;
- (b) Social Fund;
- (c) Premium Fund.

The Development Fund is designed to purchase minor equipment for replacement, expansion and modernization purposes, and for increasing the working capital.

The Social Fund provides a collective stimulus to socio-cultural measures for the good of the workers (construction and repair of dwellings, nursery schools, recreation centres, libraries, workers' restaurants, etc.).

The Premium Fund is designed to pay premiums to workers, technical personnel and management personnel, according to the results obtained in the economic activity concerned.

The enterprise-State relationship materializes through the State budget:

Enterprises will receive from the budget:

- all the resources required to finance the basic facilities and working capital;
- the basic investment;
- subsidies for planned losses.

Enterprises will contribute to the budget:

- turnover tax;
- tax on planned profits;
- part of the depreciation;
- social security contributions;
- free balance of profits.

In order to establish an adequate control to measure the efficiency of the economic management of enterprises and State institutions, it will be necessary to prepare an accounting system and modify the system of statistical information. This will permit the correct determination of costs, income and expenditure of the decentralized funds, etc., and the availability of indexes, criteria and calculation methods at all levels.

The financial system .

The financial system, as part of the System of Direction of the Economy, is responsible for the planning and efficient control of the creation of centralized State monetary funds, bank-credit relations, monetary circulation, costs and prices.

The establishment of a coherent prices system that will meet the requirements of measuring the costs of social labour, is an indispensable instrument for the sound operation and direction of the economy.

Prices are the expression and at once the instrument of the State's economic policy, as well as an important factor of planning. They are divided into three groups: wholesale, retail and stockpile prices.

The State budget is the main financial plan, which represents the fund of monetary resources centralized by the State for the following purposes:

- social consumption fund, to guarantee the development of the population's level of living;
- to finance the major part of the basic investment;
- to develop the most backward regions;
- to finance the country's defence;
- to subsidize unprofitable or uneconomic activities.

The following are the basic sources of budget income:

- net income of enterprises in the form of turnover tax. This tax represents part of the added value, is determined as the difference between the enterprise price and the sales price to wholesalers, and is automatically deducted by the bank, thus passing directly into the State budget so that it cannot be used to calculate the profit, rate of return or any other index of operation of the enterprise;
- the tax on planned profits and other taxes;
- social security contributions by enterprises;
- amortization fund.

Credit will constitute an important economic instrument for improving the level of efficiency in the use of material, human and financial resources, keeping a monetary control over the enterprise's activities.

The System of incentives .

The principle of harmonizing the interests of society, collectives and individuals is the essence of socialism. Society has as much interest in respecting the good of each collective and each worker as the collectives have in the general prosperity of social production. This principle is not implemented spontaneously, however; the mechanism which actually confirms that the achievements of each collective and each worker in the interests of society are morally and materially rewarded must operate unceasingly.

The objectives of the incentives provided by the system are:

- (a) To strengthen the process of plan formulation and implementation;
- (b) To develop the efficiency of economic activity, encouraging the collectives included in the enterprises to make the best possible use of the resources they handle;

- (c) To cover all the workers in the enterprise, including those engaged in non-standardized activities: technical and administrative personnel, etc;
- (d) To develop a community spirit, since the decentralized funds, including that providing individual premiums, depend on the work of the enterprise as a whole;
- (e) To develop an economic conscience and sense of responsibility in the fulfilment of their social duty among all the administrative and technical cadres and the workers in general.

As can be seen, the plan of the enterprise constitutes the axis of its operation, and economic and administrative mechanisms are used for the preparation, control and implementation of the plan. It is also important to note that the above objectives are influenced by moral and material incentives which will ensure fulfilment of the principle of material responsibility in the proposed system of direction.

The mechanisms and measures for developing moral incentives include the following:

- (a) Development and improvement of the existing system of moral incentives;
- (b) Development of emulation and, basically, its linkage with moral incentives;
- (c) Development of ways of rewarding voluntary work;
- (d) Selection of the best enterprises and their social recognition through various means: press, local acts of homage, etc.
- (e) Public singling out of inefficient enterprises.
- (f) Selection for fellowships and special courses, etc.
- (g) Those connected with suitable promotion procedures.

The collective material incentives include those mentioned previously.

Lastly, the System of Planning and Direction of the Economy, as indicated "should be introduced gradually over a relatively long period, owing to the necessity of creating beforehand a number of currently non-existent basic conditions. Furthermore, the complexity and diversity of the economic processes make it advisable to begin on an experimental basis with a selected group of enterprises which would be representative of the majority of the economic activities existing in Cuba. Other indispensable features would be the formulation and establishment of new methodologies, procedures and rules, etc., and the appropriate restructuring of the State apparatus".

CUBA: ECONOMIC AND SOCIAL DEVELOPMENT
STATISTICAL SUMMARY

CUBA: Economic and Social Development
Statistical Summary ^{1/}

Global indicators

The global social product has tripled in the revolutionary stage, moving at an average annual rate of 6.4 per cent in the 17 years up to 1975.

GLOBAL SOCIAL PRODUCT, 1958-1975
(Millions of pesos at current prices)

Sector and branch	1958	1970	1975
Global social product	5 476.7	9 125.9	15 747.0
Agriculture	964.7	1 182.4	1 323.7
Fishing (extractive)	18.9	47.2	61.7
Manufacturing	2 466.0	4 000.3	6 010.4
Construction	236.6	436.3	1 404.7
Transport	242.1	1 141.0	1 026.8
Communications	38.1	66.9	78.0
Commerce	1 529.2	2 251.8	5 841.7

Population and labour force

- 1953 Census	5 829 029
- 1970 Census	8 569 121
- Estimate for 1975	9 404 899

1/ Source: El Desarrollo Económico Cubano. Resumen Estadístico Comentado.
Study presented by the Central Planning Board of Cuba at the First Conference of Ministers and Heads of Planning of Latin America, held at Caracas, Venezuela, from 13 to 16 April 1977. CEPAL translation.

CUBA: POPULATION IN 1975
(Number of inhabitants)

	Total	Of working age
Male	4 802 268	2 369 842
Female	4 602 631	2 154 148
Total	9 404 899	4 523 990

CUBA: DISTRIBUTION OF THE ACTIVE LABOUR FORCE IN 1975

Sector	Percentage	Average annual wage
Agriculture	28.6	1 543
Manufacturing	19.7	1 693
Construction	8.7	1 883
Transport	6.9	1 945
Communications	1.0	1 675
Commerce	7.5	1 469
Social services	22.5	1 458
Others	5.1	2 177

Fertility: 20.7 per 1 000 inhabitants

General mortality: 5.4 per 1 000 inhabitants

Infant mortality: 2.3 per 1 000 inhabitants

Unemployment and under-employment: eliminated

Agricultural sector

GROSS AGRICULTURAL PRODUCTION
(Millions of pesos)

Sector	1962	1970	1975
Agricultural sector	940.6	1 139.0	1 167.6
Cane-growing activities	269.4	531.7	422.9
Non-cane-growing activities	315.2	242.7	328.6
Stock raising	312.4	348.9	389.6
Forestry	7.9	15.7	26.5

Responsibility for total gross production

State enterprises: 85 per cent

Private small-scale producers: 15 per cent

Number of tractors

1958 - 9 000
1976 - 54 000

Fishing

FISHING: GROSS PRODUCTION, 1958-1975
(Millions of pesos)

Year	Value
1958	18.9
1970	47.2
1975	61.7

FISHING VESSELS PURCHASED ABROAD, 1958-1974

Type	Number	Value (millions of pesos)
Long-line tuna vessels	28	18.8
Seine tuna vessels	1	1.2
Fishing trawlers	28	41.5
Shrimp trawlers	120	13.5
Carriers	4	19.4

Industrial sector

GROSS MANUFACTURING PRODUCTION
(Millions of pesos at current prices)

Sector	1962	1970	1975
Sugar and sugar products	424.5	704.4	656.8
Mining	67.2	69.9	83.2
Metallurgy and metal manufactures	127.1	222.1	628.5
Extraction of aggregates and processing of non-metallic minerals	152.2	102.0	361.6
Petroleum and petroleum products	281.7	318.3	424.6
Chemicals	233.0	460.1	713.5
Textiles and leather	271.3	323.0	572.0
Food	628.7	1 030.6	1 389.4
Beverages and tobacco	279.0	395.9	522.5
Electric energy	81.3	122.2	164.1
Wood processing and wood products		59.6	150.7
Printing and publishing	200.2	57.1	93.7
Other industries		135.1	249.8
Total	2 746.2	4 000.3	6 010.4

Electric energy

Electricity generation in 1975: 6 582.9 million KWH

Construction

CONSTRUCTION: GROSS PRODUCTION
(Millions of pesos)

Type	1958	1970	1975
Agricultural buildings	...	53.1	171.9
Dwellings	...	68.1	226.8
Educational buildings	...	15.7	214.0
Industrial buildings	...	76.8	223.6
Water facilities	...	41.5	88.8
Roads	...	87.8	210.8
Aqueducts and sewerage systems	...	6.3	20.1
Maritime construction	...	4.1	26.6
Others	...	82.9	222.7
Total	369.6	436.3	1 404.7

Education

SPECIAL CHILD-CARE FACILITIES ^{a/}

Item	1970	1975
Number of kindergartens and nursery schools	606	658
Average annual enrolment	48 319	59 856
Workers	4 719	7 173
Mothers benefiting from the facilities	32 307	53 286

^{a/} Practically non-existent in 1958.

GLOBAL FIGURES FOR PRIMARY EDUCATION IN CUBA

Item	1958	1970	1975
Number of schools	7 567	15 083	15 547
Pupils enrolled	717 417	1 558 145	1 923 290
Pupils moving on to next class	21 616	1 142 843	1 745 535
Pupils granted scholarships	-	60 940	46 089
Teaching staff	17 355	55 854	78 451

BASIC INDICATORS OF SECONDARY EDUCATION

Item	1958	1970	1975
Number of schools	21	413	642
Pupils enrolled	63 526	177 917	337 524
Pupils moving on to next class	1 272	104 213	303 927
Pupils granted scholarships	-	43 180	136 092
Teaching staff	2 580	13 483	26 504

BASIC INDICATORS OF TECHNICAL AND PROFESSIONAL TRAINING

Item	1958	1970	1975
Number of schools	40	97	136
Students enrolled	15 698	44 890	82 038
Students moving on to next class	1 599	18 329	67 258
Students granted scholarships	-	40 893	54 466
Teaching staff	1 277	4 200	6 289

BASIC INDICATORS OF SECONDARY VOCATIONAL TRAINING

Item	1958	1970	1975
Number of schools	19	63	53
Students enrolled	8 899	29 623	35 498
Students moving on to next class	1 568	17 367	30 715
Students granted scholarships	-	29 603	33 619
Teaching staff	692	1 850	2 719

BASIC INDICATORS OF ADULT EDUCATION ^{a/}

Item	1970	1975
Number of schools and/or classrooms	23 997	2 126
Students enrolled	360 588	436 411
Students moving on to next class	130 693	333 836
Students granted scholarships	35 731	-
Teaching staff	28 373	26 595

^{a/} This type of education did not exist in 1958.

BASIC INDICATORS OF SPECIAL TRAINING

Item	1958	1970	1975
Number of schools	-	142	142
Students enrolled	134	8 598	11 582
Students moving on to next class	-	5 374	8 847
Students granted scholarships	-	3 573	3 607
Teaching staff	-	1 259	2 392

BASIC INDICATORS OF HIGHER EDUCATION

Faculty	1959		1970		1975	
	E	G	E	G	E	G
Techonology	3 456	99	8 103	850	16 864	1 061
Agricultural sciences	1 117	37	5 324	250	4 809	796
Science	1 563	29	3 420	326	4 809	625
Medical sciences	3 947	245	7 977	768	7 252	726
Humanities	3 898	94	2 199	236	8 899	425
Economics	6 010	74	1 338	257	6 832	538
Teacher-training	5 304	753	6 159	1 145	15 958	588
Total	25 295	1 331	34 520	3 832	68 051	4 759

E = enrolled.

G = graduates.

Public health sector

PUBLIC HEALTH SERVICE UNITS

Units	1958	1970	1975
Urban general hospitals	67	82	90
Rural general hospitals	1	48	58
Tuberculosis hospitals	5	7	1
Leprosy hospitals	2	2	2
Children's hospitals	3	18	22
Maternity hospitals	10	45	55
Psychiatric hospitals	1	11	12
Neurological hospitals	-	1	1
Eye hospitals	-	1	1
Oncological hospitals	2	3	3
Orthopaedic hospitals	2	2	2
Hospitals for the physically handicapped	1	1	1
Heart surgery hospital	-	1	1
Polyclinics	52	308	339
Rural medical posts	-	96	114
Children's recuperation centres	-	22	43
Maternity homes	-	22	61
Homes for the physically handicapped	-	6	6
Old people's homes	-	40	48
Blood bank	1	18	21

PUBLIC HEALTH SERVICE MEDICAL PERSONNEL

Personnel	1958	1970	1975
Doctors	1 125	6 152	9 844
Stomatologists	250	1 366	2 407
Pharmacists	46	...	741
Nurses and auxiliary nurses	826	4 803	21 193

THE JAMAICAN ECONOMY 1/
Problems, Policy and Planning

Population and Resources

Jamaica is an island in the Caribbean Sea positioned approximately 90 miles to the south of Cuba and 100 miles to the west of Haiti. The total land area amounts to 4 243.5 square miles. The island is extremely mountainous, with approximately 75 per cent of the total area consisting of mountains and hilly slopes. At the end of 1976 the population stood at 2 084 500 persons; the annual rate of natural increase being 2.24 per cent. The population density which stands at 491 per square mile is therefore relatively high; but the problem is exacerbated by the fact that the proportion of the land area that is flat and arable and capable of intensive cultivation, is relatively small.

Jamaica's mineral resources consist principally of large deposits of bauxite ore, followed by limestone, gypsum and marble. Bauxite reserves are presently estimated at over 1 500 million tons, and for many years Jamaica was the world's largest producer of this commodity. A large alumina industry has also emerged based on bauxite production. Exports of bauxite and alumina amounted to over \$389 million in 1976, and the industry still has considerable room for expansion. Limestone deposits form the basis of the island's cement industry and are also used as aggregate in the building industry and in the manufacturing of mineral lime, but there remain substantial unexploited reserves of this material. Gypsum and marble are other minerals which are exploited albeit on a small scale.

Jamaica's good agricultural land is found principally on the coastal plains that ring the mountainous interior, and also in the interior alluvial valleys. It is here that agricultural production is, naturally, concentrated. Sugar-cane and bananas are intensively cultivated, and cattle rearing is also important. Cultivation of coffee, citrus and cocoa also takes place on the slopes of the hilly interior. Overall, agricultural exports amounted to \$90 million in 1976.

1/ National Planning Agency, October 1977.

Note: Except where otherwise stated, all dollar figures used herein are Jamaican Dollars (J\$) at the Basic Rate of exchange.

Basic Rate J\$1	= US\$1.10
Special Rate J\$1	= US\$0.78

However, substantial tracts of idle arable land are still available, which Government is bringing into cultivation. Moreover, there is substantial scope for improving the utilization and productivity of the interior mountainous areas through intensive soil conservation and water control practices, such as terracing and contouring. In addition, it also has been established that certain parts of the mountainous areas have a great potential for forestry, through the establishment of industrial pine plantations. Jamaica also counts on long stretches of white sand beaches protected by coral reefs. These have formed the basis for the development of a sizeable tourist industry with an annual turn-over of approximately \$100 million.

Apart from high population density, Jamaica's chief resource problem is that of severe energy deficiency. Currently 94 per cent of the island's energy requirements is imported in the form of petroleum. In 1977 this will absorb some \$210 million of foreign exchange, or nearly one-third of total imports. Projections for the future indicate that the bill for imported energy is likely to grow very rapidly and if unchecked, will pose serious financing or growth problems for the future.

Background to the Present Problems

At the end of the Second World War Jamaica's economy was overwhelmingly dominated by export agricultural activities, principally sugar and bananas. However, the discovery of bauxite and the growth of tourism in the post-war gave rise to substantial inflows of direct foreign investment for the finance of large-scale investment programmes. As a result, there was considerable economic expansion; GDP in current dollars grew from somewhat less than \$100 million at the end of World War II to over \$2 200 million in 1974. In real per capita terms annual average growth was between 3 and 4 per cent during the 1950s and 1960s. However, the benefits of economic growth was very unevenly distributed. During this period, the distribution of income in Jamaica grew progressively worse; and between 1962 and 1972 the rate of unemployment doubled from around 12 per cent to over 24 per cent. Agricultural production and rural development lagged behind, and conditions in the urban slum areas steadily worsened. In addition, the growth during this period was highly dependent on external factors, since it was brought about primarily by large-scale foreign investment and the buoyancy of export markets for a narrow range of commodities.

A change in Government in 1972 gave political impetus to the need for the promotion of a more equitable pattern of development and the securing of greater national economic sovereignty. During 1972-76 period, the new government instituted a large scale land reform programme, and adult literacy programme, a national youth service, skill training programmes for youth and women, an expanded and free education programme, and passed various progressive acts of social legislation. This was complemented by several economic measures to increase ownership and control over basic industries; especially bauxite, public utilities and the banking sector. A major achievement was the bauxite Production Levy of 1974, which for the first time gave the Jamaican state a share in the proceeds of the end-product, aluminium, and increased the government revenue per ton of bauxite approximately eight-fold.

However, these social and economic measures took place against a background of an international economy marked by increasing monetary instability, recession combined with inflation, uncertainty, and a rapidly escalating price of energy. In addition, the progressive policies of the Government encountered frank opposition from some quarters both at home and abroad. As a result, the economy has registered a disappointing growth performance since 1973, and indeed negative growth in the gross domestic product has been recorded for each of the four years from 1973 to 1976. 1976 was a particularly difficult year; merchandise exports were 22 per cent or \$165 million below the 1975 level, due to steep falls in sugar and alumina exports; tourist receipts were also 18 per cent below the 1975 level. Capital inflows were much below the previous year's level as well; this was exacerbated by a persistent flight of capital, and Jamaica was forced to deplete its precious reserves of foreign exchange in order to finance a large part of its \$291 million current account deficit. These adverse developments were reflected in a 6.9 per cent fall in the gross domestic product, a decline of 30.2 per cent in investment expenditure, and in a steep growth in the government's fiscal deficit. The rate of unemployment, which the government had managed to reduce to 19.9 per cent by April 1975, also crept back upwards to a level of 24.2 per cent by October 1976.

Emergency Policies in 1977

(a) Economic Package

In an attempt to address some of these problems, the Government in January 1977, adopted an Economic Package consisting of fresh import restrictions and additional taxation. This included:

- 1) a strategy to eliminate non-essential imports while making available, essential goods to serve the needs of the people;
- 2) the creation of mechanisms which would efficiently manage foreign exchange resources including the prevention of illegal leakages;
- 3) exploration of new sources of import supplies and foreign credit;
- 4) expansion of foreign exchange earnings;
- 5) a gasoline tax which raised the retail price of this commodity by 57 per cent.

At that time, all goods to be imported were placed under licence. An estimate of foreign exchange availability was made against which certain items such as energy imports had first call. Consumer durables were almost eliminated, while non-durables were limited to the provision of basic foods and drugs. Capital goods were also cut drastically, except for small amounts to maintain, as far as possible, already existing capital stock.

In an effort to increase the efficiency of management, the Government undertook a total restructuring of the Trade Administrator's Department, which is responsible for the issuing of import licences. In the restructuring it has been made sure that there is strong co-ordination between this Department and the relevant section of the Bank of Jamaica.

In keeping with the strategy outlined above, initiatives were undertaken to study the possibility of cheaper imports and the expansion of import lines of credit, particularly for the importation of raw materials. Licences for raw materials to be used for the production of goods for export receive priority, both in the provision of foreign exchange as well as in the processing of the applications.

(b) Emergency Production Plan

Following the January Economic Package an Emergency Production Plan for the financial year 1977/78 was prepared. Its preparation was also imperative consequent on the Government's mandate provided by the elections of December 15, 1976, to pursue its policy of social reform and people-oriented programmes, and the building of Democratic Socialism. These circumstances dictated the basic parameters of the Plan strategy, which were to identify sources and means of mobilising idle domestic resources in order to produce goods and services which are basic necessities for the masses of the population.

In the preparation of the Plan the following methodology was used:

- 1) an evaluation of existing productive capacity in the principal producing sectors of the economy;
- 2) an approximation of production targets for these producing sectors;
- 3) an estimate of the resources of foreign exchange, capital and manpower required to support the production targets;
- 4) a specification of the mobilization and implementational implications of securing required resources and meeting the production targets.

The principal objective of the production strategy was to produce the maximum amount of goods and services consumed by the mass of the population - principally food, drugs, clothing, footwear and shelter - subject to the foreign exchange constraint. Thus the emphasis was placed on activities that are oriented towards the low income groups of the population, that utilize little foreign exchange, and on activities that have a high foreign exchange earning potential. This strategy meant that certain agricultural and manufacturing activities, and construction of low-income housing, formed the basis of the Plan.

While seeking to maintain existing levels of traditional agricultural exports, the Plan seeks to make a major effort at agricultural production for domestic consumption. This should have the effect of bringing idle resources into use, producing more food for the people, and minimizing foreign exchange use. In 1975 Jamaica spent some \$111.8 million on imported food, of which 35 per cent was accounted for by cereal and cereal products, and 5 per cent on fruits and vegetables. The Plan aims at bringing some 36 000 additional acres of land into production through a supervised crop lien programme for small farmers. Mainly short-term cash crops are to be grown, principally cereals, starchy roots, fruits, legumes and vegetables.

In the manufacturing industry the Plan aims at maintaining and in some instances improving the 1976 levels of production and employment in:

- a) agro-industry and food processing;
- b) pharmaceuticals;
- c) textiles and garments;
- d) footwear and leather;
- e) construction materials.

A major problem arises in manufacturing due to the high-import-content of production. To generate additional foreign exchange export manufacturing is being actively promoted through a flexible exchange rate policy and by the concerted action of various government supporting institutions, such as the Jamaica National Export Corporation. As regards the major export industries, that is bauxite and alumina, sugar, bananas and tourism, difficulties in external markets meant that it was not possible to project increases in export sales over the original estimates for 1977. However, foreign exchange earnings for bauxite and alumina are likely to be higher than was originally estimated. In addition, Government has secured fresh external financing to help the manufacturing sector attain the desired objectives.

In the construction industry, Government aims at increasing the number of house starts by some 50 per cent over the preceding year. Another major element of the Plan is based on small business and craft activities. Through a variety of government supports for these activities it is hoped to cushion the impact of current unemployment problems, while minimizing foreign exchange usage.

The Plan has identified a mix of organisational forms through which production will be organised. The Government is committed to the concept of a mixed economy within the framework of the democratic socialist organisation planned for Jamaica. Within this context, the State will dominate public utilities, mining, banking, and those large production units which are essential for national needs, such as the cement factory, and the steel mill. Joint ventures are anticipated with foreign and local capital in mining, tourism, banking, and oil and gas exploration. Private enterprise will be fully involved in agriculture, fishing, manufacturing, tourism, construction, distribution and other services. The State will also control the import and export trade. Worker participation will be actively promoted in both the public and private sectors of the economy. Cooperative forms of organisation will also continue to be promoted.

(c) Dual exchange rate

In conjunction with the implementation of the Emergency Production Plan the Government of Jamaica decided to establish a dual exchange rate. Basic goods and fuel imports as well as bauxite and alumina exports attracted the basic rate (the undepreciated value of the Jamaican dollar) while other imported and exported values are computed at the special rate.

The effects of the dual exchanges rate on the stimulation of domestic production should be evident in three major areas:

- 1) Jamaica's non-traditional exports should become more competitive, given the depreciation of the Jamaican dollar by 37.5 per cent;
- 2) the excess capacity which now exists in the manufacturing sector is more likely to be utilised;
- 3) the generation of increased foreign exchange will in effect ensure greater production in the export sector.

In addition to these factors the increased availability of imported raw materials for the manufacturing sector will facilitate the expansion which is evident on account of the exchange rate adjustment.

For the first six (6) months of this year non-traditional exports have increased by about 6 per cent, and it is not unlikely that this increase will accelerate as the full effects of the exchange rate adjustment are felt.

(d) Borrowing from the International Monetary Fund

Projections of resource availability, particularly of foreign exchange, when compared with requirements, showed a large gap. The Government of Jamaica negotiated with the IMF a standby arrangement to enable Jamaica to borrow \$74 million (US) over a two-year period from July 1977 to June 1979. The Agreement sought to ensure that there would be a greater inflow of capital not only from the direct borrowing from the Fund but also from loans which would be made available from other sources. The main elements of the stabilization programme are:

- 1) containment of the budgetary deficit through limits on government local and foreign borrowing;
- 2) a flexible exchange rate policy;
- 3) an income policy to restrict increases in wages and salaries to around 10 per cent to 12 per cent per annum, approximately equal to the rate of inflation;
- 4) reductions in the exchange arrears which had accumulated by way of policy enforced in January 1977 concerning payments of technological and business services. These arrears should be eliminated by June 1978.

The implementation of these measures is aimed at restoring some stability in the Balance of Payments and improving the level of Jamaica's international reserves.

Five-Year Development Plan

Recognising the dependence of the economy on external sources for food, industrial raw materials based on an unadapted technology to satisfy the demands of a small minority of the population, investment, etc., the Government has embarked upon the preparation of a Five-Year Development Plan for the period 1978/79 to 1982/83.

This Plan will detail policies and projects aimed at correcting the imbalance which exists in the levels of living within the society, and restructure the economy so as to make it less externally dependent. The main objectives of the Plan are:

- 1) to provide an adequate supply and an effective and equitable distribution of fundamental necessities to the masses of the population, i.e. the "basic needs" strategy;
- 2) the reduction of the present structural dependency of the economic system, through the development of structural interdependence between the major producing sectors, i.e. the "self-reliance" strategy.

Underlying these objectives is the assumption that these will be achieved within the framework of a mixed economy.

In preparing the Plan, Government is seeking to avoid a mechanical projection into the future of the structure and characteristics of the present system. Rather, an attempt is being made to identify those structural characteristics and economic processes that tend to inhibit the attainment of the stated objectives. This will be followed by the development of policies, programmes and projects aimed at initiating the process of changing the existing system in the desired direction.

GDP projections have been prepared to indicate a desirable picture of the economic structure resulting from basic needs and selfreliance strategies over the Plan period. These suggest an expansion of the share in the GDP of Agriculture, Forestry and Fishing; Manufacturing, Construction and Installation, and Public Administration. Activities whose share in the GDP would decline are principally Commerce and Other Services. The preliminary projections are set out below:

PRELIMINARY PROJECTIONS OF DESIRABLE GDP PERFORMANCE
DERIVING FROM THE FIVE-YEAR DEVELOPMENT PLAN 1977-82

	<u>GDP in Current \$m</u>		<u>Percentage Share</u>	
	1977	1982	1977	1982
Agriculture, Forestry, Fishing	264	541	8.3	9.0
Mining, Quarrying and Refining	287	541	9.0	9.0
Manufacturing	640	1 430	20.1	23.8
Construction and Installation	287	601	9.0	10.0
Transport, Communication and Public Utilities	271	511	8.5	8.5
Commerce	860	1 202	27.0	20.0
Public Administration	446	962	14.0	16.0
Other Services	131	222	4.1	3.7
TOTAL	3 186	6 010	100.0	100.0

However, achievement of such GDP objectives will encounter considerable difficulties. The most important of these are centred on the Balance Payments and derive ultimately from the foreign exchange constraint. A preliminary forecast for exports over the next five years indicates that the 1982 level may not exceed much more than \$1 000 million, which may be somewhat less than the level of exports which would be needed to "drive" the economy if the GDP projections are to be attained. Taking into account the various invisible claims on export earnings on the one hand, and the considerably less favourable prospects for capital inflows over the next five years, this might only permit a level of

imports valued at slightly less than exports, i.e. approximately \$1 000 million. It should be pointed out that the 1975 level of imports was actually \$1 021 million, so that the current forecast indicates a level of importation over the Plan period which will be considerably below, in real terms, the level achieved in recent years.

Two specific areas which pose particularly acute problems to the Balance of Payments are the energy problem and the external debt problem.

Energy Problem

Jamaica is 94 per cent dependent on imported energy, which currently accounts for nearly one-third of all import expenditures. Given the high rate at which energy usage increases as economic growth takes place, and assuming a 5 per cent annual increase in petroleum prices, even a "low-demand" forecast for the oil import bill, puts it at \$290 million in 1980, \$710 million in 1990 and \$1 710 million in the year 2000. Indeed, Jamaica is presently ranked as one of the most energy deficient countries in the world. Government has identified certain off-shore and on-shore areas which merit intensive geophysical exploration, and is currently seeking assistance to help finance a \$50 million exploration programme over the Plan period. In addition, energy conservation measures are to be intensified and attempts will be made to design energy minimising technologies into new commercial, industrial and residential facilities.

Debt Problem

Like many other Third World countries, Jamaica has had to rely extensively on commercial bank loans for balance of payments support in recent years. At the end of 1976, the public debt to foreign commercial banks stood at \$256 million, representing over 57 per cent of the total public debt. The total foreign indebtedness including direct government debt, government guaranteed debt and the external debt of the private sector amounted to \$926 million at the end of 1976. Service payments on the public and private debt could amount to as much as \$276 million in 1977, representing 33 per cent to 35 per cent of foreign exchange earnings from net exports of goods and services. This burden is unlikely to decline significantly in the near future; and indeed current prospects are for new capital inflows which will be somewhat below debt service payments, resulting in Jamaica becoming a net capital exporter in 1977 and for some time into the future. It is therefore of cardinal importance that new sources of concessionary finance should be tapped over the plan period in order to finance investments that will reduce the acute dependency of the economy and also to service the basic needs strategy. In addition, it is important for capital exporting countries to adopt more far-sighted policies in response to the severe debt problems of the developing countries.

Unemployment Problem

Another major problem to be encountered over the Plan period is that of unemployment. This now stands at 24.6 per cent of the labour force, and is concentrated amongst youth (14 - 24 years) and women. What is alarming are the magnitudes of unemployment in these categories of the labour force. As the largest age group in the labour force, and one composed mostly of inexperienced and untrained young persons, the 14 - 24 year old group has the majority of the unemployed. Slightly more than a half, i.e. 113 100 or 52.3 per cent of the unemployed at October, 1976 were under 25 years old and the rate of unemployment for both sexes combined was 45.2 per cent. The situation was particularly bad among the young women of this age group who had a rate of unemployment of 62.2 per cent compared to the male rate of 30.7 per cent. The overall rate of unemployment among women is 35.6 per cent, while among men it is roughly 15 per cent.

A reasonable estimate of annual net additions to the labour force is 25 000. This implies that over the Five-year period, roughly 125 000 jobs will have to be created. Together with the existing 216 400 unemployed, the total of new jobs required for attainment of a full employment objective is approximately 340 000. It is obvious that a great deal of the burden of generating new employment opportunities will fall on the state. But the Government is also of the view that creative forms of utilizing idle manpower will have to be developed, such as production brigades in forestry, hillside terracing and contouring, homecraft and cottage industries, and so on.

Plan Strategies

Given the severity of the above-mentioned problems, it is important that the Plan should develop appropriate strategies, programmes and projects in response. Programmes and projects which satisfy basic needs, which have a potential for significant labour absorption, especially of youth and of women, which promote genuine import replacement, which economise on energy use and which generate additional exports, will receive the highest priority. Furthermore, Government is convinced that land reform and rural development strategies provide a logical and appropriate framework for the development of many of its economic and social programmes. This will permit the development of a multiplicity of economic activities based on the land and on locally available resources, will help to spread the benefits of development more broadly, and allow for much greater community participation in economic and social affairs.

The Plan will therefore lay great emphasis on increasing production and employment in agriculture. For this sector the principal objectives will be:

- a) the expansion of domestic food production to meet nutritional targets elaborated in the National Nutritional Plan, and at the same time to reduce the country's dependence on the importation of basic foods;
- b) the production of industrial raw materials and inputs for food processing. This will be important for meeting one of the principal objectives of the Plan as a whole, namely, the development of structural interdependence between the main sectors of the economy;
- c) the development of new (non-traditional) exports, e.g. spices;
- d) the rationalization of existing export production, in particular, sugar and bananas.

Emphasis on agriculture must be seen as an attempt to build up a basis for the development of the national economy, in so far as the country's dependence on imported food and raw materials can be reduced and at the same time provide inputs for a genuine manufacturing sector. There is of course the added reason that agriculture is capable of absorbing more labour than the other main producing sectors.

The Plan for manufacturing is also guided by the objective of satisfying the basic needs of the people as well as fostering interdependence among the producing sectors. The Plan requires that an inventory of natural resources be taken with a view to examining the local possibilities for developing agro-industries, particularly food processing, bauxite and other mineral-linked industries and forestry-based industries. This will indicate the feasibility of satisfying basic needs by local production in the areas of food, drugs, clothing, footwear, building materials and educational materials. Apart from that, feasibility analyses are being conducted for the establishment of industries for the production of simple capital goods. Finally, a programme for rationalizing the existing industrial structure is being drafted with a view to minimizing the import content of production while broadening the output mix of the sector. In this regard, the appropriateness and cost of imported technology assumes special significance as a result of the historical pattern of foreign financed development of manufacturing.

The Plan will also seek to develop an effective industrial policy which combines a feasible public sector programme with appropriate incentives to the private sector.

The construction sector is potentially an important engine of growth and structural integration for the economy. The Plan for construction seeks in the first place to eliminate, or reduce considerably, the back-log of low income housing by 1983. The conception however is broader than it has historically been in so far as efforts are being made to develop integrated communities with the appropriate social and physical infrastructure. In addition, it seeks to rationalize the pattern of land-use so as to preserve potential agricultural land and to avoid unnecessary environmental disorders which result from anarchy in the building industry. In the second place, the construction plan will prioritize government expenditure on physical infrastructure to as to ensure the necessary inputs for the development of agriculture. In this regard, irrigation schemes and feeder roads are of prime importance. Finally, the range of technological choice in construction permits the maximum use of natural and human resources, thereby furthering the objective of developing industries (building materials) based on local resources and reducing the surplus of unskilled labour.

In the Bauxite Alumina Industry, a major development is expected to be the construction of the JAVEMEX Alumina Plant, a 550 000 tons per year alumina facility to be built and operated in partnership with the Government of Mexico and Venezuela. The output of this plant is expected to be marketed to Jamaica's two partners in the venture, as well as to Algeria and to certain other Third World countries. This project therefore constitutes an important breakthrough in the development of economic cooperation amongst the Third World countries; a breakthrough which Government will seek to build upon in the coming years. Certain other minerals which have been traditionally neglected - limestone, gypsum and marble - will receive intensive exploration and industrial feasibility examination. In the field of Tourism, the Plan will identify strategies to utilize the considerable spare capacity which presently exists within the industry and to develop new markets. In the field of Foreign Economic Relations in general, the Government will be making renewed efforts to further diversify Jamaica's sources of capital, technology and markets. To this end, Government will be seeking to extend agreements for economic and technical cooperation with other Third World countries, with the socialist countries, with certain non-traditional sources among the western countries, as well as with its traditional trading partners.

In the social services, the goal of planning is to establish a system which is geared towards the fullest development and utilization of the human resources of the country. Social services are therefore concerned with investment in human resources through education, training and health care, as well as with programmes to assist the most vulnerable or disadvantaged groups in the population.

During the Five-year period, the focus of government planning for the Education sector will be the continued expansion of educational opportunity by concentrating on the provision of primary and secondary education for the age-group 6 - 17 years. At the primary level, the objective will be to provide an estimated 50 000 additional school places and will entail the provision of in-service training programmes for teachers, and programmes for curriculum development. The emphasis at the secondary level will be the rationalization and development of a common secondary educational programme, and this objective will entail the provision of an estimated 94 000 school places, and the development of a basic common curriculum with options for vocationally oriented skill development programmes.

The Plan for the Health Sector is formulated on the basic principle that health is a fundamental right, and that it is the responsibility of Government to ensure that this right is enjoyed by all. The main objective of this Plan during the Five-year period, is to develop a comprehensive national health system, in which priority is placed on the delivery of primary health care throughout the island. Primary health care includes all preventive, curative, promotive and rehabilitative services that are provided at the community level. A major emphasis in the programme for primary care will be maternal and child health, nutrition, family life education and family planning. The specific objectives for secondary health care are to increase the efficiency of hospitals, ensure optimal bed utilization, and to regionalize services by establishing a system of core hospitals at which specialized staff and facilities are available to all the population.

In addition to these sector programmes, planning for social services also requires the development of programmes to meet the needs of special groups in the population. In planning for youth, (17-29 years), the objective is to develop an integrated programme for training, employment and recreation, while the programme for women and the family is geared towards the provision of employment, training, family life education, family support and child-care services.

It may be thought that the economic and social objectives outlined above are ambitious, and the Government does not by any means wish to under-estimate the difficulties arising out of the structural weaknesses of the economy as well as the present international economic situation. Nonetheless, the Government believes that with a clear statement of the goals and objectives of the Plan, based on its commitment to the basic needs strategy and to self-reliance, sufficient support can be generated both from within the society and from sympathetic external sources to realize the Plan objectives.

**SYSTEM OF CO-OPERATION AND CO-ORDINATION
AMONG PLANNING BODIES OF THE
LATIN AMERICA REGION**

“The main objectives of the System shall be to serve as a forum for the planning bodies of the countries of Latin America, to bring about better knowledge and closer links among them, to promote and carry out exchanges of national experience in economic and social planning and to establish ways of implementing joint action to promote, through planning, suitable machinery in order to strengthen co-operation among the countries of the region. In order properly to fulfil this objective, the System shall have the following functions, *inter-alia*.

(a) To promote the exchange of development experience, plans, programmes and projects for planning and, in general, disseminate the work produced by the planning bodies of interest to the System;

(b) To carry out a continuous analysis of progress in planning and the obstacles to it:

(c) To promote joint programming efforts at the regional, sub-regional and country-group levels so as to strengthen the Latin American integration process:

(d) To identify joint action which may be incorporated in national development plans and programmes to the benefit of the region as a whole, or groups of countries, with a view to strengthening regional integration and co-operation:

(e) To promote the exchange of technical experts among planning bodies, and the implementation of joint projects among countries:

(f) To promote the exchange of information and joint action with other bodies of the region connected with planning and development, as well as outside the region.”

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